

EMAAR THE ECONOMIC CITY

(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For six-months period ended 30 June 2025

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 and six-month periods ended 30 June 2025

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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 30 June 2025, 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 the three months and six-months periods ended 30 June 2025;
- the condensed consolidated statement of financial position as at 30 June 2025;
- the condensed consolidated statement of changes in equity for the six-months period ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-months period ended 30 June 2025; 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 30 June 2025, 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، مسجلة في المملكة العربية السعودية، رأس مالها (110,000,000) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو 1010425494.

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 167 million during the six-months period ended 30 June 2025 and, as of that date, the Group's current liabilities exceeded its current assets by SR 3,776 million. The Group's ability to meet its obligations as they fall due and to continue its operations without significant curtailment is therefore highly dependent on the successful execution of management's plans including debt restructuring, 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
License No. 382



Jeddah, 18 August 2025
Corresponding to 24 Safar 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 and six-month periods ended 30 June 2025

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

	Notes	Three-month period ended 30 June <u>2025</u> <u>2024</u> (Unaudited) (Unaudited)		Six-month period ended 30 June <u>2025</u> <u>2024</u> (Unaudited) (Unaudited)	
Revenue	5	118,412	75,926	322,139	150,443
Cost of revenue		(137,303)	(122,546)	(264,407)	(235,432)
GROSS (LOSS) / PROFIT		(18,891)	(46,620)	57,732	(84,989)
Selling and marketing expenses		(9,565)	(8,176)	(16,493)	(25,815)
General and administrative expenses		(93,351)	(58,630)	(156,658)	(131,464)
(Impairment loss) / reversal on financial assets and contract assets		(9,435)	(14,704)	13,351	(35,968)
Amortization of unearned interest		2,708	6,006	5,512	9,497
Other operating income		4,543	11,844	20,588	11,844
OPERATING LOSS		(123,991)	(110,280)	(75,968)	(256,895)
Financial income		2,239	2,405	2,268	3,629
Fair value gain on derivative financial liability		7,507	5,349	7,507	12,705
Gain on extinguishment of financial liabilities	12	242,839	--	242,839	--
Financial charges		(147,207)	(180,350)	(294,836)	(316,719)
Share of loss of equity accounted investee	11	(20,543)	(49,393)	(39,753)	(50,607)
LOSS BEFORE ZAKAT		(39,156)	(332,269)	(157,943)	(607,887)
Zakat	13	(4,500)	(10,000)	(9,000)	(86,032)
LOSS FOR THE PERIOD		(43,656)	(342,269)	(166,943)	(693,919)
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	63	2,282	(7,073)	1,379
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(43,593)	(339,987)	(174,016)	(692,540)
Loss per share:					
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	6	(0.08)	(0.65)	(0.32)	(1.33)


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 30 June 2025

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

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment	7	4,922,329	4,993,380
Right-of-use assets		39,560	45,700
Investment properties	8	4,580,855	4,599,548
Intangible assets		2,883	2,981
Investment in equity accounted investees	11	2,620,076	2,711,806
Development properties	9	483,018	483,018
Unbilled revenue		165,475	196,057
Employees' receivable - home ownership scheme		48,059	53,463
Restricted cash		51	51
Total non-current assets		12,862,306	13,086,004
Current assets			
Development properties	9	818,137	835,611
Unbilled revenue		182,080	223,238
Current portion of employees' receivable - home ownership scheme		3,401	3,504
Trade receivables and other current assets	10	899,658	686,229
Restricted cash - current portion		4,193	3,707
Cash and cash equivalents		481,415	252,367
Total current assets		2,388,884	2,004,656
Total assets		15,251,190	15,090,660
EQUITY AND LIABILITIES			
Equity			
Share capital	1	5,232,599	5,232,599
Statutory reserve		11,536	11,536
Accumulated (losses) / profit		(151,240)	22,776
Total equity		5,092,895	5,266,911
Non-current liabilities			
Long-term borrowings	12	3,924,237	--
Lease liabilities		21,604	23,683
Employee benefit obligations		47,600	45,483
Total non-current liabilities		3,993,441	69,166


Chairman Board of
Directors


Chief Executive Officer


Chief Financial Officer

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EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2025

