AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSLIDATED FINANCIAL STATAMENT (UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2026

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month and six-month periods ended 30 June 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THEINTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Al-Sharqiyah Development Company -A Saudi Joint Stock Company.

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Sharqiyah Development Company, a Saudi joint stock company (the "Company") and its subsidiaries (together "the Group") as at 30 June 2026 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

Except as explained in the following paragraph ،we have conducted our review in accordance with 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 interim condensed consolidated financial information 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 audit. Accordingly, we do not express an audit opinion.

BASIS OF QUALIFIED CONCLUSION

The interim condensed consolidated statement of financial position includes Intangible Assets - Government Grants, with a net book value of SAR 171.31 million as of June 30, 2026 (December 31, 2025: SAR 171.31 million).

Management performs an impairment assessment for these assets using specific assumptions. However, as the assumptions used by the Management do not comply with the requirements of International Accounting Standard (IAS) 36 "Impairment of Assets," we were unable to obtain sufficient appropriate evidence regarding the reasonableness of those assumptions as of the date of our review of the accompanying interim condensed consolidated financial information as of June 30, 2026.

Consequently, we were unable to determine the recoverable amount of these intangible assets (government grants), or whether an impairment loss should have been recognized, or to determine the potential financial impact on the accompanying interim condensed consolidated financial information.

QUALIFIED CONCLUSION

Except for the possible effects of the matters described in the "Basis for Qualified Conclusion" section on the condensed consolidated interim financial information, that we might have become aware of had it not been for the situation described above, and based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) adopted in the Kingdom of Saudi Arabia.

EMPHASES OF MATTER

We draw attention to:

- Note 21 of the accompanying interim condensed financial information, in respect to the government grant "agriculture lands", that on the date of August 2, 2022, the Company has received the Ministry of Environment Water & Agriculture decision issued on June 30, 2022, which included that the deed cannot be issued in the name of the Company. However, the Company can benefit from the land until the Saudi Aramco Company realizes its actual needs. Management could not identify a useful life for agricultural land utilization. result to unable to predict the date of obtaining the deed. Our conclusion was not modified with respect to these matters.

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AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2026
(All amounts expressed in Saudi Riyals unless otherwise stated)

		As at	
	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	5	**70,711,022**	75,199,911
Intangible assets, government grant		**171,307,811**	171,307,811
Investment Property	6	**11,843,331**	-
Intangible assets	7	**3,688,090**	4,291,541
Investments at fair value, through other comprehensive income		**4,112,097**	4,112,097
Total non-current assets		**261,662,351**	254,911,360
Current assets			
Trade receivables		**38,079,601**	44,829,738
prepayments, and other receivables	8	**5,857,728**	7,471,266
Inventory		**33,594,391**	13,698,819
Investments at fair value through profit or loss	9	**31,288,641**	45,157,211
Investments in local sukuk	10	**27,590,000**	31,000,000
Cash and cash equivalents	11	**26,042,203**	22,956,184
Total current assets		**162,452,564**	165,113,218
Total assets		**424,114,915**	420,024,578
Equity and liabilities			
Equity			
Share capital	4	**300,000,000**	300,000,000
Other reserve		**3,276,667**	3,276,667
Fair value reserve Investments at fair value through other comprehensive income		**2,686,497**	2,686,497
Retained earnings		**42,632,512**	44,484,312
Total equity		**348,595,676**	350,447,476
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	15	**11,184,744**	12,766,247
Employee benefits obligations		**1,302,087**	1,084,654
Zakat Provision – non-current portion	18	**709,899**	2,839,596
Total non-current liabilities		**13,196,730**	16,690,497
Current liabilities			
Short-term loans	12	**17,804,155**	4,710,417
Trade and other payables	13	**26,625,715**	28,436,146
Due to related parties	14	**5,272,383**	5,272,383
Lease liabilities –current portion	15	**1,291,970**	1,312,421
Accrued dividends to shareholders		**1,358,957**	1,358,957
Zakat Provision	18	**9,969,329**	11,796,281
Total current liabilities		**62,322,509**	52,886,605
Total liabilities		**75,519,239**	69,577,102
Total equity and liabilities		**424,114,915**	420,024,578

Chief Financial Officer **Chief Executive Officer** **Board Member**

The accompanying notes are integrated part of these interim condensed consolidated financial information.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30,2026
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the Three-Months Period Ended 30 June		For the Six-Months Period Ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
		SR	SR	**SR**	SR
Revenue		**42,843,879**	59,972,342	**98,009,401**	104,833,988
Cost of revenue		**(38,740,351)**	(53,991,228)	**(87,419,229)**	(98,317,217)
Gross profit		**4,103,528**	5,981,114	**10,590,172**	6,516,771
General and administrative expenses	16	**(2,689,090)**	(3,352,750)	**(5,342,010)**	(4,704,900)
Selling and distribution expenses	17	**(4,769,136)**	(4,071,404)	**(9,281,041)**	(9,865,666)
Operating loss		**(3,354,698)**	(1,443,040)	**(4,032,879)**	(8,053,795)
Finance expenses		**(423,799)**	(136,705)	**(652,293)**	(249,359)
Time deposit returns		**269,608**	270,474	**523,128**	759,487
Gains from investments in a fund at fair value through profit or loss		**549,417**	977,503	**1,131,430**	1,597,063
Return on investment in Sukuks		**337,866**	421,118	**775,438**	741,881
Income from fair value of Investment Properties	6	**527,054**	-	**527,054**	-
Other income		**220,257**	478,603	**626,322**	623,857
(Loss) Profit for the period before zakat		**(1,874,295)**	567,953	**(1,101,800)**	(4,580,866)
zakat		**(250,000)**	(250,000)	**(750,000)**	(750,000)
(loss) Profit for the period after zakat	18	**(2,124,295)**	317,953	**(1,851,800)**	(5,330,866)
Other comprehensive income		**-**	-	**-**	
Total comprehensive (loss)/ income for the period		**(2,124,295)**	317,953	**(1,851,800)**	(5,330,866)
The basic and diluted (loss) / earnings per share	20	**(0.071)**	0.01	**(0.062)**	(0.178)

