

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For three-month period ended 31 March 2026

with

INDEPENDENT AUDITORS' REPORT
ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For three-month period ended 31 March 2026

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KPMG Professional Services Company

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Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Emaar The Economic City

Introduction

We have reviewed the accompanying 31 March 2026, condensed consolidated interim financial statements of Emaar The Economic City ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of profit or loss and other comprehensive income for three-month period ended 31 March 2026;
- the condensed consolidated statement of financial position as at 31 March 2026;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2026;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2026; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2026, condensed consolidated interim financial statements of Emaar The Economic City and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



Independent auditor's report on review of condensed consolidated interim financial statements (continued)

To the Shareholders of Emaar The Economic City

Emphasis of Matter

We draw attention to Note 1 of the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of SR 180 million and reported a net operating cashflow deficit of SR 21 million during the three-month period ended 31 March 2026. The Group's ability to achieve sustainable profitability and continue its operations without significant curtailment is highly dependent on the successful execution of management's plans, including obtaining additional funding from shareholders and the sale of properties to generate sufficient cash flows. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

For KPMG Professional Services Company

Ebrahim Oboud Baeshen
Regional Managing Partner - Jeddah
License No. 382

Jeddah, 20 May 2026
Corresponding to 3 Dhul Hijjah 1447H



EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	Three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue	5	157,369	203,727
Cost of revenue		(133,541)	(127,104)
GROSS PROFIT		23,828	76,623
Selling and marketing expenses		(15,691)	(6,928)
General and administrative expenses		(79,755)	(63,307)
Impairment (loss) / reversal on financial assets and contract assets		(19,316)	22,786
Amortization of unearned interest		1,885	2,804
Other operating income		428	16,045
OPERATING (LOSS) / PROFIT		(88,621)	48,023
Financial income		1,849	29
Financial charges		(66,839)	(147,629)
Share of loss of equity accounted investees	11	(20,795)	(19,210)
LOSS BEFORE ZAKAT		(174,406)	(118,787)
Zakat	13	(6,000)	(4,500)
LOSS FOR THE PERIOD		(180,406)	(123,287)
OTHER COMPREHENSIVE INCOME / (LOSS)			
<i>Items that will be reclassified to condensed consolidated statement of profit or loss in subsequent periods:</i>			
Share of other comprehensive income / (loss) of equity accounted investees	11	621	(7,136)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(179,785)	(130,423)
Loss per share:			
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	6	(0.20)	(0.24)



Chairman Board of Directors



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 20 form integral part
of these condensed consolidated interim financial statements

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
ASSETS			
Non-current assets			
Property and equipment	7	5,117,509	5,113,965
Right-of-use assets		30,352	33,422
Investment properties	8	4,653,230	4,667,119
Intangible assets		2,595	2,723
Investment in equity accounted investees	11	2,551,034	2,571,208
Development properties	9	370,425	370,425
Unbilled revenue and receivables		585,208	595,958
Employees' receivable - home ownership scheme		44,412	45,630
Total non-current assets		13,354,765	13,400,450
Current assets			
Development properties	9	801,423	813,988
Unbilled revenue and receivables		211,751	192,499
Current portion of employees' receivable - home ownership scheme		3,402	3,397
Trade receivables and other current assets	10	789,523	794,259
Restricted cash - current portion		4,421	4,421
Cash and cash equivalents		373,288	472,897
Total current assets		2,183,808	2,281,461
Total assets		15,538,573	15,681,911
EQUITY AND LIABILITIES			
Equity			
Share capital	1	8,829,299	8,829,299
Share premium		502,919	502,919
Statutory reserve		11,536	11,536
Accumulated (losses) / profit		(177,384)	2,401
Total equity		9,166,370	9,346,155
Non-current liabilities			
Long-term borrowings	12	4,070,834	4,014,431
Lease liabilities		10,997	10,997
Employee benefit obligations		50,179	49,597
Zakat Liability		97,763	113,199
Total non-current liabilities		4,229,773	4,188,224



Chairman Board of Directors



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 20 form integral part
of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	As at 31 March 2026 (Unaudited)	As at 31 December 2025 (Audited)
Current liabilities			
Lease liabilities - current portion		48,492	62,266
Long-term borrowings - current portion	12	534,637	535,266
Trade and other payables		922,452	923,365
Contract liabilities		531,289	527,906
Other provisions		31,060	30,229
Zakat provision	13	74,500	68,500
Total current liabilities		<u>2,142,430</u>	<u>2,147,532</u>
Total liabilities		<u>6,372,203</u>	<u>6,335,756</u>
Total equity and liabilities		<u>15,538,573</u>	<u>15,681,911</u>



Chairman Board of Directors



Chief Executive Officer



Chief Financial Officer

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of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Accumulated (losses) / profit</u>	<u>Total equity</u>
Balance as at 1 January 2025 (Audited)	5,232,599	--	11,536	22,776	5,266,911
Loss for the period	--	--	--	(123,287)	(123,287)
Other comprehensive loss for the period	--	--	--	(7,136)	(7,136)
Total comprehensive loss for the period	--	--	--	(130,423)	(130,423)
Balance as at 31 March 2025 (Unaudited)	5,232,599	--	11,536	(107,647)	5,136,488
Balance as at 1 January 2026 (Audited)	8,829,299	502,919	11,536	2,401	9,346,155
Loss for the period	--	--	--	(180,406)	(180,406)
Other comprehensive income for the period	--	--	--	621	621
Total comprehensive loss for the period	--	--	--	(179,785)	(179,785)
Balance as at 31 March 2026 (Unaudited)	8,829,299	502,919	11,536	(177,384)	9,166,370



Chairman Board of Directors



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 20 form integral part
of these condensed consolidated interim financial statements.


EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

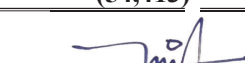
For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Operating activities			
Loss before Zakat		(174,406)	(118,787)
<i>Adjustments for:</i>			
Depreciation on property and equipment	7	53,156	48,472
Depreciation on investment properties	8	13,889	12,321
Depreciation on right-of-use asset		3,070	3,070
Impairment loss / (reversal) on financial and contract assets		19,316	(22,786)
Amortisation		227	258
Financial charges		66,839	147,629
Share of results of equity accounted investees	11	20,795	19,210
Financial income		(1,849)	(29)
Gain on disposal of investment properties		--	(5,031)
Gain on contribution of land		--	(61,772)
Impairment reversal on investment properties	8	--	(887)
Reversal of provisions no longer required		--	(6,807)
Interest (income) / loss on unwinding of employees' receivable – home ownership scheme		(312)	244
Interest income on unwinding of unbilled revenue		(1,573)	(3,048)
Impairment reversal on development properties		(1,171)	(838)
Provision for employee benefit obligation		2,411	2,183
		<u>392</u>	<u>13,402</u>
<i>Changes in operating assets and liabilities:</i>			
Employees' receivable – home ownership scheme		1,525	4,521
Unbilled revenue and receivables		904	(20,169)
Contract liabilities		3,383	(25,910)
Development properties		13,736	5,370
Trade receivables and other current assets		(22,412)	(28,592)
Trade and other payable		(1,415)	11,356
Other liabilities		831	--
Restricted cash balances received		--	(21)
Net cash used in operations		<u>(3,056)</u>	<u>(40,043)</u>
Financial charges paid		(410)	(2,670)
Zakat paid	13.2	(15,436)	(21,059)
Employees' terminal benefits paid		(1,830)	(2,485)
Net cash used in operating activities		<u>(20,732)</u>	<u>(66,257)</u>
Investing activities			
Financial income received		1,849	29
Additions to intangible Assets		(99)	(418)
Additions to property and equipment	7	(56,163)	(5,651)
Additions to investment properties	8	--	(5,481)
Proceeds from sale of investment properties		--	5,917
Net cash used in investing activities		<u>(54,413)</u>	<u>(5,604)</u>


Chairman Board of Directors


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 20 form integral part of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	For the three-month period ended 31 March	
	<u>2026</u> (Unaudited)	<u>2025</u> (Unaudited)
Financing activities		
Repayment of loans and borrowings	(10,415)	--
Principal element of lease repayments	(11,173)	--
Interest element of lease repayments	(2,876)	--
Net cash used in financing activities	(24,464)	--
Net decrease in cash and cash equivalents	(99,609)	(71,861)
Cash and cash equivalents at the beginning of the period	<u>472,897</u>	<u>252,367</u>
Cash and cash equivalents at the end of the period	<u>373,288</u>	<u>180,506</u>
Non-cash supplementary information:		
Gain on sale of land to associate	--	61,772



**Chairman Board of
Directors**



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 20 form integral part
of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION

Emaar The Economic City (the "Company" or the "Parent Company") is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia ("KSA") under Ministerial Decision No. 2533, dated 03 Ramadan 1427H, corresponding to 21 September 2006. The Company obtained its initial Commercial Registration No. 4030164269 (Unified number 7001503056) on 8 Ramadan 1427H, corresponding to 26 September 2006.

The registered office of the Company has been shifted to Rabigh with a revised Commercial Registration No. 4602005884, dated 6 Rabi Awal 1436H, corresponding to 28 December 2014.

As of 31 March 2026, and 31 December 2025, the Company's authorized and issued share capital was Saudi Riyals 8,829.3 million consisting of 882.93 million shares of Saudi Riyals 10 each (2025: 882.93 million shares of Saudi Riyals 10 each), allocated as follows:

	Three-months periods ended 31 March 2026		For the year ended 31 December 2025	
	No. of shares' 000	Capital	No. of shares' 000	Capital
Issued for cash	680,000	6,800,000	680,000	6,800,000
Issued for consideration in kind	170,000	1,700,000	170,000	1,700,000
Issue of shares following the conversion of long-term loan into equity	643,003	6,430,033	643,003	6,430,033
Decrease in share capital	(610,073)	(6,100,734)	(610,073)	(6,100,734)
	882,930	8,829,299	882,930	8,829,299

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The Group is engaged in the development of real estate in the economic or other zones and other development activities including infrastructure, promotion, marketing and sale of land within development areas, transfer/lease of land, development of buildings/housing units, and construction on behalf of other parties. The main activity of the Group is the development of the King Abdullah Economic City ("KAEC").

These condensed consolidated interim financial statements include the results, assets and liabilities of the following registered branches of the Group:

<u>Branch</u>	<u>CR Number</u>
Jeddah	4030164269
Riyadh	1010937549
Rabigh	4602006934

The Company has the following subsidiaries as at 31 March 2026. The Company and its subsidiaries are incorporated in the Kingdom of Saudi Arabia. The subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

