

**KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2026**

KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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

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**Ernst & Young Professional Services (Professional LLC)**  
Paid-up capital (ﷲ) 5,500,000 – Five million five hundred thousand Saudi Riyal)

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### TO THE SHAREHOLDERS OF KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

#### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Knowledge Economic City Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2026, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### Scope of review

We 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' as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of the persons responsible for the 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 ("ISAs") as 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

#### Other matter

The Group's interim condensed consolidated financial statements for the three month period ended 31 March 2025 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 19 May 2025 (corresponding to 21 Dhul Qa'ada 1446H).

for Ernst and Young Professional Services

Ahmed Ibrahim Reda  
Certified Public Accountant  
License No. (356)

Jeddah: 1 Thul-Hijjah 1447H  
(18 May 2026G)



KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	<b>31 March 2026 (Unaudited)</b>	<i>31 December 2025 (Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	592,798,323	558,498,897
Investment properties	5	4,550,059,741	4,388,834,104
Intangible assets		981,506	1,043,826
Investments held at amortised cost	6	124,232,675	124,772,392
Derivative financial instrument	7	13,894,746	11,746,339
Trade receivables	9	10,880,834	13,705,191
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,292,847,825</b>	5,098,600,749
<b>CURRENT ASSETS</b>			
Development properties	8	108,399,077	96,266,832
Trade receivables	9	67,231,814	55,007,751
Contract assets		137,111,614	133,040,397
Advances, prepayments and other current assets	10	87,874,517	91,873,009
Restricted cash	11.2	82,175,120	68,996,015
Cash and cash equivalents	11.1	108,866,866	90,672,667
<b>TOTAL CURRENT ASSETS</b>		<b>591,659,008</b>	535,856,671
<b>TOTAL ASSETS</b>		<b>5,884,506,833</b>	5,634,457,420
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	3,393,000,000	3,393,000,000
Cashflow hedge reserve	7	(1,184,275)	(900,544)
Accumulated losses		(457,774,054)	(442,343,561)
Equity attributable to equity holders of the parent		2,934,041,671	2,949,755,895
Non-controlling interest		93,840,162	93,895,260
<b>TOTAL EQUITY</b>		<b>3,027,881,833</b>	3,043,651,155

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(continued)

As at 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	2,341,769,449	2,121,622,123
Employee benefits liabilities		18,640,387	19,343,325
Payable to other unitholders of the fund	14	64,350,000	64,350,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,424,759,836</u>	<u>2,205,315,448</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		41,885,373	18,086,812
Current portion of long-term borrowings	13	106,767,240	116,883,829
Short-term borrowing	15	15,000,000	15,000,000
Accruals and other liabilities	16	260,541,396	228,991,359
Zakat provision	17	7,671,155	6,528,817
<b>TOTAL CURRENT LIABILITIES</b>		<u>431,865,164</u>	<u>385,490,817</u>
<b>TOTAL LIABILITIES</b>		<u>2,856,625,000</u>	<u>2,590,806,265</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,884,506,833</u>	<u>5,634,457,420</u>

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2026 (Unaudited)  
(Amounts in Saudi Riyal unless otherwise stated)

	Note	For the three month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue	18	55,429,177	50,998,379
Cost of revenue		(38,928,316)	(41,219,199)
<b>Gross profit</b>		<b>16,500,861</b>	<b>9,779,180</b>
Selling and marketing expenses		(9,016,297)	(9,467,581)
General and administrative expenses		(19,969,355)	(16,257,815)
Other income		2,591,950	592,632
Other expenses		(110,090)	(3,260,358)
<b>Operating loss</b>		<b>(10,002,931)</b>	<b>(18,613,942)</b>
Finance income		4,092,248	4,163,108
Finance cost		(8,432,570)	-
<b>Loss before zakat</b>		<b>(14,343,253)</b>	<b>(14,450,834)</b>
Zakat expense	17	(1,142,338)	(2,943,318)
<b>Loss for the period</b>		<b>(15,485,591)</b>	<b>(17,394,152)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Derivative financial instrument – effective portion of changes in fair value of cash flow hedge	7	(283,731)	(3,637,569)
<b>Total comprehensive loss for the period</b>		<b>(15,769,322)</b>	<b>(21,031,721)</b>
Loss for the period attributable to:			
Equity holders of the Parent		(15,430,493)	(17,259,637)
Non-controlling interests		(55,098)	(134,515)
		<b>(15,485,591)</b>	<b>(17,394,152)</b>
Total comprehensive loss for the period attributable to:			
Equity holders of the Parent		(15,714,224)	(20,897,206)
Non-controlling interests		(55,098)	(134,515)
		<b>(15,769,322)</b>	<b>(21,031,721)</b>
<b>Loss per share attributable to equity holders of the Company:</b>			
Basic and diluted loss per share (in SR)	19	(0.045)	(0.051)



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2026 (Unaudited)  
(Amounts in Saudi Riyal unless otherwise stated)