Chief Financial Officer | **Chief Executive Officer** | **Board Member**

The accompanying notes are integrated part of these interim condensed consolidated financial information.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MOTNHS PERIOD ENDED 30 JUNE 2026
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Other reserve	Fair value reserve Investments at fair value through other comprehensive income	Retained earnings	Total
Balance as at 1 January 2025 (Audited)	300,000,000	3,276,667	2,226,762	52,794,038	358,297,467
Loss for the period	-	-	-	(5,330,866)	(5,330,866)
Balance as at 30 June 2025 (Unaudited)	300,000,000	3,276,667	2,226,762	47,463,172	352,966,601
Balance as at 1 January 2026 (Audited)	**300,000,000**	**3,276,667**	**2,686,497**	**44,484,312**	**350,447,476**
loss for the period	-	-	-	**(1,851,800)**	**(1,851,800)**
Balance as at 30 June 2026 (Unaudited)	**300,000,000**	**3,276,667**	**2,686,497**	**42,632,512**	**348,595,676**

Chief Financial Officer | **Chief Executive Officer** | **Board Member**

The accompanying notes are integrated part of these interim condensed consolidated financial information.

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30,2026
(All amounts expressed in Saudi Riyals unless otherwise stated)

		For the six-month period ended	
		30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Cash flows from operating activities:	Note		
Loss for the period before zakat		**(1,101,800)**	(4,580,866)
Adjustments to reconcile net loss with net cash used in operating activities:			
Depreciation	1-5	**2,400,823**	2,533,684
Right-of-use assets depreciation	2-5	**976,541**	237,828
Finance costs		**262,328**	18,280
Losses on disposal of property, plant and equipment		**-**	79,292
Intangible assets amortization	7	**603,451**	603,451
Gain on Revaluation of Investment Properties	6	**(527,054)**	-
Gain on Investments at Fair Value Through Profit or Loss		**(1,131,430)**	(597,064)
Employee benefit obligations		**217,433**	219,751
		1,700,292	(1,485,644)
Changes in working capital items:			
Trade receivables		**6,750,137**	(12,162,786)
Prepaid expenses and other receivables		**1,613,538**	(2,573,590)
Inventory		**(19,895,572)**	(2,760,982)
Trade and other payables		**(1,810,431)**	(7,115,767)
		(11,642,036)	(26,098,769)
Zakat paid	18	**(4,706,649)**	(2,129,694)
Net cash used in operating activities		**(16,348,685)**	(28,228,463)
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	5	**(10,204,752)**	(11,554,249)
Proceeds from sales of assets		**-**	211,994
Purchase of Investments at Fair Value Through Profit or Loss	9	**-**	(39,000,000)
Proceeds from sales Investments at fair value through profit or loss	9	**15,000,000**	-
Proceeds from Sale of Local Sukuk Investments	10	**3,410,000**	-
Net cash generated / (used in) investment activities		**8,205,248**	(50,342,255)
Cash flows from financing activities			
Movement in Short-Term Loans		**13,093,738**	-
Payment of lease liabilities	15	**(1,864,282)**	(253,500)
Net cash generated from / (used in) financing activities		**11,229,456**	(253,500)
Net change in cash and cash equivalents		**3,086,019**	(78,824,218)
Cash and cash equivalents at the beginning of the period		**22,956,184**	110,013,556
Cash and cash equivalents at the end of the period		**26,042,203**	31,189,338
Non-cash transactions			
Reclassification from property, plant and equipment to investment properties	5 & 6	**11,316,277**	-

Chief Financial Officer **Chief Executive Officer** **Board Member**

The accompanying notes are integrated part of these interim condensed consolidated financial information.

NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL STATEMENTS

For the three month and six month periods ended June 30,2026
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES AND THEIR ACTIVITIES

Al-Sharqiya Development Company (the "Company") was founded according to the royal decree No. 406 dated 21 Thu Al-Qa'dah 1406H as a Saudi joint stock company under CR ("CR") No. 2050016477 issued in Dammam on 19 Muharram 1407H (corresponding to 21 March 1986). The share capital of the Company was set at 300,000,000 Saudi Riyals, divided into 30,000,000 shares 10 Saudi Riyals each, fully paid.