<u>Name</u>	<u>Country of incorporation</u>	<u>Year of incorporation</u>	Effective ownership as at 31 March 2026	Effective ownership as at 31 December 2025	<u>Nature of activities</u>
Economic Cities Investments Company Limited (“ECIC”)	Kingdom of Saudi Arabia	2010	100%	100%	Buying, selling and management of real estate properties and operations of educational and technical institutions.
Industrial Zones Development Company Limited (“IZDCL”)	Kingdom of Saudi Arabia	2011	100%	100%	Sale/lease, investment, development of real estate development in industrial valley in KAEC.
Economic Cities Real Estate Properties Operation and Management Company (“REOM”)	Kingdom of Saudi Arabia	2013	100%	100%	Own, purchase, sale, invest, and lease of commercial properties.
Economic Cities Pioneer Real Estate Management Company (“REM”)	Kingdom of Saudi Arabia	2013	100%	100%	Construction, management, development, operation, lease of residential properties.
Economic Cities Real Estate Development Company (“RED”)	Kingdom of Saudi Arabia	2013	100%	100%	Own, purchase, sale, investment, development and marketing of real estate development in KAEC.
Emaar Knowledge Company Limited (“EKC”)	Kingdom of Saudi Arabia	2015	100%	100%	Construct and operate business educational institute in KAEC.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern

The Group incurred a net loss of SR 180 million for the three-month period ended 31 March 2026 (31 March 2025: SR 123 million) and reported a net operating cash flow deficit of SR 21 million. The Group had incurred significant losses in prior years, which were extinguished in 2024 through a capital reduction. Historically, the Group breached certain covenants related to its long-term borrowing facilities. During the year ended 31 December 2025, the Group successfully restructured its outstanding debt and was in compliance with most covenants related to its long-term borrowing facilities, except for certain covenants for which extension letters were obtained from lenders. During the current period, the Group obtained waiver letters from the lenders in respect of these covenant breaches. The Group does not expect to comply with these covenants within 12 months after the reporting date and has applied for waivers from the lenders. Management expects that such waivers will be obtained (refer to Note 12).

King Abdullah Economic City (“KAEC” or the “City”) was announced in 2005, and development began in 2006. The City is intended to be a hub for various economic sectors, including industry, logistics, and tourism. It is planned to include residential areas, commercial centres, and other amenities, such as schools, hospitals, and recreational facilities. KAEC has faced challenges related to investment and development, besides logistical and infrastructure challenges. Building a city from scratch on a large scale is a complex undertaking. However, over the years, the Group has done massive development in the City. Apart from the Industrial Valley, the City has six distinctive residential districts each with its unique construction, location and facilities. Further, the City has multiple fully developed and functional facilities like luxury hotels, 18-hole championship golf course, resorts, beaches, a cinema, yacht club, karting centre, lagoon campsite, art centre, retail, schools, college, medical facilities, labour village etc. The Group is currently going through a restructuring plan.

Going concern plan

The Group had in the past significantly reduced its development activities pursuant to the continued overall lower economic activity in KAEC. Debt financing has been utilized to fund the development activities in KAEC and working capital requirements of the Group. The projected operating cash flows of the Group, for the next twelve-months, are insufficient to meet the repayment of debt and other obligations therefore the successful execution of management’s plans to generate sufficient cash flows from debt restructuring, additional funding from shareholders and the sale of properties is important to meet both the Group’s obligations when they become due and to continue its operations without significant curtailment.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern plan (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 March 2026	Within 1			Over 5	Total
	year	1-2 years	2-5 years	years	contractual
					cash flows
Loans and borrowings	552,495	595,601	1,651,125	3,668,830	6,468,051
Trade and other payables	860,707	--	--	--	860,707
Zakat liability	61,745	61,745	36,018	--	159,508
Lease liabilities	50,067	3,128	8,859	--	62,054
Total	<u>1,525,014</u>	<u>660,474</u>	<u>1,696,002</u>	<u>3,668,830</u>	<u>7,550,320</u>

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial statements, the Group's management has developed a plan which covers a period of at least twelve-months from approval of condensed consolidated interim financial statements to enable the Group to meet both its obligations as they become due and to continue its operations, without significant curtailment, as a going concern in both the short and long term.

Despite the successful completion of the Capital Optimization Plan, events or conditions exist that indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In particular, material uncertainties remain regarding the Group's ability to achieve sustainable profitability. As a result, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management has concluded that the Group would not have been able to fully satisfy its cash requirements from the sale of properties alone and, accordingly, in such a scenario, the Group has already secured additional shareholder funding.

The plan comprises the Group's liquidity and forecasts cash flows taking into account reasonably possible outcomes over a fifteen-months period from approval of condensed consolidated interim financial statements. As per the forecasted cash flows, there is a payment of New Money Facility in the next 15 months, as part of the newly restructured syndicated loan in line with the Board approved business transformation plan.

During the year 2025, the Group and PIF signed a shareholder loan agreement ("SHL2") amounting to SR 1,000 million. SR 500 million have been drawn from this facility during the 2025, however SAR 500 million remains undrawn as at the reporting date. Management plans to utilize the undrawn portion of SHL2 to fund critical development capital expenditures (CAPEX).

The planned development CAPEX is intended to activate key areas of the City, which management expects will have a positive multiplier effect on the Group's operating performance. Activation of the City is anticipated to:

- Enhance the overall attractiveness of KAEC to investors and tenants;

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern plan (continued)

- Support the origination of new land sale transactions; and
- Increase footfall within the City, thereby driving higher demand for operating, leasing, and service-based activities.

As a result, management expects an improvement in operating revenues and cash flows from operations over the medium term, supporting the Group's liquidity position.

In parallel, the Group has initiated measures to accelerate the collection of overdue receivables, including enhanced credit controls and focused collection efforts. These actions are expected to further support near-term liquidity and partially bridge the operating funding gap.

Management believes that the below plan will provide sufficient liquidity to fund development activities, support ongoing operations, and meet obligations as they fall due.