	<i>Attributable to the equity holders of the Parent Company</i>				<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Hedge reserve</i>	<i>Accumulated losses</i>	<i>Total</i>		
Balance at 1 January 2025	3,393,000,000	2,978,826	(406,237,194)	2,989,741,632	93,048,272	3,082,789,904
Loss for the period (Unaudited)	-	-	(17,259,637)	(17,259,637)	(134,515)	(17,394,152)
Other comprehensive loss for the period (Unaudited)	-	(3,637,569)	-	(3,637,569)	-	(3,637,569)
Total comprehensive loss for the period (Unaudited)	-	(3,637,569)	(17,259,637)	(20,897,206)	(134,515)	(21,031,721)
Balance as at 31 March 2025 (Unaudited)	3,393,000,000	(658,743)	(423,496,831)	2,968,844,426	92,913,757	3,061,758,183
Balance at 1 January 2026	3,393,000,000	(900,544)	(442,343,561)	2,949,755,895	93,895,260	3,043,651,155
Loss for the period (Unaudited)	-	-	(15,430,493)	(15,430,493)	(55,098)	(15,485,591)
Other comprehensive loss for the period (Unaudited)	-	(283,731)	-	(283,731)	-	(283,731)
Total comprehensive loss for the period (Unaudited)	-	(283,731)	(15,430,493)	(15,714,224)	(55,098)	(15,769,322)
Balance as at 31 March 2026 (Unaudited)	3,393,000,000	(1,184,275)	(457,774,054)	2,934,041,671	93,840,162	3,027,881,833



Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors




The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

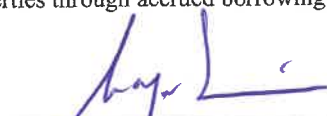
KNOWLEDGE ECONOMIC CITY COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the three-month period ended 31 March 2026 (Unaudited)  
(Amounts in Saudi Riyal unless otherwise stated)

	<i>Note</i>	<i>For the three-month period ended</i> <b>31 March 2026</b> <i>(Unaudited)</i>	<b>31 March 2025</b> <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>			
Loss before zakat		(14,343,253)	(14,450,834)
<i>Adjustments to reconcile loss before zakat to net cash flows:</i>			
Depreciation of property and equipment		2,746,210	699,576
Amortization of intangible assets		62,320	54,857
Provision for employee benefit obligation		1,242,542	872,107
Impairment of financial assets		1,141,274	-
Fair value (gain)/loss on derivative financial instrument	7	(2,432,138)	3,142,574
Finance cost		8,432,570	-
Finance income		(4,092,248)	(4,163,108)
		<u>(7,242,723)</u>	<u>(13,844,828)</u>
<i>Working capital adjustments:</i>			
Development properties		(12,132,245)	(4,323,212)
Restricted cash		(13,179,105)	(9,859,338)
Trade receivables		(10,540,980)	(856,877)
Contract assets		(4,071,217)	(16,455,251)
Prepayments and other current assets		3,998,492	(7,653,858)
Trade payable		23,798,561	6,397,704
Accruals and other current liabilities		39,646,233	7,671,950
Contract liabilities		-	(51,014)
		<u>20,277,016</u>	<u>(38,974,724)</u>
Cash generated from / (used in) operations		<u>20,277,016</u>	<u>(38,974,724)</u>
Employee benefit obligation paid		(1,945,480)	(192,103)
Repayment of interest on borrowings		(48,978,574)	(35,863,875)
Finance income received on derivative financial instrument		3,519,647	3,623,391
		<u>(27,127,391)</u>	<u>(71,407,311)</u>
<b>Net cash flows used in operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Finance income received investments held at amortized cost		1,112,318	1,079,434
Additions to investment properties and properties under development	5	(146,005,163)	(98,822,329)
Additions to property and equipment		(32,807,891)	(37,710,136)
		<u>(177,700,736)</u>	<u>(135,453,031)</u>
<b>Net cash flows used in investing activities</b>			
<b>FINANCING ACTIVITY</b>			
Proceeds from borrowings	13	223,022,326	221,798,944
		<u>223,022,326</u>	<u>221,798,944</u>
<b>Net cash flows from financing activity</b>			
Net increase in cash and cash equivalents		18,194,199	14,938,602
Cash and cash equivalents at the beginning of the period		90,672,667	70,648,684
		<u>108,866,866</u>	<u>85,587,286</u>
<b>Cash and cash equivalents at the end of the period</b>			
<b>SUPPLEMENTARY NON-CASH INFORMATION</b>			
Additions in investment properties through accrued expenses	5	25,554,209	29,615,247
Capitalisation of investment properties through accrued borrowing costs		23,316,670	21,597,754
Capitalisation of property and equipment through accrued borrowing costs		4,237,745	2,928,775
Capitalisation of development properties through accrued borrowing costs		3,224,890	1,617,475



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The attached notes from 1 to 26 form an integral part of these interim condensed consolidated financial statements.

# KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

### 1 CORPORATE INFORMATION

Knowledge Economic City Company (“KEC”, “the Parent Company” or “the Company”) and its subsidiaries (collectively “the Group”) consist of the Company and its Saudi Arabian subsidiaries listed below. The Group is engaged in developing real estate, economic cities and other development projects including infrastructure, telecommunication networks, electricity plants, water treatment plant and other works related to developing economic cities in the Kingdom of Saudi Arabia. The Company owns land parcels in Madinah Al-Munawarah and is the lead developer for transforming such land parcels into an economic city.