This condensed consolidated interim financial statements includes the transactions and balances of the following companies:

- Al-Sharqiya Development Company - the holding company.
- Sado Al Arab Trading Company - the subsidiary of Al-Sharqiya Development.
- Al Waset Al Beri Logistics Company the subsidiary of Sado Al Arab Trading.
- Earth Field Company for General Contracting.

The principal activities of the Company and its subsidiary (together as the "Group"), each of which has a separate commercial register, which operates in investment activities, development activities, and logistic services. AS below, the principal activities of the group:

a) The main activity of the company is summarized as follows:
- Agriculture, forestry and fishing. / Construction.
- Wholesale and retail trade and repair of motor vehicles and motorcycles.
- Transportation and storage.
- Accommodation and food service activities.
- Real estate activities. /Arts, entertainment and leisure.
- Other service activities, which are represented in the activities of professional membership organizations. Growing vegetables in greenhouses and growing uncovered variegated vegetables.

b) The main activity of the subsidiary (Sado Arab Trading Company) is:
- Activities related to food security and logistic services.

c) The main activity of Al Waseet Al Beri Logistics Company (a subsidiary of Sado Al Arab Trading) In:
- Goods' land transportations refrigerated and frozen goods transportation, and operating storage facilities for all types of goods.

d) The main activity of Earth Field Company for General Contracting ( ) is:

In a wide range of construction work, from equipment rental and greenhouse installation to residential and non-residential building construction, renovation, pipe laying, construction of water and sewage systems, installation of power and heating systems, finishing and decoration work, to furniture installation and swimming pool construction.

In addition to the above, Interim Condensed financial statements includes the Company's records and the following branch:

Branch name	**CR number**	**Activity**
Branch of Al Sharqiyah Development Company - Riyadh	1010480322	Management and leasing of owned or leased real estate
Branch of Sado Arab Trading Company	4030586002	Food and Beverage Wholesale and Retail
Branch of Sado Arab Trading Company	2050198861	Food & Beverage Wholesale & Retail
Branch of Al Waseet Al Beri Logistics Company	2511130140	Road freight transport

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUED)

Details of the Group's subsidiaries are as follows:

Subsidiary and its legal entity	Holding Company	Ownership percentage	Country
Sado Al Arab Trading Co. (Limited Liability Company)	Al-Sharqiya Development	٪100	Kingdom of Saudi Arabia
Al Waseet Al Beri Logistics Services (Limited Liability Company – One Person)	Sado Al Arab Trading	٪100	Kingdom of Saudi Arabia
Earth Field Company for General Contracting (Limited Liability Company)	Al-Sharqiya Development	٪100	Kingdom of Saudi Arabia

Sado Al Arab Trading Company (a subsidiary of Al-Sharqiyah Development Company):
On 20 February 2024, the Company's management established Sado Al Arab Trading Company - Limited Liability Company (Commercial Register No. 1010985337) issued in Riyadh on 20 February 2024 (corresponding to 10 Shaaban 1445H), with a share capital by SR 100,000, and the Company owns 100٪ of the share capital of Sado Al Arab Trading Company.

Earth Field Company for General Contracting (a subsidiary of Al-Sharqiyah Development Company):
On 11 March 2025, the Company's management established Earth Field Company for General Contracting - Limited Liability Company (Commercial Register No. 1007210073) issued, with share capital by SR 100,000,

Al Waseet Al Beri Logistics Company (a subsidiary of Sado Al Arab Trading Company):
On 21 July 2024 (corresponding to 15 Muharram 1446H) (the "acquisition date'), Sado Arab Trading Company acquired 100% of the share capital of Al Waseet Al Beri Logistics Services Company - Limited Liability Company - One Person (Commercial Registration No. 1010858339), issued in Riyadh on 1 February 2024 (corresponding to 10 Rajab 1444H), with a share capital of SAR 100,000.

1. GENERAL INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES AND THEIR ACTIVITIES (CONTINUED)

As of the reporting date, the Group incurred a net loss of SAR 1,851,800 for the six-month period ended 30 June 2026 (30 June 2025: net loss of SAR 5,330,866). In addition, the Group has net cash outflows from operating activities amounting to SAR 16,348,685 (30 June 2025: SAR 28,228,463).

As of the reporting date, the Holding Company had not yet commenced its principal activity as stated in its commercial registration. However, the Group expects to transform its current position and continue implementing its long-term strategic plans, which focus on a number of future development projects that are expected to have a significant impact in light of the Kingdom of Saudi Arabia’s support for the implementation of its food security strategy. Accordingly, the Group’s management has conducted feasibility studies for several strategic projects within the agricultural and poultry sectors. These projects have been carefully selected to align with the Group’s sustainable growth objectives. In addition, management is working on expanding the customer base and opening new sales outlets. In addition to working on expanding the customer base and opening new sales channels. The impact of these efforts has already become evident as of the reporting date through investments in subsidiaries and the commencement of their planned operations. Furthermore, the Company’s management has initiated feasibility studies for additional projects in the agricultural and livestock sectors. Management expects these strategic initiatives to generate positive outcomes that will contribute significantly to improving the Company’s financial position and cash flows.