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

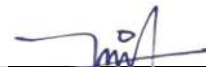
	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Current liabilities			
Lease liabilities - current portion		51,689	51,670
Long-term borrowings - current portion	12	4,535,785	7,871,117
Short-term borrowings		--	161,386
Trade and other payables		936,267	973,190
Contract liabilities		551,756	605,044
Other provisions		34,045	43,967
Zakat provision	13	55,312	48,209
Total current liabilities		6,164,854	9,754,583
Total liabilities		10,158,295	9,823,749
Total equity and liabilities		15,251,190	15,090,660



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 six-months period ended 30 June 2025

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


	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Accumulated (losses) / profit</u>	<u>Total equity</u>
Balance as at 1 January 2024 (Audited)	11,333,333	11,536	(4,938,621)	6,406,248
Loss for the period	--	--	(693,919)	(693,919)
Other comprehensive income for the period	--	--	1,379	1,379
Total comprehensive loss for the period	--	--	(692,540)	(692,540)
Balance as at 30 June 2024 (Unaudited)	11,333,333	11,536	(5,631,161)	5,713,708
Balance as at 1 January 2025 (Audited)	5,232,599	11,536	22,776	5,266,911
Loss for the period	--	--	(166,943)	(166,943)
Other comprehensive loss for the period	--	--	(7,073)	(7,073)
Total comprehensive loss for the period	--	--	(174,016)	(174,016)
Balance as at 30 June 2025 (Unaudited)	5,232,599	11,536	(151,240)	5,092,895



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 six-months period ended 30 June 2025

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

		For the six-month period ended 30 June	
	Notes	2025	2024
		(Unaudited)	(Unaudited)
Operating activities			
Loss before Zakat		(157,943)	(607,887)
<u>Adjustments for:</u>			
Depreciation on property and equipment	7	97,337	95,759
Depreciation on investment properties	8	24,625	24,576
Depreciation on right-of-use asset		6,139	5,828
Impairment (reversal) / loss on financial and contract assets		(13,351)	35,968
Amortisation		518	966
Gain on extinguishment of financial liabilities	12	(242,839)	--
Financial charges		287,329	316,718
Share of results of equity accounted investees	11	39,753	50,607
Financial income		(2,268)	(3,629)
Amortization of unearned interest		--	(9,497)
Gain on disposal of investment properties		(4,626)	(14,423)
Fair value gain on derivative financial liability		--	(12,705)
Gain on sale of land to associate		(64,215)	--
Impairment (reversal) / loss on investment properties	8	(665)	879
Impairment reversal on development properties		(3,942)	(814)
Interest income on unwinding of employees' receivable – home ownership scheme		(268)	--
Interest income on unwinding of unbilled revenue		(5,244)	--
Reversal of provision no longer required		(13,982)	--
Provision for employee benefit obligation		5,767	4,735
		<u>(47,875)</u>	<u>(112,919)</u>
<u>Changes in operating assets and liabilities:</u>			
Employees' receivable – home ownership scheme		5,775	4,250
Unbilled revenue		77,130	252,323
Contract liabilities		55,830	--
Development properties		21,415	5,318
Trade receivables and other current assets		(200,224)	(98,817)
Trade and other payable		3,217	(116,539)
Restricted cash		(487)	(234)
Other liabilities		(2,000)	(92,270)
Net cash used in operations		<u>(87,219)</u>	<u>(158,888)</u>
Financial charges paid		(46,286)	(26,052)
Zakat paid	13	(36,500)	(11,259)
Employees' terminal benefits paid		(3,650)	(3,135)
Net cash used in operating activities		<u>(173,655)</u>	<u>(199,334)</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 six-months period ended 30 June 2025

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

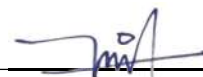
	For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>
	(Unaudited)	(Unaudited)
Investing activities		
Financial income received	2,268	3,629
Additions to property and equipment	(16,684)	(261,140)
Additions to investment properties	(5,481)	(10,948)
Proceeds from sale of investment properties	4,841	21,178
Additions to intangible assets	(419)	(235)
Net cash used in investing activities	<u>(15,475)</u>	<u>(247,516)</u>
Financing activities		
Proceeds from loans and borrowings – net	421,032	550,000
Principal element of lease repayments	(2,854)	--
Net cash generated from financing activities	<u>418,178</u>	<u>550,000</u>
Net increase in cash and cash equivalents	229,048	103,150
Cash and cash equivalents at the beginning of the period	<u>252,367</u>	<u>179,077</u>
Cash and cash equivalents at the end of the period	<u>481,415</u>	<u>282,227</u>
Non-cash supplementary information:		
Gain on sale of land to associate	64,215	--