The Parent Company is a Saudi joint stock company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce resolution number 256/Q dated 15 Sha’ban 1431H (corresponding to 27 July 2010) and registered under Unified Identification Number 7001643431 and Commercial Registration Number 4650071196 issued in Madinah Al Munawarah dated 23 Sha’ban 1431H (corresponding to 4 August 2010). The Company’s shares are listed on the Saudi Stock Exchange Tadawul.

The registered address of the Company is located at Diwan Al Marefah, King Abdulaziz Road, P. O. Box 43033, Madinah Al Munawarah, 41561, Kingdom of Saudi Arabia.

As at 31 March 2026 and 31 December 2025, the Company’s share capital of SR 3,393 million consists of 339.3 million fully paid shares of Saudi Riyals 10 each. The following are the shareholders of the Group:

<i>Name</i>	<i>Place of incorporation</i>	<i>Ownership %</i>	
		<i>31 March 2026 (Unaudited)</i>	<i>31 March 2025 (Audited)</i>
King Abdullah bin Abdulaziz Foundation for his Parents for Developmental Housing	Saudi Arabia	<b>29.47%</b>	29.47%
Knowledge Economic City Developers Company Limited	Saudi Arabia	<b>24.46%</b>	24.46%
Taybah Investment Company	Saudi Arabia	<b>9.60%</b>	9.60%
Amin Mohammad Amin Shaker	-	<b>7.71%</b>	7.71%
Free float with general public	-	<b>28.76%</b>	28.76%

These interim condensed consolidated financial statements include the accounts of the Company and its following subsidiaries operating under individual commercial registrations.

<i>Name of subsidiaries</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Paid up capital SR</i>	<i>Effective ownership</i>	
				<i>31 March 2026</i>	<i>31 December 2025</i>
Mounshaat Al Maarifa Al Akaria Company Limited (“Mounshaat”)	Kingdom of Saudi Arabia	Real estate development	1,000,000	<b>100%</b>	100%
Mashariaa Al Maarifa Al Akaria Company Limited (“Mashariaa”)	Kingdom of Saudi Arabia	Real estate development	633,000,000	<b>100%</b>	100%
Al Garra International Company for Real Estate (“Al Garra”)	Kingdom of Saudi Arabia	Real estate development	467,765,000	<b>80%</b>	80%
Al Maarifa Al Akaria Company Limited (“Amaak”)	Kingdom of Saudi Arabia	Real estate, investment and management	10,000,000	<b>100%</b>	100%
Makarem Al Maarifa for Hospitality Company Limited (“Makarem”)	Kingdom of Saudi Arabia	Real estate Development	56,400,000	<b>100%</b>	100%
Multaqa Alalyaa Company Limited (“Multaqa”)	Kingdom of Saudi Arabia	Real estate Development	50,000	<b>100%</b>	100%
Riyad Real Estate Development Fund (“Madinah Gate Fund”)	Kingdom of Saudi Arabia	Real estate development	220,000,000	<b>68.82%</b>	68.82%

# KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

### 1 CORPORATE INFORMATION (Continued)

During 2024, the Group signed a contract through its subsidiary “Makarem Al Maarifa for Hospitality Company Limited” (the “Makarem”) with a consortium of three local and international companies (the “Consortium”) to build a chilled water District Cooling plant for KEC HUB project. As of 31 March 2026, there were no financial implications from this contract as no work has begun and construction is expected to start after the completion of KEC HUB project.

Mounshaat, Mashariaa and Multaqa have not commenced their operations as at 31 March 2026.

#### Going concern

During the three-month period ended 31 March 2026, the Group incurred a total comprehensive loss amounting to SR 15.77 million (31 March 2025: SR 21.03 million). Further, the Group has net operating cash outflows during the period amounting SR 27.13 million (31 March 2025: SR 71.41 million). In addition, the Group has accumulated losses amounting to SR 457.77 million as at 31 March 2026 (31 December 2025: SR 442.34 million). As at 31 March 2026, the Group current assets exceed its current liabilities by SR 159.79 million (31 December 2025: SR 150.37 million) and has a positive net equity amounting SR 3,027.88 million (31 December 2025: SR 3,043.65 million). Further, as at 31 March 2026, the Group has availed loan facilities amounting to SR 2,463.54 million (31 December 2025: SR 2,253.51 million) to finance the Group for the cost of developing their projects and operations details of which is disclosed in note 13. The unused facilities of the Group amounted to SR 422.98 million (31 December 2025: SR 497.35 million). Accordingly, the Group’s management believes that they have enough resources to continue the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements are prepared on the going concern basis.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The interim condensed consolidated financial statements for the three-month period ended 31 March 2026 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standard that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2025 (latest annual consolidated financial statements). In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

#### 2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2026 as mentioned in note 1. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to risks, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

#### 2.3 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern assumption, except for derivative financial instrument and payable to other unit holders of the Fund, which are carried at fair values.

# KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

### 2 BASIS OF PREPARATION (continued)

#### 2.4 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is the Group’s functional and presentation currency.

#### 2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group’s interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgements made by management in applying the Group’s accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2025. Any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

#### 2.6 Material Accounting Policy Information

The accounting policies adopted, and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied in the Group’s annual consolidated financial statement as at and for the year ended 31 December 2025 except for the adoption of new standards as disclosed in note 3 effective as of 1 January 2026. The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment applies for the first time in 2026 (as detailed below), but do not have any material impact on the interim condensed consolidated financial statements of the Group.