- utilization of the undrawn SHL2 facility,
- incremental cash inflows from new land sales and enhanced operational activity, and
- improved collections of overdue balances,

Accordingly, the Group has prepared a detailed cash flow forecast covering a fifteen-month period from approval of condensed consolidated interim financial statements, taking into account the utilization of the undrawn SHL2 facility, which indicates a net positive cash flow position. Management believes that the projected net positive cash flows—supported by the utilization of the remaining SHL2 for critical capital expenditures that facilitate property sales and enhance operating cash flows, together with focused collection efforts on overdue balances—are probable and that the plan will be successfully executed. Accordingly, management considers it appropriate to prepare the consolidated financial statements on a going concern basis, as these measures mitigate any potential liquidity shortfall that may arise over the next twelve months. The consolidated financial statements do not include any adjustments that would be required if the Group were unable to continue as a going concern. Should there be any changes to the circumstances described above, further enhanced disclosures may be required in the Group's financial statements for subsequent periods.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all the information and disclosures required for the full set of annual financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month period ended 31 March 2026

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, the results for the three-months period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The Group's condensed consolidated interim financial statements are presented in Saudi Arabian Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. All figures are rounded off to the nearest thousands except when otherwise indicated.

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and the key assumptions concerning the future and other key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 December 2025, except during the period management reassessed the potential impact of evolving regional geopolitical developments, ongoing economic slowdown, and heightened market uncertainties on the Group's operations and asset valuations. As part of this reassessment, management performed an updated impairment assessment considering the latest macroeconomic conditions, geopolitical developments in the region, including implications arising from the ongoing conflict, and the continued application of significant judgment in forecasting future performance and cash flows.

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**3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(continued)**

Based on the updated assessment performed, management concluded that there is significant headroom between the recoverable amounts and carrying values of the relevant cash-generating units and assets, and accordingly no material impairment impact has been identified in these condensed consolidated interim financial statements for the period ended 31 March 2026.

Management continues to closely monitor these developments and maintains a robust operational framework to manage associated risks. However, given the evolving nature of the regional and global economic environment, management will continue to assess any potential long-term impact on the Group's business, operations, and asset valuations at future reporting dates.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED

Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standards, interpretations and amendments issued but not yet effective

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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5. REVENUE

	Three-month periods ended 31 March	
	<u>2026</u> (Unaudited)	<u>2025</u> (Unaudited)
Types of revenue from contracts with customers:		
Sale of development properties	22,955	111,450
Utilities and other related services ("City operations")	66,743	31,733
Accommodation	11,136	11,325
Tuition and other fees ("Education")	30,417	21,557
Food and beverages and other related services	2,888	3,442
Leisure services	1,956	2,432
Total	<u>136,095</u>	<u>181,939</u>
Timing of revenue recognition		
Over time	133,066	178,042
Point-in-time (*)	3,029	3,897
Revenue from contract with customers	<u>136,095</u>	<u>181,939</u>
Lease rental income		
Industrial	18,400	16,569
Residential	2,874	5,219
Total lease rental income	<u>21,274</u>	<u>21,788</u>
Total revenue	<u>157,369</u>	<u>203,727</u>

(*) Revenue from point-in-time includes food and beverage services amounting to SR 2.89 million and leisure services amounting to SR 0.14 million.

6. LOSS PER SHARE

Loss per share has been calculated by dividing the loss for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period. The Parent Company does not have any dilutive potential share and therefore diluted loss per share is the same as basic loss per share.

The loss per share calculation is given below:

	Three-month periods ended 31 March	
	<u>2026</u> (Unaudited)	<u>2025</u> (Unaudited)
Loss for the period attributable to owners of the Company (Saudi Riyals '000')	<u>(180,406)</u>	<u>(123,287)</u>
Weighted average number of ordinary shares (in thousands)	<u>882,930</u>	<u>523,260</u>
Loss per share (Saudi Riyals) - Basic and Diluted	<u>(0.20)</u>	<u>(0.24)</u>

* During the year 2025, the Company increased its share capital from SR 5,232,599,090 to SR 8,829,299,050.

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7. PROPERTY AND EQUIPMENT

	For the three- months period ended 31 March 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Cost:		
At the beginning of the period/year	7,498,821	7,382,387
Additions during the period/year	56,700	118,718
Disposal	--	(2,284)
At the end of the period/year	<u>7,555,521</u>	<u>7,498,821</u>
Accumulated depreciation and impairment:		
At the beginning of the period/year	2,384,856	2,389,007
Depreciation charge for the period/year	53,156	205,160
Impairment reversal	--	(207,027)
Disposal	--	(2,284)
At the end of the period/year	<u>2,438,012</u>	<u>2,384,856</u>
Net book value at the end of the period / year	<u><u>5,117,509</u></u>	<u><u>5,113,965</u></u>

- a) Included within property and equipment is capital work in progress amounting to SR 1,431 million (2025: SR 1,382 million) which mainly represents construction costs in respect of the infrastructure and other projects at KAEC.

The Group has relied on the impairment assessment performed as of 31 December 2025. Management of the Group believes that the recoverable value of the Group's properties did not significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2025, up to the three-months period ended 31 March 2026.