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)

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

For the three-month and six-month periods ended 30 June 2025

(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 30 June 2025, and 31 December 2024, the Company's authorized and issued share capital was Saudi Riyals 5,232.6 million consisting of 523.26 million shares of Saudi Riyals 10 each (2024: 523.26 million shares of Saudi Riyals 10 each), allocated as follows:

	Six-months periods ended 30 June 2025		For the year ended 31 December 2024	
	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	283,333	2,833,333	283,333	2,833,333
Decrease in share capital	(610,073)	(6,100,734)	(610,073)	(6,100,734)
	<u>523,260</u>	<u>5,232,599</u>	<u>523,260</u>	<u>5,232,599</u>

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

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2025

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

1. GENERAL INFORMATION (continued)

The Company has the following subsidiaries as at 30 June 2025. 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.

<u>Name</u>	<u>Country of incorporation</u>	<u>Year of incorporation</u>	Effective ownership as at 30 June <u>2025</u>	Effective ownership as at 31 December <u>2024</u>	<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.

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

For the three-month and six-month periods ended 30 June 2025

(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 30 June <u>2025</u>	Effective ownership as at 31 December <u>2024</u>	<u>Nature of activities</u>
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.

Going concern

The Group incurred a net loss of SR 167 million for the six-month period ended 30 June 2025 (30 June 2024: SR 693 million), and as of that date, its current liabilities exceeded current assets by SR 3,776 million (31 December 2024: SR 7,750 million). The Group had incurred significant losses in recent years, which were successfully extinguished during the year 2024 through capital reduction. However, material uncertainties continue to exist regarding the Group's ability to achieve sustainable profitability. This is contingent upon the successful execution of its strategic initiatives as outlined below.

These conditions, along with certain other events as disclosed in the subsequent paragraphs, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

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

For the three-month and six-month periods ended 30 June 2025

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

1. GENERAL INFORMATION (continued)

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.

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

As at 30 June 2025	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>	<u>Total contractual cash flows</u>
Loans and borrowings	4,557,895	610,830	1,306,072	4,061,203	10,536,000
Trade and other payables	936,267	--	--	--	936,267
Lease liabilities	54,266	12,584	11,987	--	78,837
Total	<u>5,548,428</u>	<u>623,414</u>	<u>1,318,059</u>	<u>4,061,203</u>	<u>11,551,104</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 30 June 2025 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.

Management has concluded that the Group would not have been able to fully satisfy its cash requirements from the sale of properties alone. Accordingly, the Group successfully completed a restructuring of its borrowing facilities, and debt to equity conversion is ongoing, as detailed below, to address this funding gap and support its ongoing operations.

The plan comprises the Group's liquidity and forecasts cash flows taking into account reasonably possible outcomes over a fifteen-months period from 30 June 2025. As per the forecasted cash flows, there are no loan repayments in the next 15 months, as part of the newly restructured syndicated loan in line with the Board approved business transformation plan.

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

For the three-month and six-month periods ended 30 June 2025

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

1. GENERAL INFORMATION (continued)

Going concern plan (continued)

This plan principally includes:

<u>Plan</u>	<u>Description</u>	<u>Amount (SR)</u>	<u>Details</u>
Debt restructuring	Loan due to local banks - Note 12	3,702 million	The Group submitted a comprehensive business transformation plan to its lenders as part of management's strategy to address liquidity challenges and support the Group's ability to continue as a going concern.

Accordingly, on 07 September 2024, the Group signed a non-binding term sheet to restructure its existing financing facilities amounting to SR 3,471 million with Alinma Bank, Saudi Awwal Bank, Banque Saudi Fransi and The Saudi National Bank (together, the "Banks") under one common syndicate arrangement. As part of the restructuring, a new credit facility amounting to SR 301.4 million had to be made available to the Group.

On 27 April 2025, the non-binding term sheet was converted into fully binding agreements with the Banks, comprising of two tranches: SR 400 million (Tranche A) and SR 2,992 million (Tranche B), with a profit rate based on SAIBOR plus a fixed margin with annual profit payments. The facility matures on 31 December 2033.