Management has performed an assessment of the Group’s ability to continue as a going concern and, based on the Group’s approved future plans, believes that the Group will be able to meet its obligations as they fall due over the next twelve months, taking into consideration the assumptions and expected outcomes of the approved plan referred to above. Based on these expected results, management believes that the Group will be able to continue its operations in the foreseeable future in the normal and planned course of business. Therefore, the going concern basis of accounting remains appropriate in the preparation of these condensed interim financial statements.

As at the reporting date, as a result of the decision of the Ministry of Environment, Water and Agriculture dated 30 June 2022, the Group has not obtained the title deed of the agricultural land on which its future strategic activities will be located, but the Group has been given the right to use the land (refer to Note 21).

2. BASIS FOR PREPARATION

Statement of compliance

The interim condensed financial statements is prepared in accordance with IAS-34 "Interim Financial Reporting" (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The interim condensed financial statements does not include all the statements and disclosures required in the annual financial statements. Accordingly, this interim condensed financial statements is to be read in conjunction with the annual financial statements for the year ended 31 December 2025

Basis of Measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except where International Financial Reporting Standards (IFRS) require or permit measurement using other valuation bases, as disclosed in the relevant accounting policies. The financial statements have also been prepared on the accrual basis of accounting and under the going concern assumption.

2. BASIS OF PREPARATION (CONTINUED)

Presentation and Functional Currency

These condensed interim financial statements are presented in Saudi Riyals (SAR), which is the Group presentation and functional currency. All amounts have been rounded to the nearest Saudi Riyal.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates, and assumptions used in the preparation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34, *"Interim Financial Reporting,"* as endorsed in the Kingdom of Saudi Arabia, together with other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), are consistent with those applied in the preparation of the group annual financial statements for the year ended 31 December 2025, except for the accounting policy relating to investment properties, which was recorded during the six-month period ended 30 June 2026, as follows:

Investment Properties

Investment properties comprise properties and land held to earn rental income, for capital appreciation, or for both purposes.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income in the period in which they arise. Fair values are determined based on annual valuations performed by an accredited external valuer using the valuation methodology recommended by the International Valuation Standards Council (IVSC). Fair value is based on active market prices and adjusted, where necessary, for differences in the nature, location, or condition of the specific asset. Where such statements is not available, the Group uses alternative valuation techniques, such as recent market prices in less active markets or discounted cash flow projections. These valuations generally form the basis of the carrying amounts reported in the consolidated financial statements.

Subsequent costs are capitalized to the carrying amount of the asset only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are recognized as expenses when incurred. When part of an investment property is replaced, the replacement cost is included in the carrying amount of the property and its fair value is reassessed.

Investment properties are derecognized upon disposal (i.e., on the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss and other comprehensive income in the period of derecognition. Transfers to or from investment property are made only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy applicable to property and equipment up to the date of the change in use.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

New standards have been issued, as well as a number of amendments to standards effective from 1 January 2026. However, they do not have a material impact on the Group's condensed consolidated interim financial statements.

New Standard Issued but Not Yet Effective: IFRS 18 "Presentation and Disclosure in Financial Statements"

On 9 April 2024, the International Accounting Standards Board (IASB) issued IFRS 18, *"Presentation and Disclosure in Financial Statements,"* which replaces IAS 1, *"Presentation of Financial Statements."* The standard was adopted locally by the Saudi Organization for Chartered and Professional Accountants (SOCPA), represented by its Accounting Standards Board, on 26 December 2024. The standard is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted, and is to be applied retrospectively in accordance with its transition requirements.

Pursuant to the Capital Market Authority (CMA) circular issued in accordance with the Authority's Board Resolution dated 13 May 2026, companies listed on the Saudi Exchange (Tadawul) are required to disclose a preliminary assessment of the expected impact of the initial application of IFRS 18 in their interim or annual financial statements prepared for financial periods beginning on or after 1 April 2026. Financial statements must continue to be prepared in accordance with IAS 1 requirements until IFRS 18 becomes mandatory. Accordingly, the Group has included this note in compliance with the requirements of the aforementioned circular. The Group has not early adopted the standard, and these condensed consolidated interim financial statements have been prepared in accordance with the accounting standards currently in effect.

IFRS 18 introduces new requirements regarding the presentation of the statement of profit or loss, including the classification of income and expenses into operating, investing, and financing categories, and the presentation of specified subtotals, including operating profit or loss and profit or loss before financing and zakat. The standard also enhances requirements relating to the aggregation and disaggregation of statements, introduces disclosure requirements for management-defined performance measures, where applicable, and includes related amendments affecting the presentation of the statement of cash flows.

Management has commenced its assessment of the impact of adopting IFRS 18 and has preliminarily identified the key areas expected to be affected, including the presentation of the consolidated statement of profit or loss, the consolidated statement of cash flows, and certain related disclosures. The ongoing assessment includes completing a detailed mapping of accounts at the parent company and subsidiary levels, evaluating the classification of certain income and expense items, and reviewing relevant systems, processes, and internal controls.

Based on the assessment performed up to the date of approval of these condensed consolidated interim financial statements, management expects that the impact of IFRS 18 will primarily relate to presentation and disclosure matters. Management does not currently expect a material impact on the recognition or measurement of the Group's assets, liabilities, revenues, or expenses. The detailed assessment remains ongoing, and the Group has not yet completed its evaluation of the full impact of the standard on its consolidated financial statements and comparative statements.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Use of Judgments and Estimates

In preparing the condensed consolidated interim financial statements, management uses judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the latest consolidated financial statements.