8. INVESTMENT PROPERTIES

	For the three- months period ended 31 March 2026 (Unaudited)	For the year ended 31 December 2025 (Audited)
Cost:		
At the beginning of the period / year	5,094,474	5,088,838
Additions during the period / year	--	12,065
Disposals during the period / year	--	(6,429)
At the end of the period/year	<u>5,094,474</u>	<u>5,094,474</u>
Accumulated depreciation and impairment:		
At the beginning of the period/year	427,355	489,290
Depreciation charge for the period/year	13,889	48,220
Reversal of impairment	--	(109,483)
Disposals during the period/year	--	(672)
At the end of the period/year	<u>441,244</u>	<u>427,355</u>
Net book value at the end of the period / year	<u><u>4,653,230</u></u>	<u><u>4,667,119</u></u>

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8. INVESTMENT PROPERTIES (continued)

- a) Included within investment properties as at 31 March 2026 is capital work in progress amounting to SR 1,018 million (31 December 2025: SR 1,018 million) which represents assets under construction relating to a commercial centre's expansion and infrastructure development work on the land parcels.
- b) As at 31 March 2026 the Group's investment properties with a carrying amount of SR 923 million (31 December 2025: SR 923 million) were mortgaged as collateral against loans and borrowings.
- c) Following is the fair value and carrying amount of investment properties held for various purposes:

	<u>Fair value</u>		<u>Carrying amount</u>	
	<u>31 March 2026</u>	31 December <u>2025</u>	<u>31 March 2026</u>	31 December <u>2025</u>
Rental income	9,564,252	9,564,252	1,863,363	1,877,252
Currently undetermined future use	30,933,224	30,933,224	2,789,867	2,789,867
	40,497,476	40,497,476	4,653,230	4,667,119

- d) As at 31 March 2026 and 31 December 2025, the Group has no contractual obligation for future repairs and maintenance which are not recognized as liability.

The Group has relied on the impairment assessment performed as of 31 December 2025. Management of the Group believes that the recoverable value of the Group's properties didn't significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2025, up to the three-months period ended 31 March 2026.

9. DEVELOPMENT PROPERTIES

	31 March <u>2026</u> (Unaudited)	31 December <u>2025</u> (Audited)
Costs incurred to-date	1,350,259	1,505,987
Less: disposals	(13,736)	(155,728)
Less: provision for development properties	(164,675)	(165,846)
Total	1,171,848	1,184,413
Current portion of development properties	801,423	813,988
Non-current portion of development properties	370,425	370,425
Total	1,171,848	1,184,413

Disposals from development properties are recognised as expense within cost of revenue.

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10. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Financial assets		
Trade receivables*	869,381	804,068
Less: impairment on trade receivables	(396,164)	(369,014)
Amounts due from related parties	15,230	12,869
	<u>488,447</u>	<u>447,923</u>
Others	59,679	85,232
	<u>548,126</u>	<u>533,155</u>
Non-financial assets		
Prepayments	21,027	23,579
Advances to suppliers	77,064	95,914
VAT receivable	136,053	132,326
Others	7,253	9,285
	<u>241,397</u>	<u>261,104</u>
Trade receivables and other current assets	<u>789,523</u>	<u>794,259</u>

* During the quarter ended 31 March 2026, an amount of SR 10 million was not paid. The total amount due from that customer is SR 92 million presented mostly in unbilled revenue and receivables. The Group believes that the full amount is collectable, and therefore this delay should not result in a significant increase in ECL.

11. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The entities are incorporated in the Kingdom of Saudi Arabia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Effective ownership interest (%)		31 March 2026 (Unaudited)	31 December 2025 (Audited)
	31 March 2026	31 December 2025		
Investment in Ports Development Company "PDC" (see note (a) below)	50%	50%	2,347,958	2,366,547
Investment in Biyouat Progressive Company for Real Estate Investment & Development ("Biyouat") (see note (b) below)	20%	20%	45,790	45,790
Investment in Albilad Tourism Fund (see note (c) below)	41.15%	41.15%	<u>157,286</u>	<u>158,871</u>
			<u>2,551,034</u>	<u>2,571,208</u>

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11. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (continued)

a) Investment in PDC - Joint Venture

PDC is a closed joint stock company and is principally engaged in the development, finance, operation and maintenance of the King Abdullah Port through its own and third parties' resources.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Beginning of the period / year	2,366,547	2,456,361
Share of loss for the period / year	(19,210)	(79,743)
Share of other comprehensive profit / (loss) for the period / year	621	(10,071)
End of the period / year	<u>2,347,958</u>	<u>2,366,547</u>

On 20 December 2023, the National Container Terminal ("NCT") declared Force Majeure ("FM"), followed by a detailed report on 31 December 2023, citing the immediate suspension of services by its main customer, MSC. This decision was in response to Houthi attacks on merchant ships passing through the Bab al-Mandab Strait in the Red Sea.

NCT noted that MSC contributes approximately 90% of its throughput, primarily through transshipment containers, which will be lost due to the suspension or rerouting of MSC services. As a result, NCT has asserted that the security crisis in the Red Sea and MSC's suspension will impact its Concession Agreement ("CA") obligations, particularly regarding the Minimum Charge Guarantee ("MCG").

Following this, PDC reached a settlement agreement with NCT, under which NCT will pay PDC 50% of the Minimum Charge Guarantee that would have been payable to the Granter had the Red Sea disruption not occurred. This settlement has led to a significant reduction in PDC's revenue and cashflow for 2026.

As a result of this development, an objective indication of impairment existed in the Group's financial statements. Accordingly, an impairment assessment was conducted to evaluate the recoverable amount of the related assets. The assessment concluded that no impairment was required, as the recoverable amount remained well above the carrying value, with sufficient headroom.

b) Investment in Biyouat - Associate

Biyouat is a limited liability company which was incorporated in 2016. It is principally engaged to build, own and manage a residential compound at KAEC. The Company has not yet started its operations. Hence, the share of results of Biyouat for the period are insignificant for the Group.

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11. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (continued)

c) Investment in Albilad Tourism Fund - Equity investment

During 2023, the Group invested in the Albilad Toursim Fund (the “Fund”). The Group entered into a property sale agreement to sell a prime beachfront land plot, in Murooj Golf Community District in KAEC, as an in-kind contribution to the Fund.