The Group also entered into an new money facility with the Banks amounting to SR 287 million for adjustment of accrued markup related to existing financing facilities. The facility carries a profit rate based on SAIBOR plus a pre-agreed margin and is repayable in accordance with the terms set out in the agreement, with a final maturity date of 30 June 2026, and with the possibility of an extension for one additional year to 30 June 2027 subject to satisfaction of certain conditions by the Group.

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

For the three-month and six-month periods ended 30 June 2025

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

1. GENERAL INFORMATION (continued)

Going concern plan (continued)

<u>Plan</u>	<u>Description</u>	<u>Amount (SR)</u>	<u>Details</u>
Debt Conversion	Loan from Public Investment Fund ("PIF") - Note 12	4,118 million	During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to SR 1,000 million to be repaid after 21 months through a single bullet payment at maturity. Financial costs on the facility is based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As of 30 June 2024, management has fully drawn down this facility.

On 7 September 2024, the Group signed a loan conversion agreement with PIF, and the Board of Directors of the Group recommended to the shareholders to increase the Company's share capital through converting loan due to PIF amounting to SR 3,972.4 million, which includes SR 2,911.6 million loan novated from MoF.

The Board of Directors, through a resolution issued by circulation on 08 March 2025, amended the original recommendation to increase the amount of debt to be converted from SR 3,972.4 million to SR 4,118.2 million. This increase reflects the inclusion of all interest, commissions, and fees up to 31 December 2024. Moreover, on 09 March 2025, the Group entered into an addendum to the Conversion Agreement with PIF to incorporate this increase and agree upon the conversion mechanics.

The Group has submitted the application of capital increase through debt conversion to Capital Market Authority ("CMA") and the said approval for capital increase is pending as of 30 June 2025.

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1. GENERAL INFORMATION (continued)

Going concern plan (continued)

<u>Plan</u>	<u>Description</u>	<u>Amount (SR)</u>	<u>Details</u>
Additional Financing	Loan from Public Investment Fund ("PIF")	1,000 million	<p>During September 2024, the Group signed a non-binding Term sheet with one of its substantial shareholders, PIF, for up to SR 1,000 million with a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan facility will be used to finance critical strategic capital expenditures of the Group to enable revenue generation.</p> <p>On 18 March 2025, the Group and PIF signed a shareholder loan agreement amounting to SR 1,000 million. During the period ended 30 June 2025, SR 500 million have been drawn from this facility.</p>

Based on the above plan, the Group has prepared a detailed cash flow forecast for the fifteen-months period from the reporting date which indicates a net positive cash flow position, subject to non-repayment of any loan outstanding amounts and additional shareholder funding. Although, there is a material uncertainty related to the successful execution and conclusion of the above plan, management continues to believe projected cash flows plan through debt restructuring, raising additional funding from shareholders and sale of properties is probable and these plans will be successful and it remains appropriate to prepare the condensed consolidated interim financial statements on a going concern basis as the above plan mitigates any shortfall that may arise during the next 12 months. The financial statements do not contain any adjustments which may be required if the Group was unable to continue as a going concern. In the event that there are changes to the circumstances described above, further enhanced disclosures in the financial statements of the Group for subsequent periods may be required.

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") (collectively referred to as "IFRS as endorsed in KSA").

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 2024.

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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 six-months period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

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 2024, except during the period, the Group has used unobservable market inputs as a best estimate to determine fair value of syndicated loan facility (refer Note 12).

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.

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4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED (continued)

Standards, interpretations and amendments issued but not yet effective

<u>Standard / Interpretation</u>	<u>Description</u>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 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

5. REVENUE

	<u>Three-month periods ended 30 June</u>		<u>Six-month periods ended 30 June</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of revenue from contracts with customers:				
Sale of development properties	20,145	6,774	131,595	6,350
Utilities and other related services ("City operations")	37,766	27,620	69,499	54,836
Accommodation	16,218	8,357	27,543	23,881
Tuition and other fees ("Education")	16,458	14,866	38,015	30,596
Food and beverages and other related services	3,883	2,612	7,325	8,370
Leisure services	1,726	1,958	4,158	5,784
Total	96,196	62,187	278,135	129,817
Timing of revenue recognition				
Over time	91,939	59,109	269,981	120,246
Point-in-time (*)	4,257	3,078	8,154	9,571
Revenue from contract with customers	96,196	62,187	278,135	129,817
Lease rental income				
Industrial	16,646	9,302	33,215	11,890
Residential	5,570	4,437	10,789	8,736
Total lease rental income	22,216	13,739	44,004	20,626
Total revenue	118,412	75,926	322,139	150,443

(*) Revenue from point-in-time includes food and beverage services amounting to SR 7.3 million and leisure services amounting to SR 0.8 million.