4. SHARE CAPITAL

The share capital of the Company was set at SR 300,000,000 (December 31,2024: SR 300,000,000) divided into 30,000,000 shares of equal value. The value of each share is 10 Saudi Riyals fully paid.

(All amounts expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT, NET

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Operating fixed assets (note 5.1)	**46,868,964**	58,050,332
Project under construction	**11,085,757**	3,416,737
Right of use assets (note 5.2)	**12,756,301**	13,732,842
	70,711,022	75,199,911

5.1 Operating fixed assets for the year ended 30 June 2026

	Land	**Buildings and constructions**	**Lease hold improvements**	**Machinery and equipment**	**Motor vehicles**	**Furniture and fixtures**	**Total June 30, 2026 (Unaudited)**	Total December 31, 2025 (Audited)
Cost:								
At 1 January 2026	**11,287,500**	**41,341,532**	**12,097,784**	**2,605,233**	**25,853,402**	**5,909,215**	**99,094,666**	80,639,331
Additions during period / year	**2,528,777**	**-**	**-**	**2,150**	**-**	**4,805**	**2,535,732**	19,090,335
Reclassified to Investment for properties (note 6)	**(11,316,277)**	**-**	**-**	**-**	**-**	**-**	**(11,316,277)**	-
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(635,000)
At June 30, 2026	**2,500,000**	**41,341,532**	**12,097,784**	**2,607,383**	**25,853,402**	**5,914,020**	**90,314,121**	99,094,666
Accumulated depreciation:								
At 1 January 2026	**-**	**31,797,473**	**812,454**	**2,017,662**	**5,648,887**	**767,858**	**41,044,334**	36,832,865
Charge for the period / year	**-**	**452,786**	**302,444**	**33,009**	**1,317,776**	**294,808**	**2,400,823**	4,310,538
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(99,069)
At June 30, 2026	**-**	**32,250,259**	**1,114,898**	**2,050,671**	**6,966,663**	**1,062,666**	**43,445,157**	41,044,334
Net book value:								
At June 30, 2026	**2,500,000**	**9,091,273**	**10,982,886**	**556,712**	**18,886,739**	**4,851,354**	**46,868,964**	
At December 31, 2025	11,287,500	9,544,059	11,285,330	587,571	20,204,515	5,141,357		58,050,332

(All amounts expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT, NET(continued)

5,2 Right of use assets

Right of use assets were derived from leased warehouses. The movements are as follows:

	30 June 2026 (Unaudited) Buildings	31 December 2025 (Audited) Buildings
As at the beginning of the period/year	**16,201,216**	1,426,977
Additions during the period / year	**-**	14,774,239
Balance at the end of the period/year	**16,201,216**	16,201,216
Accumulated Depreciation:		
As at the beginning of the period/year	**2,468,374**	515,294
Depreciation for the period/year	**976,541**	1,953,080
Balance at the end of the period/year	**3,444,915**	2,468,374
Net Book Value:		
As at the end of the period/year	**12,756,301**	13,732,842

6. INVESTMENT PROPERTES

	30 June 2026 (Unaudited)
Land / Buildings Held as Investment Properties	**11,843,331**
As at the end of the period	**11,843,331**

6.1 The movement in investment properties during the period is as follows:

	30 June 2026 (Unaudited)
Balance at the Beginning of the Period	**-**
Reclassified from Property, Plant and Equipment During the Period	**11,316,277**
Net Fair Value Gain for the Period	**527,054**
Total Investment Properties at the End of the Period	**11,843,331**

The investment properties consist of four warehouses constructed on two plots of land located in the Al-Mashael District in Riyadh. During the six-month period ended 30 June 2026, the Company reclassified these properties from Property, Plant and Equipment to Investment Properties for the purpose of generating rental income and capital appreciation.

The total annual rental income generated from the investment properties amounted to SAR 800 thousand. Rental income relating to the investment properties amounting to SAR 400 thousand was recognized during the six-month period ended 30 June 2026 and was recorded as other income in the condensed consolidated interim statement of profit or loss and other comprehensive income.

(All amounts expressed in Saudi Riyals unless otherwise stated)

6. INVESTMENT PROPERTES (continued)

6.2 The analysis of investment properties are as follows:

Investment Properties	Type of Investment Property	Total Area (Sq. m.)	Value Reclassified from Property, Plant and Equipment	Net Fair Value Gain for the Period	Total Investment Property Value
2 Warehouses in Riyadh City (Al-Mashael District)	Land and Buildings	**2,531.98**	**6,112,056**	**31,276**	**6,143,332**
2 Warehouses in Riyadh City (Al-Mashael District)	Land and Buildings	**2,155.09**	**5,204,221**	**495,778**	**5,699,999**
Total			**11,316,277**	**527,054**	**11,843,331**

6.3 Fair Value of Investment Properties

All investment properties recognized as of the reporting date have been classified within Level 3 of the fair value hierarchy, based on the significant unobservable inputs used by the valuers in the adopted valuation methodologies. These inputs included discount rates, capitalization rates, occupancy rates, growth projections, depreciation estimates, and adjustments made to comparable properties.