#### *Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the ‘settlement date’ and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

# KNOWLEDGE ECONOMIC CITY COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

#### *Annual Improvements to IFRS accounting Standards – Volume 11*

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

#### *Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7*

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in -scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments had no impact on Group's interim condensed consolidated financial statements.

### 4 PROPERTY AND EQUIPMENT

During the period ended 31 March 2026, the Group acquired property and equipment amounting to SR 2.47 million (Year ended 31 December 2025: SR 2.76 million). Further, during the period, the Group incurred development cost of SR 34.58 million (Year ended 31 December 2025: SR 167 million) in respect of hotel properties which are included in capital work-in-progress under property and equipment.

During the period ended 31 March 2026, an amount of SR 4.24 million (year ended 31 December 2025: SR 37.4 million) was capitalised as borrowing cost and SR 0.02 million (year ended 31 December 2025: SR 0.2 million) were capitalised as amortization of transaction cost in respect of development of hotel properties. Accordingly, total cumulative borrowing cost capitalised to date under capital work-in-progress is amounting to SR 61.38 million (31 December 2025: SR 57.14 million).

As at 31 March 2026, the Group's property and equipment includes capital work-in-progress amounting to SR 323.8 million (31 December 2025: SR 289.2 million) which represents cost of lands with infrastructures and development cost relating to "KEC HUB Hotel" and "Branded Residence" projects.

As at 31 March 2026, the Group's lands include plots of the project "Madinah Gate Fund" relating to hotel amounting to SR 31.8 million (31 December 2025: SR 31.8 million) were mortgaged as collateral to a local commercial bank (refer note 13). The collateral value of SR 31.8 million represents the value of the land in the records of Madinah Gate Fund.

As at 31 March 2026, the Group's capital work-in-progress includes land plots of the projects amounting to SR 78.1 million (31 December 2025: SR 78.1 million) which were mortgaged as collateral to the Saudi Tourism Development Fund and a local commercial bank (refer note 13).

### 5 INVESTMENT PROPERTIES

The Group's investment properties consist of properties in Madinah, Kingdom of Saudi Arabia. The balances are split into these categories as follows:

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Investment properties	<b>3,267,835,708</b>	3,141,262,561
Properties under development	<b>1,282,224,033</b>	1,247,571,543
	<b><u>4,550,059,741</u></b>	<u>4,388,834,104</u>

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**5 INVESTMENT PROPERTIES (continued)**

The movement of investment properties during the period / year is summarised as follows:

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
At the beginning of the period / year	<b>4,388,834,104</b>	3,784,998,082
Additions*	<b>161,225,637</b>	608,103,114
Transferred to development properties	-	(4,267,092)
At the end of the period / year	<b>4,550,059,741</b>	4,388,834,104

\*Additions during the period include cash additions amounting to SR 146 million (31 March 2025: SR 98.82 million).

The Group determined that the investment properties consist of land amounting to SR 1.3 billion (31 December 2025: SR 1.3 billion) and infrastructure cost amounting to SR 1.92 billion (31 December 2025: SR 1.9 billion) respectively. Properties under development amounting to SR 1.33 billion (31 December 2025: SR 1.2 billion) based on the nature, characteristics, and risks of each property. The fair value of the Group's investment properties as at 31 December 2025 was valued at SR 15.4 billion by independent professionally qualified valuer named ValuStrat Saudi Arabia ("ValuStrat") using both the market comparable approach and the residual value approach. There were no significant changes in key assumptions and sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2025 that would require adjustment or revaluation to the fair value of the investment properties as at 31 March 2026.

During the three-month period ended 31 March 2026, an amount of SR 23.32 million (31 December 2025: SR 88.3 million) was capitalised as borrowing cost and SR 0.38 million (31 December 2025: SR 1.3 million) was capitalised as amortization of transaction cost in the construction. Accordingly, total cumulative borrowing cost capitalised to date in the investment properties and properties under development is amounting to SR 211.33 million (31 December 2025: SR 188.02 million).

As at 31 March 2026, the Group's investment properties related to land plots of the project "Madinah Gate Fund" amounting to SR 37 million (31 December 2025: SR 37 million) were mortgaged as collateral to a local commercial bank (refer note 13).

As at 31 March 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 122 million (31 December 2025: SR 122 million) were mortgaged as collateral to local commercial banks against corporate loans (refer note 13).

As at 31 March 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 11.4 million (31 December 2025: SR 11.4 million) were mortgaged as collateral to local commercial banks against working capital loan (refer note 15).

As at 31 March 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 220.6 million (31 December 2025: SR 220.6 million) were mortgaged as collateral to local commercial banks against corporate loan (refer note 13).

As at 31 March 2026, the Group's investment properties and properties under development related to land plots of the project "KEC Hub Mall" amounting to SR 174 million (31 December 2025: SR 174 million) were mortgaged as collateral to the Saudi Tourism Development Fund and a local commercial bank (refer note 13).

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**5 INVESTMENT PROPERTIES (continued)**

The investment properties with carrying value amounting to SR 6 million (31 December 2025: SR 6 million) were leased to tenants under operating leases with rentals payable annually. During the period, the Group recognised rental income on operating lease contracts amounting to SR 0.08 million (31 March 2025: SR 0.08 million). There are no direct operating expenses during the period on properties that generated rental income.