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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 June 30		Six-month periods ended June 30	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	(Unaudited)		(Unaudited)	
Loss for the period attributable to owners of the Company (Saudi Riyals '000')	<u>(43,656)</u>	<u>(342,269)</u>	<u>(166,943)</u>	<u>(693,919)</u>
Weighted average number of ordinary shares (in thousands)	<u>523,259</u>	<u>523,259</u>	<u>523,259</u>	<u>523,259</u>
Loss per share (Saudi Riyals) - Basic and Diluted	<u>(0.08)</u>	<u>(0.65)</u>	<u>(0.32)</u>	<u>(1.33)</u>

* On 31 December 2024, the Company reduced its share capital from SR 1,133,333,334 to SR 523,259,909.

In accordance with IAS 33, Earnings Per Share (EPS) for prior period has been retrospectively adjusted to reflect the reduction in the number of shares.

7. PROPERTY AND EQUIPMENT

	For the six- months period ended 30 June <u>2025</u> (Unaudited)	For the year ended 31 December <u>2024</u> (Audited)
Cost:		
At the beginning of the period/year	7,392,969	7,127,542
Additions during the period/year	26,286	290,078
Transfer to investment properties	--	(24,645)
Disposal	--	(6)
At the end of the period/year	<u>7,419,255</u>	<u>7,392,969</u>
Accumulated depreciation and impairment:		
At the beginning of the period/year	2,399,589	2,210,323
Depreciation charge for the period/year	97,337	189,272
Disposal	--	(6)
At the end of the period/year	<u>2,496,926</u>	<u>2,399,589</u>
Net book value at the end of the period / year	<u>4,922,329</u>	<u>4,993,380</u>

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7. PROPERTY AND EQUIPMENT (continued)

- a) Included within property and equipment is capital work in progress amounting to SR 1,454 million (2024: SR 1,970 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 2024. 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 2024, up to the six-months period ended 30 June 2025.

8. INVESTMENT PROPERTIES

	For the six- months period ended 30 June 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Cost:		
At the beginning of the period / year	5,120,336	5,090,703
Additions during the period / year	5,481	17,514
Transfer from development properties	--	24,645
Disposals during the period / year	(698)	(11,198)
Transfer to development properties	--	(1,328)
At the end of the period/year	<u>5,125,119</u>	<u>5,120,336</u>
Accumulated depreciation and impairment:		
At the beginning of the period/year	520,788	471,453
Depreciation charge for the period/year	24,625	48,799
Reversal of impairment	(665)	(1,094)
Disposals during the period/year	(484)	1,630
At the end of the period/year	<u>544,264</u>	<u>520,788</u>
Net book value at the end of the period / year	<u>4,580,855</u>	<u>4,599,548</u>

- a) Included within investment properties as at 30 June 2025 is capital work in progress amounting to SR 1,016 million (31 December 2024: SR 1,011 million) which represents assets under construction relating to a commercial centre's expansion and infrastructure development work on the land parcels.
- b) As at 30 June 2025 the Group's investment properties with a carrying amount of SR 923 million (31 December 2024: SR 923 million) were mortgaged as collateral against loans and borrowings.

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8. INVESTMENT PROPERTIES (continued)

- 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>30 June</u> <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)	<u>30 June</u> <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Rental income	9,508,264	9,510,000	1,790,584	1,809,278
Currently undetermined future use	29,759,702	29,759,702	2,790,271	2,790,270
	39,267,966	39,269,702	4,580,855	4,599,548

- d) As at 30 June 2025 and 31 December 2024, 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 2024. 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 2024, up to the six-months period ended 30 June 2025.