Management appointed two independent valuers licensed by the Saudi Authority for Accredited Valuers (TAQEEM), as follows:

- Valley Real Estate Valuation Company – Establishment Membership No. 11000191.
- Makin Al Qimah Real Estate Valuation Company (Single Person Company) – Establishment Membership No. 11000471.

In accordance with the Capital Market Authority's requirements relating to annual reporting, the Group adopted the lower valuation provided by the above-mentioned accredited valuers for each investment property.

6.4 Relationship Between Significant Unobservable Inputs and Fair Value Measurement

Property	Fair Value as at 30 June 2026	Valuation Method	Significant Unobservable Inputs	Range
2 Warehouses in Riyadh City (Al-Mashael District)	**6,143,332**	Cash Flow Method discounted	Occupancy Rate(%)	٪95
			Future Rental Growth Rate(%)	٪0
			Discount Rate(%)	٪7.5
2 Warehouses in Riyadh City (Al-Mashael District)	**5,699,999**	Cash Flow Method discounted	Occupancy Rate(%)	٪95
			Future Rental Growth Rate(%)	٪0
			Discount Rate(%)	٪7.5
Total	**11,843,331**			

(All amounts expressed in Saudi Riyals unless otherwise stated)

7. INTANGIBLE ASSETS

As a result of the acquisition of Al Waseet Al Berri by Sado Al Arab Trading Company (a subsidiary), intangible assets consisting of the value of the license and other intangible assets amounting to SR 6,034,508.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cost of Intangible Assets	**6,034,508**	6,034,508
Balance at the end of the period / year	**6,034,508**	6,034,508
Accumulated Amortization:		
As at the beginning of the period / year	**1,742,967**	536,065
Amortization for the period / year	**603,451**	1,206,902
Balance at the end of the period / year	**2,346,418**	1,742,967
Net Book Value:		
As at the end of the period / year	**3,688,090**	4,291,541

8. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Supplier Advances	**1,320,240**	2,203,401
Value Added Tax (VAT)	**2,343,015**	2,291,160
Prepaid Expenses	**1,708,899**	1,623,237
Employee Receivables	**203,629**	203,629
Other Receivables	**281,945**	1,149,839
	5,857,728	7,471,266

(All amounts expressed in Saudi Riyals unless otherwise stated)

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Investment Funds – Riyadh Liquidity Fund	**29,905,589**	44,120,370
Investment Portfolios – Rasan Company	**1,383,052**	1,036,841
Balance at the end of the period / year	**31,288,641**	45,157,211

The movement analysis of these investments at fair value through profit or loss is as follows:

Investment Funds – Riyadh Liquidity Fund

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the Beginning of the Period / Year	**44,120,370**	20,182,406
Additions During the Period / Year	**-**	60,000,000
Disposals During the Period / Year	**(15,000,000)**	(39,100,000)
Fair Value Gain	**785,219**	3,037,964
Balance at the end of the period / year	**29,905,589**	44,120,370

Investment Portfolios – Rasan Company

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the Beginning of the Period / Year	**1,036,841**	772,934
Unrealized Fair Value Gain	**346,211**	263,907
Balance at the end of the period / year	**1,383,052**	1,036,841

10. INVESTMENTS IN LOCAL SUKUK

The investments represent local Sukuk amounting to SAR 27.590 million, comprising Sukuk held with Al Rajhi Bank totaling 27,590 units, with a nominal value of SAR 1,000 per unit (31 December 2025: SAR 31 million, comprising 31,000 units with a nominal value of SAR 1,000 per unit). These Sukuk yield an average profit rate ranging from 5.10% to 5.50%.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period/year	**31,000,000**	31,000,000
Disposals during the period/year	**(3,410,000)**	-
Balance at the end of the period/year	**27,590,000**	31,000,000

(All amounts expressed in Saudi Riyals unless otherwise stated)

11. CASH AND CASH EQUIVALENTS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash at banks	**4,972,203**	2,956,184
Short term deposits	**21,070,000**	20,000,000
	26,042,203	22,956,184

Cash at banks and short-term deposits are placed with counterparties that have high credit reliability. Short term deposits are placed with local with an original maturity of less than three months from the date of placement and earn commission income at an average rate of 5.20% to 6.65%

12. SHORT- TERM LOANS

A subsidiary obtained short-term loans from local banks to finance its working capital requirements. These loans bear interest at commercial rates and are repayable in installments over the term of the agreements. The facilities are available for drawdown and utilization until 31 January 2027 at an interest rate of 4% plus the SIBOR rate. These loans are secured by guarantees against deposits of the parent company. The utilized balance as at 30 June 2026 amounted to SAR 17,804,155 (31 December 2025: SAR 4,710,417).

13. TRADE AND OTHER PAYABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade payables	**21,857,442**	23,902,752
Provision vacation and tickets	**1,858,209**	1,274,139
Remunerations for members of the board and other committees	**1,293,750**	1,320,750
Accrued employee related costs	**631,967**	52,303
Advance from lessees	**378,097**	361,849
Accrued GOSI expenses	**103,580**	80,638
Accrued professional fees	**60,000**	60,000
Other	**442,670**	1,383,715
	26,625,715	28,436,146

(All amounts expressed in Saudi Riyals unless otherwise stated)

14. RELATED PARTIES

Related parties represent transactions with the Company's non-executive members of the Board of Directors and key management personnel. Key management personnel are those individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including directors.