**6 INVESTMENTS HELD AT AMORTISED COST**

During the year ended 31 December 2020, the Group invested in Saudi Government Sukuk denominated in SR amounting to SR 124.7 million with original maturity of 7 years. This placement yields finance income at coupon rate of 1.73% per annum amounting to SR 2.2 million per annum. The Company has recorded finance income of SR 0.57 million during the three-month period ended 31 March 2026 (31 March 2025: SR 0.54 million).

As at 31 March 2026, the Group's investments held at amortised cost were mortgaged as collateral to a local commercial Bank (Refer note 13).

**7 DERIVATIVE FINANCIAL INSTRUMENTS**

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Notional amount	<u>362,250,000</u>	<u>378,500,000</u>
Profit rate swap – cash flow hedge	<u>13,894,746</u>	<u>11,746,339</u>

On 5 July 2022, Makarem entered into a profit rate swap agreement (the "Swap Contract"), with a local commercial bank to hedge the future fluctuation in interest rates on its loans. The arrangement has been designated as hedging arrangement starting from 1 October 2022. The Group relies on the management's expert for the valuation of this derivative.

Hedge effectiveness is determined at the designated date of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. The table below shows the fair value of derivatives at reporting date. The notional amounts which provide an indication of volumes of transactions outstanding at year end, do not necessarily reflect the amounts of the future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk. The movement in the derivative financial instrument is as follows:

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
At beginning of the period / year	11,746,339	18,647,173
Cash flow hedge gain/(loss) in fair value recognised in the profit or loss (ineffective portion)	2,432,138	(3,021,464)
Cash flow hedge loss in fair value recognised in other comprehensive income (effective portion)	(283,731)	(3,879,370)
At end of the period / year	<u>13,894,746</u>	<u>11,746,339</u>

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**7 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

At 31 March 2026, the Swap Contract had a fair value of SR 13.9 million (31 December 2025: SR 11.7 million). Such fair value is included as derivative financial instrument in non-current assets in the interim condensed consolidated statement of financial position.

**Cashflow hedge reserve**

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
At the beginning of the period / year	(900,544)	2,978,826
Cash flow hedges loss in fair value recognised in other comprehensive income (effective portion)	(283,731)	(3,879,370)
At the end of the period / year	<u>(1,184,275)</u>	<u>(900,544)</u>

**8 DEVELOPMENT PROPERTIES**

The balances are split into these categories as follows:

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Parcels of land	38,634,425	38,634,425
Properties under development	69,764,652	57,632,407
	<u>108,399,077</u>	<u>96,266,832</u>

The movement of development properties during the period / year is summarised as follows;

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
At the beginning of the year	96,266,832	100,099,137
Additions	43,106,425	203,886,635
Return of residential unit	-	1,254,348
Transfer from investment properties*	-	4,267,092
Transfer to cost of revenue	(30,974,180)	(213,240,380)
At the end of the period/ year	<u>108,399,077</u>	<u>96,266,832</u>

As at 31 March 2026, the Group's development properties related to land plots of the project "Aliya project" amounting to SR 24 million (2025: SR 24 million) were mortgaged as collateral to a local commercial bank (refer note 13). During the three-month period ended 31 March 2026, an amount of SR 3.22 million (year ended 31 December 2025: SR 1.61 million) was capitalised as borrowing cost in the development properties.

\*During the year ended 31 December 2025, a land was transferred from investment properties to development properties as the intention from holding for rental income or capital gain was changed to selling these lands.

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**9 TRADE RECEIVABLES**

*Trade receivables*

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Trade customers for sale of residential units	<b>38,403,581</b>	33,741,080
Trade customers for services	<b>18,303,002</b>	9,659,320
	<b>56,706,583</b>	43,400,400
Current portion of trade receivables – Unbilled	<b>14,858,793</b>	15,168,673
	<b>71,565,376</b>	58,569,073
Less: provision for doubtful debts	<b>(4,333,562)</b>	(3,561,322)
	<b>67,231,814</b>	55,007,751

*Trade receivables – Unbilled*

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Trade customers for sale of residential units	<b>25,739,627</b>	28,873,864
Less: current portion	<b>(14,858,793)</b>	(15,168,673)
Trade customers for sale of residential units (non-current)	<b>10,880,834</b>	13,705,191

The Group accounted for significant financing component for certain contracts of a residential project discounted at a rate of 5% that reflects the financing component in contracts between the Group and the customers.

**10 ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS**

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Value added tax refundable	<b>74,923,559</b>	88,176,793
Prepaid expenses	<b>8,420,311</b>	2,236,520
Advances to suppliers	<b>1,808,960</b>	974,384
Advances to employees	<b>2,721,687</b>	476,019
Others	-	9,293
	<b>87,874,517</b>	91,873,009

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**11 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

11.1 Cash and cash equivalents comprise of following:

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Cash in hand	<b>88,000</b>	-
Cash at banks	<b>108,778,866</b>	85,525,667
Murabaha deposits with original maturity of 90 days or less	-	5,147,000
<b>Cash and cash equivalents</b>	<b><u>108,866,866</u></b>	<u>90,672,667</u>

11.2 Restricted cash represents deposits maintained in escrow accounts amounting to SR 82.18 million (31 December 2025: SR 68.99 million) for off plan sales of development properties as authorised by Economic Cities and Special Zones Authorities (ECZA). Use of this cash is restricted to the specific development properties.