In return for the land sale, the Group acquired units in the Fund amounting to SR 269.2 million, representing 41.15% of the Fund’s equity. The Fund’s term is 12 years and is extendable up to 3 additional years. The Group has performed an assessment of the criteria to determine whether the Group has control over the Fund and concluded that the Group does not have control, but significant influence over the Fund. Accordingly, the Fund is being accounted as equity investment in the condensed consolidated interim financial statements for the three-months period ended 31 March 2026.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance of investment	158,871	209,655
Elimination of share of profit on contribution of land (*)	--	(45,715)
	<u>158,871</u>	<u>163,940</u>
Share of loss for the period	<u>(1,585)</u>	<u>(5,069)</u>
Closing investment	<u>157,286</u>	<u>158,871</u>

(*) The amount pertains to profit derived by the Group on contribution of land to the Fund.

During the year 2025, a fire incident occurred at the Rixos Hotel project. The affected area was contained, and assessments by the developer, insurers, and relevant authorities are currently ongoing.

The Group has evaluated the potential financial impact of the incident and considered this as part of its impairment assessment of the investment in the associate. Based on this assessment, including the application of reasonably possible adverse assumptions, management concluded that no impairment loss or provision is required to be recognised.

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12. LONG-TERM BORROWINGS

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Facility from local banks	--	3,317,894
Accrued commission	--	561,516
Short term loan	--	150,000
Repayment of loan	--	(78,968)
Gain on extinguishment of financial liabilities	--	(269,307)
	--	3,681,135
Restructured to a syndicated facility (Note (a) below)	--	(3,681,135)
Facility from local banks	--	3,484,389
Accrued commission before restructuring	--	196,746
Restructured syndicated facility	3,770,611	3,681,135
Accrued commission after restructuring	58,102	161,424
Repayment of loan	(10,415)	(19,542)
Payment of accrued commission	--	(52,406)
Total restructured facility	3,818,298	3,770,611
Current portion	(277,783)	(278,411)
Non-current portion	3,540,515	3,492,200
Facility from a shareholder (Note (b) below)	--	958,252
Accrued commission	256,855	505,220
Novated from MoF	--	2,911,604
Converted to equity	--	(4,118,221)
	256,855	256,855
Current portion	(256,855)	(256,855)
Non-current portion	--	--
Facility from a shareholder (Note (c) below)	500,000	500,000
Accrued commission	30,318	22,231
	530,318	522,231
Current portion	--	--
Non-current portion	530,318	522,231
Total long-term borrowings*	4,605,471	4,549,697
Current portion of long-term borrowings	(534,637)	(535,266)
Non-current portion of long-term borrowings	4,070,834	4,014,431

* The Group has assessed its compliance with all covenants attached to its borrowing facilities as at the reporting date. Based on this assessment, management confirms that the Group is in compliance with the financial and non-financial covenants applicable as at period end.

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12. LONG-TERM BORROWINGS (continued)

For certain covenants, management had formally applied for extensions from the lenders. The Group has obtained extension letters from the lenders approving these covenant extensions. Accordingly, no covenant breaches or related events of default have been identified as at the reporting date. Further, the Group does not expect to comply with certain covenants within 12 months after the reporting date, for which it has already applied for waivers from the lenders, and expects to obtain such waivers.

- a) On 27 April 2025, the Group entered a binding Murahaba Syndicated facility agreement with local banks. The facility is split into tranche A (SR 400 million) and tranche B (SR 2,992 million) with a profit rate based on SAIBOR plus a fixed margin, due to the possibility of extending the maturity date for the tranche B facility, the different rates and the capitalisation of tranche B. As part of the restructuring, a New money facility loan has been made available to the Group by the Banks under binding agreements, with a total commitment of SR 287 million.

The new rescheduled term is until 31 December 2033 with repayment instalments due on an annual basis from 31 December 2029 until 31 December 2033, with the possibility based on the agreement of the Banks and the Company to extend the tranche B facility maturity date until 31 December 2036.

The New money facility is repayable as a single bullet payment on 30 June 2026 with the possibility of an extension for one additional year to 30 June 2027. On 11 March 2026, the Group has applied for an extension of the loan facility and is awaiting approval.

- b) During the year 2025, the Group completed a debt-to-equity conversion with Public Investment Fund (“PIF”), whereby the outstanding shareholder loan was settled through the issuance of shares following shareholder approval on 22 December 2025. As at 31 March 2026, there is no remaining principal outstanding under the facility, and only accrued markup remains payable, representing finance costs relating to the period from 01 January 2025 up to the date of conversion approval.
- c) During the year 2025, the Group entered into a binding agreement with the PIF to make available a SR 1,000 million, payable in April 2027, with a potential conversion into equity that remains subject to regulatory and shareholders’ approvals. Accordingly, the conversion arrangement is not yet legally enforceable. The loan facility will be used to finance critical strategic capital expenditures of the Group to enable revenue generation. As of 31 March 2026, SR 500 million funds have been drawn from this facility.

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13. ZAKAT

Movement in provision

The movement in the Zakat provision is as follows:

	31 March <u>2026</u> (Unaudited)	31 December <u>2025</u> (Audited)
At the beginning of the period / year	68,500	48,209
Charge for the period / year	6,000	22,188
Payments during the period / year	--	(1,897)
At the end of the period / year	<u>74,500</u>	<u>68,500</u>

13.1 Components of zakat base

The Company and its fully owned Saudi Arabian subsidiaries file zakat declarations on a consolidated basis in accordance with the regulations of the ZATCA. The significant components of the zakat base under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of period, loans and borrowings and estimated income subject to zakat, less deductions for the net book value of property and equipment, investment properties and certain other items. Zakat is payable at 2.58% of approximate zakat base (excluding adjusted net income for the period) and at 2.5% of the adjusted net profit for the period.