9. DEVELOPMENT PROPERTIES

	<u>30 June</u> <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Costs incurred to-date	1,501,941	1,526,013
Transferred from investment properties	--	1,328
Less: disposals	(34,823)	(38,807)
Less: provision for development properties	(165,963)	(169,905)
Total	1,301,155	1,318,629
Current portion of development properties	818,137	835,611
Non-current portion of development properties	483,018	483,018
Total	1,301,155	1,318,629

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

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10. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Financial assets		
Trade receivables	896,039	736,664
Less: impairment on trade receivables	(344,892)	(358,097)
Amounts due from related parties	19,001	34,028
	<u>570,148</u>	<u>412,595</u>
 Others	 95,903	 61,472
	<u>666,051</u>	<u>474,067</u>
Non-financial assets		
Prepayments	23,194	29,288
Advances to suppliers	94,858	77,968
Others	115,555	104,906
	<u>233,607</u>	<u>212,162</u>
Trade receivables and other current assets	<u>899,658</u>	<u>686,229</u>

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 (%)			
	30 June 2025	31 December 2024	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Investment in Ports Development Company "PDC" (see note (a) below)	50%	50%	2,411,762	2,456,361
Investment in Biyoutat Progressive Company for Real Estate Investment & Development ("Biyoutat") (see note (b) below)	20%	20%	45,790	45,790
Investment in Albilad Tourism Fund (see note (c) below)	41.15%	41.15%	<u>162,524</u> <u>2,620,076</u>	<u>209,655</u> <u>2,711,806</u>

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11. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (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.

	30 June <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Beginning of the period / year	2,456,361	2,552,079
Share of loss for the period / year	(37,526)	(88,752)
Share of other comprehensive loss for the period / year	(7,073)	(6,966)
End of the period / year	<u>2,411,762</u>	<u>2,456,361</u>

On December 20, 2023, the National Container Terminal ("NCT") declared Force Majeure ("FM"), followed by a detailed report on December 31, 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 2025.

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 six-months period ended 30 June 2025.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Initial investment	209,655	239,499
Elimination of share of profit on contribution of land (*)	(44,902)	(25,764)
	164,753	213,735
Opening balance of investment	164,753	213,735
Share of loss for the period	(2,229)	(4,080)
Closing investment	162,524	209,655

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

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12. LONG-TERM BORROWINGS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Ministry of Finance (“MoF”) loan (Note (b) below)	--	2,166,667
Accrued commission	--	744,937
Novation to a shareholder	--	(2,911,604)
Facility from local banks	3,317,894	3,317,894
Short term loan	150,000	--
Accrued commission on existing facility	561,516	435,002
Repayment of loan	(78,968)	--
Gain on extinguishment of financial liabilities	(242,839)	--
Restructured to a syndicated facility (Note (a) below)	3,707,603	3,752,896
Facility from local banks	3,493,203	--
Accrued commission before restructuring	214,400	--
Restructured syndicated facility	3,707,603	--
Accrued commission after restructuring till 30 June 2025	38,091	--
Payment of accrued commission	(43,941)	--
Total restructured syndicated facility	3,701,753	--
Current portion	(282,905)	--
Non-current portion	3,418,848	--
Facility from a shareholder (Note (b) below)	958,252	958,252
Accrued commission	383,024	248,365
Novation from MoF	2,911,604	2,911,604
	4,252,880	4,118,221
Current portion	(4,252,880)	(4,118,221)
Non-current portion	--	--
Facility from a shareholder (Note (c) below)	500,000	--
Accrued commission	5,389	--
	505,389	--
Current portion	--	--
Non-current portion	505,389	--
Total long-term borrowings	8,460,022	7,871,117
Current portion of long-term borrowings	(4,535,785)	(7,871,117)
Non-current portion of long-term borrowings	3,924,237	--

- a) On 31 December 2024, SR 3,914 million (including accrued commission) was due to local banks (including short term loan). During the period 01 January 2025 till 27 April 2025, the Group has accrued commission of SR 115 million on existing facility. On 27 April 2025, the Group entered into fully binding rescheduled Murabaha syndicated facility agreements with the Banks which comprises of restructuring of existing facility and drawdown of additional Murabaha financing (“New money facility”). Under restructuring agreement, the existing loan facility SR 3,707 million was restructured into Syndicated facility.

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12. LONG-TERM BORROWINGS (continued)

The Syndicated 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 rescheduling, a new money facility has been made available to the Group by the Banks under binding agreements, with a total commitment of SR 287 million.

On the date of restructuring, carrying value of the syndicated facility along with new money facility exceed its fair value by SR 243 million, resulting in gain on extinguishment.

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 a single bullet payment on 30 June 2026 with the possibility of an extension for one additional year to 30 June 2027 subject to satisfaction of certain conditions by the Group.

- b) During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to SR 1,000 million to be repaid after 21 months through a single bullet payment at maturity. Financial costs on the facility will be based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As at 30 June 2025, the Group has drawn SR 1,000 million from this loan facility.