Key Management Personnel Compensation:
Key management personnel comprise all members of senior management who have the authority and responsibility for planning, directing, and controlling the Company's activities, whether directly or indirectly.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Board of Directors' and Other Committees' Allowances and Remuneration	**581,500**	634,833
CEO Salaries and Benefits	**729,000**	729,000

The amounts due to related parties are as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Payable to Priority Rights Holders	**5,272,383**	5,272,383
	5,272,383	5,272,383

During 2023, the Company increased its share capital through a rights issue offered to its existing shareholders. In accordance with the rights issue regulations, if the sale price of unsubscribed shares exceeds the offer price, the net difference, if any, after deducting underwriting costs and related subscription expenses, is distributed as compensation to holders of rights who did not exercise their subscription rights, in proportion to the rights owned by them.

15. LEASE LIABILITIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period / year	**14,078,668**	723,637
Additions during the period / year	**-**	14,774,239
Interest accrued during the period / year	**262,328**	857,792
Payments made during the period / year	**(1,864,282)**	(2,277,000)
At the end of the period / year	**12,476,714**	14,078,668
Less: Current portion	**1,291,970**	1,312,421
Non-current portion	**11,184,744**	12,766,247

Lease liabilities are measured at the present value of lease payments that are unpaid at the commencement date of the lease. The lease payments are discounted using an annual discount rate of 5%, which represents the Group’s estimated incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined.

This rate reflects management’s estimate of the rate of interest that the Company would have incurred to borrow funds over a similar term, with similar security, to obtain an asset of a value similar to the right-of-use asset in a comparable economic environment.

(All amounts expressed in Saudi Riyals unless otherwise stated)

16. REVENUE

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Net sales	**95,956,927**	103,453,834
Rental income	**2,052,474**	1,380,154
	98,009,401	104,833,988

Performance Obligation

The performance obligation is satisfied upon delivery of the goods. Payment is typically made in advance or within 60 days of the delivery date.

17. GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Employee salaries and benefits	**2,095,838**	2,124,470
Depreciation on right of use assets	**976,541**	237,828
Depreciation	**640,720**	605,088
Amortization intangible assets	**603,451**	603,451
Allowances and remunerations for members of the Board of Directors and other committees	**581,500**	634,833
Fees and subscriptions	**203,256**	209,439
Professional fees and advice	**188,234**	192,998
Other	**52,470**	96,793
	5,342,010	4,704,900

18. SELLING AND DISTRIBUTION EXPENSES

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Employee Salaries and Benefits	**3,825,087**	3,671,966
Depreciation of Property, Plant and Equipment	**1,653,851**	1,928,600
Rent	**1,441,790**	1,922,132
Fees and Subscriptions	**482,980**	605,184
Maintenance and Fuel	**480,846**	409,602
Sales Commissions	**260,113**	347,647
Transportation, Shipping and Customs Clearance	**300,536**	392,131
Others	**835,838**	588,404
	9,281,041	9,865,666

(All amounts expressed in Saudi Riyals unless otherwise stated)

19. ZAKAT PROVISION

Zakat Assessment Status

The Company submitted a request to settle the outstanding balance through installments and obtained approval for the installment plan on 10/02/1446H, corresponding to 14/08/2024. The Company paid 20% of the outstanding amount, equivalent to SAR 3,194,546, and the remaining balance is payable over 36 equal monthly installments, each amounting to SAR 354,949, commencing from 12/03/1446H, corresponding to 15/09/2024.

The Company has submitted its Zakat returns to the Zakat, Tax and Customs Authority (ZATCA) for the previous years up to and including 2025. The Company has not received any additional Zakat assessments up to the date of these condensed interim consolidated financial statements. The Company has also submitted its Value Added Tax (VAT) returns for the till June 2026 and has not received any additional tax assessments up to the date of these condensed interim consolidated financial statements. Zakat is payable at the rate of 2.5% of the adjusted net profit attributable to shareholders or 2.5% of the Zakat base after deducting the adjusted net profit, whichever is higher.

The movement in the Zakat provision for the period ended 30 June is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period / year	**14,635,877**	16,422,693
Charged during the period / year	**750,000**	2,472,572
Paid during the period / year	**(4,706,649)**	(4,259,388)
At the end of the period / year	**10,679,228**	14,635,877
Less: Current portion	**9,969,329**	11,796,281
Non-current portion	**709,899**	2,839,596

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's unaudited sales, net (loss)/profit, assets and liabilities, by business segment, are as follows:

		Sado Al Arab Trading Company (A subsidiary of Al Sharqiya Development Company)				
	Al-Sharqiya (Holding Company)	**Sadu Al Arab**	**Al Waseet Al Barri Logistics Company (A subsidiary of Sadu Al Arab Trading Company)**	**Earth Field Company for General Contracting**	**Inter-Group Eliminations**	**Total**
For the three-month ended June 30, 2026						
Revenue	**-**	**95,956,927**	**3,072,571**	**-**	**(1,020,097)**	**98,009,401**
Cost Revenue	**-**	**(85,180,460)**	**(3,258,866)**	**-**	**1,020,097**	**(87,419,229)**
Net (loss) profit	**(885,435)**	**538,321**	**(1,504,686)**	**-**	**-**	**(1,851,800)**
Total assets	**378,610,798**	**131,450,056**	**26,599,170**	**100,000**	**(112,645,110)**	**424,114,915**
Total liabilities	**22,231,928**	**135,476,179**	**14,750,785**	**100,000**	**(97,039,653)**	**75,519,239**
For the three-month ended June 30, 2025						
Revenue	-	103,453,834	2,620,579	-	(1,240,425)	104,833,988
Cost Revenue	-	(98,156,896)	(1,400,746)	-	1,240,425	(98,317,217)
Net profit	(774,971)	(4,476,809)	(79,086)	-	-	(5,330,866)
Total assets	386,227,494	93,585,557	15,584,864	100,000	(80,930,733)	414,567,182
Total liabilities	27,331,058	98,496,775	1,445,481	100,000	(65,772,733)	61,600,581

21. RESTRICTED GOVERNMENT GRANTS

On August 2, 2022, the Company has received a decision issued by the Ministry of Environment, Water and Agriculture (the "Ministry") No. 361029/27/1443 issued on Dhu al-Hijjah 1, 1443 H (corresponding to March 30, 2022), in respect to the land's value (Government grant), which was previously classified on December 31, 2021 along with property, plants and equipment as agricultural land (Government Grant) pursuant to Royal Decree No. 1016 dated Jumada Al Thani 3, 1406 AH (corresponding to February 12, 1986), where the Ministry's decision included the following:

1) The land that was allocated in favor of the company, pursuant to Royal Decree No. 1016 dated Jumada Al-Thani 3, 1406 AH (corresponding to February 12, 1986), and the issuance of the ownership decision No. 321450/1062/1441 dated Jumada Al-Awwal 6, 1441 AH (corresponding to January 1, 2020) to own the company an area of 72,178,700 square meters of land handed over to the company has become among the reservations of Saudi Aramco under Royal Decree No. 40008 dated Jumada Al-Thani 28, 1443 AH, and it is not legally possible to issue a deed in the name of the company to conflict with the terms of the concession agreement concluded between the government and Saudi Aramco.
2) The company can benefit from the land until the actual need of Saudi Aramco in it is fulfilled and then take what is required by law in this regard.
3) In the event that the land or part of it is released by Saudi Aramco in accordance with the necessary regulatory procedures in this regard, the government agencies - each within its jurisdiction - take what is necessary to issue a deed in the name of the company - if it was legally existing at that time on the area of the land or part of it.

Based on the foregoing, the Board of Directors continues to closely monitor all recent developments relating to the procedures for obtaining ownership of the land in question and the resulting delay in the issuance of the title deed (ownership deed) for the relevant land. As of the reporting date, management has not become aware of any further developments regarding this matter.

The Company's management believes that, based on the circumstances described above, the Company is able to benefit from the land in question and proceed with its future projects. Furthermore, the matter is not expected to have any cash flow impact on the Company (refer to Note 1).

The Company has not identified a foreseeable limit to the useful life of the intangible asset (government grant). Accordingly, no amortization has been recognized in respect of the intangible asset (government grant).

Management is of the view that the Ministry's decision referred to above will not have an impact on the Company's future plans.

22. BASIC AND DILUTED LOSSES PER SHARE

Basic losses per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted losses per share are as follows:

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Net losses for the period	**(1,851,800)**	(5,330,866)
Weighted average number of ordinary shares	**30,000,000**	30,000,000
Basic and diluted losses per share	**(0.062)**	(0.178)

23. FINANCIAL RISK MANAGEMENT

The financial instruments presented in the interim statement of financial position list consist of bank balances, prepaid expenses and accrued expenses.

Interest rate risk

The Company manages interest rate risk through the use of fixed-rate debt and deposits, the Company does not have any assets and liabilities at variable interest rates, and management believes that the impact on the loss of the period resulting from the increase or decrease in interest rates are immaterial.

Credit risk

Credit risk is the risk that one party will fail to fulfill its obligation and cause the other party to incur a financial loss. The Company is subject to credit risk on its bank accounts. And the management monitor and control the credit risk on ongoing basis.

Liquidity risk

It is a risk that the Company will not be able to fulfill its obligations. As expressed in note 1, the management has reasonable expectations of the existence of various funding sources to cover the liquidity risk in the near future. If the company is unable for any reason to continue operating, this may have an impact on the Company's ability to realize the assets at recognized fulfill obligations in the normal course of business in the amounts mentioned in the attached interim condensed financial statements (note 1).

Currency risk

The risk of changes in the value of financial instruments is due to changes in foreign exchange rates. The management monitors foreign currency fluctuations and believes that the Company is not substantially exposed to currency risk since the Company's principal transactions are denominated in Saudi Riyals.

23. FINANCIAL RISK MANAGEMENT (CONTNIUED)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of an asset or a liability, the company must consider the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

24. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements was approved on the date of 26 Safar 1448H (9 August 2026).