13.2 Status of final assessments

There have been no changes to the status of open zakat assessments as of 31 March 2026, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2025.

During the period SR 15 million was paid from the zakat liability which is included in trade and other payables.

14. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders having control, key management personnel of the Group, entities controlled, jointly controlled or significantly influenced by such parties.

The Government of the Kingdom of Saudi Arabia controls the Public Investment Fund (PIF), which exercises control over the Group through its increased shareholding of 55.55% following the debt-to-equity conversion approved by the shareholders. As a result, the Government of Saudi Arabia, semi-Government and other entities with Government ownership or control, including, but not limited to ministries, regulatory bodies and authorities are related parties of the Group. In accordance with the exemption in IAS 24, the management has adopted a partial exemption for disclosure of transactions and balances for government-related entities as required under IAS 24.

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14. RELATED PARTY TRANSACTIONS (continued)

The related parties, other than subsidiaries and associates, include the following:

<u>Name</u>	<u>Relationship</u>
Ports Development Company	Joint Venture
Biyoutat Progressive Company for Real Estate Investment & Development	Joint Venture
RIXOS – AlBilad Tourism Fund	Associate
Public Investment Fund (PIF)	The Parent Company
Various Government related entities	

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14. RELATED PARTY TRANSACTIONS (continued)

In addition to Notes 11 and 12, following are the details of major related party transactions during the period and the related balances at period / year end:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions for the three-month period ended</u>		<u>Balance as at</u>	
		<u>31 March 2026</u>	<u>31 March 2025</u>	<u>31 March 2026</u>	<u>31 December 2025</u>
Amounts due from related parties					
Government related entities	Sale, lease, service and utility charges	29,616	6,460	14,523	12,168
RIXOS Albilad Tourism Fund	Contribution of land to the fund	--	67,930	--	--
Biyoutat Progressive Company for Real Estate Investment & Development	Sale, lease, Service and Utility Charges	--	--	402	402
Ports Development Company	Sale, lease, Service and Utility Charges	--	--	180	180
Key Management Personnel					
	Sale of Properties, Utilities and Service Charges	--	37	--	--
Board of Directors					
	Sale, lease, Service and Utility Charges	5	5	125	119

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14. RELATED PARTY TRANSACTIONS (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions for the three-month period ended</u>		<u>Balance as at</u>	
		<u>31 March 2026</u>	<u>31 March 2025</u>	<u>31 March 2026</u>	<u>31 December 2025</u>
Amounts due to related parties					
Government related entities	Services received	94,067	6,152	6,211	9,396
Public Investment Fund	Loan	--	--	500,000	500,000
	Accrued Interest	8,088	68,208	287,174	279,086
Key Management Personnel					
	Remuneration	7,660	4,633	--	--
Board of Directors					
	Remuneration and meeting fees	1,275	1,378	1,275	5,510
	Advances	--	--	16	16

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14. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel of the Group

	Amount of transactions for the three-month period ended	
	31 March 2026	31 March 2025
	(Unaudited)	
Short-term employee benefits	3,725	2,445
Non-monetary benefits	57	--
Post-employment benefits	3,571	1,881
Termination benefits	307	307
	<u>7,660</u>	<u>4,633</u>

Key management personnel comprise Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

15. CONTINGENT LIABILITIES AND COMMITMENTS

There are no changes in contingent liabilities and commitments, as at 31 March 2026, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2025, except as mentioned below:

- (a) The Group has outstanding commitments related to future expenditure for the development of KAEC in the coming few years related to property and equipment, investment properties and development properties amounts to SR 322.92 million, SR 18.21 million and SR 12.73 million respectively (31 December 2025: SR 365.11 million, SR 12.02 million and SR 17.2 million respectively).
- (b) The Group's share in the capital commitments of the joint venture is SR 8.08 million (31 December 2025: SR 9.82 million).

16. SEGMENT REPORTING

Basis of segmentation

For management purposes, the Group has five strategic divisions, which are its operating segments. These divisions offer different products and/or services and are managed separately. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group and makes strategic decisions including resource allocation.

The CODM primarily uses a measure of profit / loss before tax to assess the performance of the operating segments. However, the CODM also receives information about the segments' revenue on a quarterly basis.

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16. SEGMENT REPORTING (continued)

Basis of segmentation (continued)

The profit / loss before tax of the Group's operating segments reported to the CODM are measured in a manner consistent with that in condensed interim consolidated statement of profit or loss and other comprehensive income. Hence, a reconciliation is therefore not presented separately.

Financial income charges are not allocated to operating segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

<u>Reportable segments</u>	<u>Operations</u>
Residential business	Includes revenue from sale/lease rental income of land and units for residential purposes.
Industrial development	Includes revenue from sale/lease rental income of land and units for commercial purposes and situated in industrial zone.
Hospitality and leisure	Includes room rent, food and beverages and other related services from operations of hotels, resorts and other leisure clubs.
Education services	Includes revenue from tuition and other fees from schools and colleges operated by the Group.
City operations	Includes revenue from utilities and other city management services by the Group in KAEC.