On 5 September 2024, the MoF agreed to the Group's request to reschedule the loan by granting a one-year grace period until next instalment on 01 June 2025.

On 7 September 2024, the 2nd novation agreement was signed between the Group, Public Investment fund ("PIF") and MoF wherein they agreed on the novation of remainder loan balance due to MoF, amounting to SAR 2,912 million (the novation amount) from MoF to PIF including accrued commission as of 01 June 2024. Further, this novation agreement has been approved by the Company's Board of Directors on 07 September 2024.

- c) During September 2024, the Group signed a non-binding Term sheet with one of its substantial shareholders, PIF, for up to SR 1,000 million with a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan facility will be used to finance critical strategic capital expenditures of the Group to enable revenue generation. On 18 March 2025, the Group and Public Investment Fund (PIF) entered into a binding agreement for the PIF to make available a SR 1,000 million shareholder loan. Currently SR 500 million funds have been drawn from this facility as of 30 June 2025.

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13. ZAKAT

Movement in provision

The movement in the Zakat provision is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period / year	48,209	250,738
Charge for the period / year	9,000	76,032
Transfer to liability	--	(253,198)
	9,000	(177,166)
Payments during the period / year	(1,897)	(25,363)
At the end of the period / year	55,312	48,209

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 June 30, 2025, as disclosed in the Group's consolidated financial statements for the year ended December 31, 2024.

During the period SR 35 million was paid from the zakat liability which is included in trade and other payables.

14. RELATED PARTY TRANSACTIONS

Related parties include shareholders, directors, associated companies and key management personnel of the Group. Further, these also includes entities controlled or jointly controlled such parties.

The Government of Kingdom of Saudi Arabia controls Public Investment Fund which exercises significant influence over the Group due to its shareholding. 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)	Shareholder
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>Amount of transactions for the six-month period ended</u>		<u>Balance as at</u>	
		<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>31 December</u>
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Amounts due from related parties							
Government related entities	Lease, service and utility charges	7,092	32	10,422	60	12,130	33,348
RIXOS Albilad Tourism Fund	Contribution of land to the fund	4,175	--	72,105	--	6,181	--
Biyoutat Progressive Company for							
Real Estate Investment & Development	Lease, Service and Utility Charges	--	--	--	--	402	402
Ports Development Company	Lease, Service and Utility Charges	--	1	--	1	180	180
Key Management Personnel							
	Sale of Properties, Utilities and Service Charges	38	--	38	--	--	--
Board of Directors							
	Lease, Service and Utility Charges	4	4	9	9	108	98

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14. RELATED PARTY TRANSACTIONS (continued)

<u>Related party</u>	<u>Nature of transactions</u>	Amount of transactions for the three-month period ended		Amount of transactions for the six-month period ended		Balance as at	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	31 December 2024
Amounts due to related parties							
Government related entities Public Investment Fund	Services received	15,528	--	19,142	--	12,058	119,109
	Loan	500,000	250,000	500,000	550,000	4,411,604	3,911,604
	Accrued Interest	79,346	24,268	147,554	45,024	346,665	206,617
Key Management Personnel							
Board of Directors	Remuneration	6,515	3,285	12,141	5,913	--	--
	Lease, Service and Utility Charges	--	--	--	--	--	--
	Remuneration and meeting fees Advances	1,378	1,430	2,755	2,860	2,755	5,720
		--	--	--	--	16	16

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14. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel of the Group

	<u>Amounts of transactions for the three-month period ended</u>		<u>Amounts of transactions for the six-month period ended</u>	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	(Unaudited)		(Unaudited)	
Short-term employee benefits	3,466	3,052	6,280	5,463
Non-monetary benefits	17	97	17	208
Post-employment benefits	2,725	136	5,231	242
Other employment benefits	307	--	613	--
	<u>6,515</u>	<u>3,285</u>	<u>12,141</u>	<u>5,913</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 30 June 2025, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2024, except as mentioned below:

- 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 547.30 million, SR 147.82 million and SR 70.47 million respectively (31 December 2024: SR 554.70 million, SR 150.97 million and SR 85.53 million respectively).
- The Group has no outstanding commitments related to letter of guarantee and letters of credit (31 December 2024: Nil).
- The Group's share in the capital commitments of the joint venture is SR 13.26 million (31 December 2024: SR 16.31 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.