**12 RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent the shareholders, board of directors and key management personnel of the Parent Company, and entities controlled by such parties and the Parent Company. The significant transactions between the Group and its board of directors are disclosed below. The pricing terms and conditions of the transactions are agreed by the management of the Group and approved by the board of directors of the Parent Company.

**12.1 Related party transactions**

	<i>For the three-month period ended</i>	
	<i>31 March 2026 (Unaudited)</i>	<i>31 March 2025 (Unaudited)</i>
Revenue from sale of residential units	<b><u>2,752,168</u></b>	<u>6,301,280</u>

During the three month period ended 31 March 2026, the Parent Company sold residential units on payment plan to a board member and a key management personnel at the approved price and related revenue and cost is accounted for in the interim condensed consolidated statement of comprehensive income. Further, all transactions within the Group are eliminated for consolidation purposes.

**12.2 Balances due to related parties presented under accruals and other current liabilities**

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Board of Directors' remuneration	<b><u>3,509,731</u></b>	<u>5,180,332</u>

**12.3 Key management compensation**

	<i>For the three-month period ended</i>	
	<i>31 March 2026 (Unaudited)</i>	<i>31 March 2025 (Unaudited)</i>
Board of Directors' remuneration and related expenses	<b>1,041,149</b>	1,041,149
Remuneration to the key management personnel	<b>1,844,074</b>	3,406,757
Employee benefit obligation of key management personnel	<b><u>62,440</u></b>	<u>128,373</u>

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**12 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)**

The amounts disclosed above are recognised as an expense during the three-month period ended 31 March 2026 related to key management personnel.

**13 LONG-TERM BORROWINGS**

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Murabaha facilities	2,432,806,624	2,208,437,340
Accrued interest	29,655,093	42,646,682
Less: unamortized transaction costs	<b>(13,925,028)</b>	<b>(12,578,070)</b>
	<u><u>2,448,536,689</u></u>	<u><u>2,238,505,952</u></u>

At reporting date, borrowings comprise of following:

	<i>31 March 2026 (Unaudited)</i>	<i>31 December 2025 (Audited)</i>
Borrowings	2,448,536,689	2,238,505,952
Less: Current maturity of borrowings		
Principal portion of borrowings	77,112,147	74,237,147
Accrued interest	29,655,093	42,646,682
	<u><u>106,767,240</u></u>	<u><u>116,883,829</u></u>
Long-term borrowings	<u><u>2,341,769,449</u></u>	<u><u>2,121,622,123</u></u>

Movements in unamortised transaction costs are summarised as follows:

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
Opening balance	12,578,070	7,467,010
Transaction cost paid	1,752,323	7,269,131
Less: capitalised amortization	<b>(405,365)</b>	<b>(2,158,071)</b>
	<u><u>13,925,028</u></u>	<u><u>12,578,070</u></u>

- a) During 2021, the Group signed a shariah-compliant agreement with the Saudi Tourism Development Fund (“STDF”) and a local commercial bank (the “agreement”) to provide financing facility to an extent of Saudi Riyal 782 million for development execution of the KEC Hub project. According to the agreement, the STDF and a local commercial bank will provide financing to the Group for the cost of developing the first phase of the KEC Hub project. During the year ended 31 December 2025, the Group’s has increased the facility limit to SR 1 billion. These facilities are principally secured by corporate guarantees provided by the Group and provided collateral in the form of plots of land from the Group’s land portfolio (refer to note 5).

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**13 LONG-TERM BORROWINGS (continued)**

As at 31 December 2025, the Group's has withdrawn facilities from STDF and a local commercial bank amounting to SR 431 million each with total withdrawn facilities of SR 862 million. During the period ended 31 March 2026, the Group has drawn additional facilities from STDF and a local commercial bank amounting to SR 50 million. The unused balance of this facility as of 31 March 2026 amounted to SR 88 million. The facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 7.47% to 7.62%. The facilities are repayable in semi-annual instalments commencing from June 2027.

- b) During 2022, the Company has signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 56 million for execution of the project E-16. As at 31 December 2025, the Company has withdrawn SR 56 million from this facility. These facilities are denominated in SR and bear financial charges based on current market interest rate of 6.85%. The facility is repayable in annual instalments commencing from December 2026.
- c) During 2022, the Company also signed a shariah-compliant agreement with a local commercial bank to provide the financing facility amounting to SR 100 million. During 2024, the Company drawn SR 45 million from this facility. The Group provided collateral in the form of investment in Saudi Government SAR Sukuk to a local commercial bank. During 2025, the said facility amount increased to SR 124.79 million. During the same period, the company drawn SR 65 million. During the period ended 31 March 2026, the Group has drawn 5 million from the facility. The unused balance of this facility as of 31 March 2026 amounted to SR 9.79 million. These facility is denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 5.71% to 6.37%. The facility is repayable in July 2027.
- d) During 2023, the Group signed shariah-compliant agreements with a local commercial bank to provide financing total amounting to SR 143 million including SR 98 million for execution of the branded residence project, SR 25 million for general working capital (included in short term borrowings – see note 15) and SR 20 million for Profit Rate Swap (PRS). As at 31 December 2025, the Company has withdrawn SR 64.15 million for execution of the branded residence project. During the period ended 31 March 2026, the Group has drawn 11.5 million from the facility. The unused balance of the loan facilities as of 31 March 2026 is amounted to SR 22.35 million. PRS facility remains unutilized as at ended 31 March 2026. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 6.65% to 7.22%. The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 5) and promissory notes. The facility amounting to SR 98 million for execution of the branded residence project is repayable on semi-annual installments commencing from October 2026.
- e) During 2023, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 320 million for execution of the Madinah Gate Project. As at 31 December 2025, the Group has drawn SR 277.29 million from this facility. During the period ended 31 March 2026, the Group has drawn 12.87 million from the facility. The overall current market interest rates during the period range from 6.65% to 7.22%. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range from 7.35% to 8.49%. The unused balance of this facility as of 31 March 2026 amounted to SR 29.84 million. The facility is repayable in July 2027.