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16. SEGMENT REPORTING (continued)

	<u>Residential Business</u>	<u>Industrial Development</u>	<u>Hospitality and Leisure</u>	<u>Education</u>	<u>City Operations</u>	<u>Total Segment</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
<i><u>For the three-month period ended:</u></i>								
31 March 2026								
(Unaudited)								
<u>Revenue</u>								
External customers	59,028	20,826	5,372	30,417	41,726	157,369	--	157,369
Inter-segment	12	--	4,267	--	--	4,279	(4,279)	--
	<u>59,040</u>	<u>20,826</u>	<u>9,639</u>	<u>30,417</u>	<u>41,726</u>	<u>161,648</u>	<u>(4,279)</u>	<u>157,369</u>
<u>Results</u>								
Cost of inventories and services recognised as an expense	(25,960)	(98)	(1,804)	(8,623)	(30,621)	(67,106)	(2,993)	(70,099)
Impairment loss/ (reversal) on financial assets	7,270	(8,612)	--	(256)	(17,718)	(19,316)	--	(19,316)
Financial charges	(13)	--	(346)	(345)	(1)	(705)	(66,134)	(66,839)
Financial income	--	--	--	--	--	--	1,849	1,849
Depreciation	(12,980)	(8,487)	(14,332)	(3,576)	(2,601)	(41,976)	(28,139)	(70,115)
Amortisation	--	--	--	--	--	--	(227)	(227)
Share of results of equity accounted investee	--	--	--	--	--	--	(20,795)	(20,795)
Other expenses – net	(9,408)	(4,353)	(1,115)	(17,699)	(1,964)	(34,539)	(51,694)	(86,233)
(Loss) / profit before zakat	<u>17,949</u>	<u>(724)</u>	<u>(7,958)</u>	<u>(82)</u>	<u>(11,179)</u>	<u>(1,994)</u>	<u>(172,412)</u>	<u>(174,406)</u>
Zakat	-	-	-	-	-	-	(6,000)	(6,000)
(Loss) / profit for the year	<u>17,949</u>	<u>(724)</u>	<u>(7,958)</u>	<u>(82)</u>	<u>(11,179)</u>	<u>(1,994)</u>	<u>(178,412)</u>	<u>(180,406)</u>

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16. SEGMENT REPORTING (continued)

Condensed consolidated interim statement of profit or loss and other comprehensive income:

	<u>Residential Business</u>	<u>Industrial Development</u>	<u>Hospitality and Leisure</u>	<u>Education</u>	<u>City Operations</u>	<u>Total Segment</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
<i>For the three-month period ended:</i>								
31 March 2025								
(Unaudited)								
<u>Revenue</u>								
External customers	106,978	49,042	17,698	22,044	7,845	203,607	120	203,727
Inter-segment	1,301	--	4,446	--	17,932	23,679	(23,679)	--
	<u>108,279</u>	<u>49,042</u>	<u>22,144</u>	<u>22,044</u>	<u>25,777</u>	<u>227,286</u>	<u>(23,559)</u>	<u>203,727</u>
<u>Results</u>								
Cost of inventories and services recognised as an expense	(25,150)	(7,097)	(8,561)	(592)	(25,502)	(66,902)	15,669	(51,233)
Impairment loss on non financial assets	--	--	--	--	--	--	--	--
Impairment loss on financial assets	40,459	56,342	16,318	7,415	--	120,534	(97,748)	22,786
Financial charges	(47)	--	(442)	(195)	--	(684)	(146,945)	(147,629)
Financial income	--	--	--	--	--	--	29	29
Depreciation	(8,938)	(5,455)	(15,230)	(3,539)	(2,794)	(35,956)	(27,907)	(63,863)
Amortisation	(96)	--	--	--	--	(96)	(161)	(257)
Share of results of equity accounted investee	--	--	--	--	--	--	(19,210)	(19,210)
Other (expenses) / income	(3,264)	1,906	(10,246)	(18,103)	(3,978)	(33,685)	(29,452)	(63,137)
(Loss) before zakat	111,243	94,738	3,983	7,030	(6,497)	210,497	(329,284)	(118,787)
Zakat	--	--	--	--	--	--	(4,500)	(4,500)
Loss for the year	<u>111,243</u>	<u>94,738</u>	<u>3,983</u>	<u>7,030</u>	<u>(6,497)</u>	<u>210,497</u>	<u>(333,784)</u>	<u>(123,287)</u>

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17. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the Management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank borrowings. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 March 2026 (Unaudited)	<u>Less than 12 months</u> ("000")	<u>More than 12 months</u> ("000")	<u>Total</u> ("000")	<u>Carrying value</u> ("000")
Loans	552,495	5,915,556	6,468,051	4,605,472
Zakat liability	61,745	97,763	159,508	159,508
Lease liabilities	50,067	11,987	62,054	59,489
Trade and other payables	860,707	--	860,707	860,707
	<u>1,525,014</u>	<u>6,025,306</u>	<u>7,550,320</u>	<u>5,685,176</u>
31 December 2025 (Audited)	<u>Less than 12 months</u> ("000")	<u>More than 12 months</u> ("000")	<u>Total</u> ("000")	<u>Carrying value</u> ("000")
Loans	570,495	5,907,971	6,478,466	4,549,697
Zakat liability	61,745	113,199	174,944	174,944
Lease liabilities	64,412	11,987	76,399	73,263
Trade and other payables	861,620	--	861,620	861,620
	<u>1,558,272</u>	<u>6,033,157</u>	<u>7,591,429</u>	<u>5,659,524</u>

18. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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18. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

As at the reporting date, management believes that, in lieu of the tenor and interest rate profile (where applicable), the carrying value of Group's financial assets and liabilities approximate their fair values and are measured at amortized cost.

19. SUBSEQUENT EVENTS

No matter has occurred up to and including the date of the approval of these condensed consolidated interim financial statements by the Board of Directors which could materially affect these condensed consolidated interim financial statements and the related disclosures for the three-month period ended 31 March 2026.

20. DATE OF APPROVAL AND AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 12 May 2026, corresponding to 25 Dhul Qadah 1447H.