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16. SEGMENT REPORTING (continued)

Basis of segmentation (continued)

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.

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)

For the six-months period ended:

30 June 2025

(Unaudited)

	<u>Residential business</u>	<u>Industrial development</u>	<u>Hospitality and leisure</u>	<u>City operations</u>	<u>Total segment</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
<u>Revenue</u>							
External customers	(2,238)	61,008	117,586	21,922	236,779	85,360	322,139
Inter-segment	2,633	--	14,540	36,189	53,362	(53,362)	--
	395	61,008	132,126	58,111	290,141	31,998	322,139
<u>Results</u>							
Cost of inventories and services recognised as an expense	(47,332)	(14,374)	(26,502)	(50,501)	(140,108)	30,324	(109,784)
Impairment loss/ (reversal) on financial assets	40,459	56,342	16,834	--	122,714	(109,363)	13,351
Gain on extinguishment of liabilities	--	--	--	--	--	242,839	242,839
Financial charges	(82)	--	(736)	--	(1,196)	(293,640)	(294,836)
Financial income	--	--	--	--	--	2,268	2,268
Depreciation	(18,092)	(10,955)	(30,480)	(5,599)	(72,228)	(55,873)	(128,101)
Amortisation	(127)	--	--	--	(127)	(391)	(518)
Share of results of equity accounted investee	--	--	--	--	--	(39,753)	(39,753)
Other expenses – net	(9,475)	(2,838)	(18,867)	(9,969)	(87,685)	(77,863)	(165,548)
(Loss) / profit before zakat	(34,254)	89,183	72,375	(7,958)	111,511	(269,454)	(157,943)
Zakat	--	--	--	--	--	(9,000)	(9,000)
(Loss) / profit for the year	(34,254)	89,183	72,375	(7,958)	111,511	(278,454)	(166,943)

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16. SEGMENT REPORTING (continued)

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

Six-month period ended:

30 June 2024

(Unaudited)

Revenue

External customers	46,813	19,595	39,432	30,596	10,803	147,239	3,204	150,443
Inter-segment	698	--	14,626	--	34,087	49,411	(49,411)	--
	<u>47,511</u>	<u>19,595</u>	<u>54,058</u>	<u>30,596</u>	<u>44,890</u>	<u>196,650</u>	<u>(46,207)</u>	<u>150,443</u>

Results

Cost of inventories and services recognised as an expense	(45,110)	(11,969)	(17,026)	(2,332)	(40,555)	(116,992)	29,966	(87,026)
Impairment loss on financial assets	(21,073)	(10,646)	(2,799)	(760)	(276)	(35,554)	(415)	(35,969)
Financial charges	(77)	--	(1,064)	(232)	--	(1,373)	(315,345)	(316,718)
Depreciation	(19,075)	(10,781)	(31,507)	(7,144)	(1,010)	(69,517)	(56,646)	(126,163)
Amortisation	--	--	--	(5)	--	(5)	(961)	(966)
Share of results of equity accounted investee	--	--	--	--	--	--	(50,607)	(50,607)
Other (expenses) / income	(16,089)	14,351	(24,432)	(42,085)	(9,134)	(77,389)	(63,492)	(140,881)
Loss before zakat	<u>(53,913)</u>	<u>550</u>	<u>(22,770)</u>	<u>(21,962)</u>	<u>(6,085)</u>	<u>(104,180)</u>	<u>(503,707)</u>	<u>(607,887)</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:

30 June 2025 (Unaudited)	<u>Less than 12 months</u> ("000")	<u>More than 12 months</u> ("000")	<u>Total</u> ("000")
Loans	4,557,895	5,978,105	10,536,000
Lease liabilities	54,266	24,571	78,837
Trade and other payables	936,267	--	936,267
	<u>5,548,428</u>	<u>6,002,676</u>	<u>11,551,104</u>
 31 December 2024 (Audited)	 <u>Less than 12 months</u> ("000")	 <u>More than 12 months</u> ("000")	 <u>Total</u> ("000")
Loans	7,871,117	--	7,871,117
Short-term borrowings	161,386	--	161,386
Lease liabilities	53,102	25,249	78,351
Trade and other payables	973,190	--	973,190
	<u>9,058,795</u>	<u>25,249</u>	<u>9,084,044</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 and six-month periods ended 30 June 2025.

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 11 August 2025 corresponding to 17 Safar 1447 H.