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**13 LONG-TERM BORROWINGS (continued)**

- f) During 2023, the Group signed shariah-compliant agreements with a local commercial bank to provide financing total amounting to SR 417.04 million including SR 300 million for corporate loan, SR 94 million for execution of the Al Aliyaa project and SR 23.04 million for Profit Rate Swap (PRS). As at 31 March 2026, the Company has withdrawn SR 290 million for corporate loan. The unused balance of the corporate loan facility as of 31 March 2026 is amounted to SR 10 million. As at 31 March 2026, the Company has withdrawn SR 94 million for execution of the Al Aliyaa project. PRS facility remains unutilized as at ended 31 March 2026. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates during the period range between 6.71% to 7.16%. The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 5) and promissory notes. The facility amounting to SR 300 million for corporate loan is repayable on semi-annual installments commencing from July 2027. The facility amounting to SR 94 million for execution of the Al Aliyaa project is repayable in semi-annual installments commencing from July 2026.
- g) During 2024, the Company signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 150 million for general corporate loan and support the projects. As at 31 March 2026, the Company has drawn SR 140 million from this facility. The unused balance of this facility as of 31 March 2026 amounted to SR 10 million. This facility are denominated in SR and bear financial charges based on current market interest rates during the period range from 6.8% to 7.09%. The facility is repayable in annual installments commencing from May 2028.
- h) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million. This facility is intended to finance the Company's corporate financing and support the execution of its strategic objectives. As at 31 December 2025, the Company has drawn SR 145 million from this facility. During the period ended 31 March 2026, the Group has drawn SR 5 million from the facility. This facility is denominated in SR and bear financial charges based on current market interest rates during the period are ranging from 6.33% to 7.3%. The facility is repayable in semi-annual installments commencing from March 2028.
- i) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 98 million execution of the Al Aliyaa project. As at 31 December 2025, the Company has drawn SR 90 million from this facility. During the period ended 31 March 2026, the Group has drawn SR 8 million from the facility. This facility is denominated in SR and bear financial charges based on current market interest rates during the period ranging from 6.91% to 7.09%. The facility is repayable in semi-annual installments commencing from December 2027.
- j) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 305 million execution of the Al Aliyaa project. As at 31 December 2025, the Company has drawn SR 80 million from this facility. During the period ended 31 March 2026, the Group has drawn SR 67 million from the facility. The unused balance of this facility as of 31 March 2026 amounted to SR 158 million. This facility is denominated in SR and bear financial charges based on current market interest rates during the period ranging from 6.62% to 7.69%. The facility is repayable in semi-annual installments commencing from February 2028.
- k) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million execution of IWD infrastructure project. During the period ended 31 March 2026, the Group has drawn SR 65 million from the facility. The unused balance of this facility as of 31 March 2026 amounted to SR 85 million. This facility is denominated in SR and bear financial charges based on current market interest rates during the period ranging from 6.80% to 7.14%. The facility is repayable in semi-annual installments commencing from December 2029.

During the period ended 31 March 2026, the Group has net cash proceeds from the long-term borrowings amounting to SR 223 million (31 March 2025: SR 222 million).

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**13 LONG-TERM BORROWINGS (continued)**

The carrying amount and fair value of the above loans are not materially different.

**Maturity profile of the Murabaha facilities**

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
Period ending 31 March:		
2026	77,112,147	74,237,147
2027	452,965,901	436,487,401
2028	543,099,916	495,019,568
2029	433,696,126	324,783,545
2030	303,298,621	289,411,396
2031	97,553,333	92,205,014
Thereafter	525,080,580	496,293,269
	<b>2,432,806,624</b>	<b>2,208,437,340</b>

At 31 March 2026, the Group provided promissory notes to commercial banks amounting to SR 2,883 million (31 December 2025: SR 2,733 million).

**Loan covenants**

Under the terms of the borrowing facilities, the Group is required to comply with some financial and non-financial covenants, and the Group has complied with the covenants throughout the reporting period.

**14 PAYABLE TO OTHER UNITHOLDERS OF THE FUND**

The Group has a liability payable to the remaining unitholders when an investment fund is consolidated. The liability is initially recognised at the fair value of the units. All subsequent changes in liability are recognised in the profit or loss. The liability represents the unitholders' pro-rata share of the fund's net assets in the event of its liquidation. This is determined by way of division of the fund's net assets by the number of units held by other unitholders. The Group holds 75% effective shareholding in the Madinah Gate Fund as at 31 March 2026 (31 December 2025: 75% effective shareholding). The fair value of share of net assets attributable to the other unitholders of the fund is SR 64.35 million (31 December 2025: SR 64.35 million).

**15 SHORT-TERM BORROWING**

In continuance to the agreement signed with a local commercial bank during the year ended 31 December 2023 in total amount SR 143 million (see also note 13), the Group signed an agreement with a local commercial bank to provide revolving short-term borrowing amounting to SR 25 million for execution of the branded residence project. As at 31 March 2026, the Group has utilized SR 15 million (31 December 2025: SR 15 million) from this loan. The unused balance of this facility as of 31 March 2026 amounted to SR 10 million. The overall current market interest rate during the three month period ended are ranging from 6.44% to 6.53%.

**16 ACCRUALS AND OTHER CURRENT LIABILITIES**

	<b>31 March 2026 (Unaudited)</b>	<b>31 December 2025 (Audited)</b>
Contractor accruals	105,615,044	92,492,961
Retention payable	87,226,537	77,693,890
Employee related accruals	50,647,966	37,567,774
Other accruals	17,051,849	21,236,734
	<b>260,541,396</b>	<b>228,991,359</b>

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**17 ZAKAT**

From 2017, the Company and its 100% owned subsidiaries file a combined zakat return on consolidated basis. The subsidiaries where the Company's ownership is less than 100% are required to file their separate zakat returns. Prior to 2017, the subsidiaries were filing separate zakat declarations on unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, adjusted income, less deductions for the adjusted net book value of property and equipment, investment properties, development properties and investments.

The movement in zakat provision is as follows:

	<i>For the three- month period ended 31 March 2026 (Unaudited)</i>	<i>For the year ended 31 December 2025 (Audited)</i>
Balance at the beginning of the period / year	6,528,817	7,075,215
<i>Provision for:</i>		
Current period / year	1,142,338	6,528,817
Prior years	-	2,577,675
Expense recognised in the consolidated profit or loss	1,142,338	9,106,492
Zakat paid	-	(9,652,890)
Balance at the end of the period / year	<u>7,671,155</u>	<u>6,528,817</u>

**Status of assessments**

**The Parent Company and its wholly owned subsidiaries**

The Parent Company and its 100% owned subsidiaries have filed the consolidated zakat returns for the years up to 2025 and obtained a zakat certificate valid till 30 April 2027. Zakat assessments till the year 2020 are finalized by Zakat, Tax and Customs Authority ("ZATCA").

During the year ended 31 December 2025, the ZATCA issued the final assessment for the years 2021 to 2022 claiming additional zakat liability of SR 0.7 million and the Parent Company decided to escalate the case through the General Secretariat of the Tax Committees ("GSTC") to assign a hearing session to discuss the Parent Company's objection. During the period ended 31 March 2026, the hearing session by Committee for Resolution of Tax Violations and Disputes ("CRTVD") was assigned and held. CRTVD issued the decision in favor of the Group. ZATCA has the right to appeal against the above decision within 30 days starting from the day following the issuance date (from 9 April 2026) before the Appellate Committee for Tax Violations and Dispute Resolution ("ACTVDR"). Management is of the view that the Group has strong position and accordingly, no provision is required.

During the year ended 31 December 2025, ZATCA issued the final assessment for the year 2023 claiming additional zakat liability of SR 0.7 million which the Company has settled, and the assessment is finalized.

**Al Garra International Company for Real Estate ("Al-Garra")**

Al Garra filed its zakat returns for the years upto 2025 and obtained the necessary zakat certificate valid till 30 April 2027. Al Garra has finalised its Zakat assessments till the year 2018.

**Riyadh Real Estate Development Fund ("Madinah Gate Fund")**

Madinah Gate Fund has filed its zakat return for the year 2025 and obtained the necessary zakat certificate valid till 30 April 2027.

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**18 REVENUE**

	<i>For the three-month period ended</i>	
	<i>31 March 2026</i>	<i>31 March 2025</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Revenue from contracts with customers recognised over a period of time</i>		
Revenue from customers of residential units	41,968,173	49,362,153
Revenue from facility maintenance services	1,573,476	1,561,226
	<u>43,541,649</u>	<u>50,923,379</u>
<i>Revenue from contracts with customers recognised at a point in time</i>		
Revenue from hotel operations	11,812,528	-
	<u>11,812,528</u>	<u>-</u>
Revenue from operating lease	75,000	75,000
<b>Total revenue</b>	<u><b>55,429,177</b></u>	<u><b>50,998,379</b></u>

As at 31 March 2026, the aggregate amount of transaction price allocated to unsatisfied, or partially satisfied, performance obligations are SR 68.5 million (31 March 2025: SR 134.6 million).

**19 LOSS PER SHARE**

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period. As the Company does not have any dilutive potential shares, the dilutive loss per share is the same as the basic loss per share.

The loss per share calculation is given below:

	<i>Three-month period ended</i>	
	<i>31 March 2026</i>	<i>31 March 2025</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss attributable to equity holders of the Parent	(15,430,493)	(17,259,637)
Weighted average number of shares	339,300,000	339,300,000
Basic loss per share	<u>(0.045)</u>	<u>(0.051)</u>

There has been no item of dilution affecting the weighted average number of ordinary shares.

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**20 SEGMENT INFORMATION**

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, services, class of customers where appropriate are aggregated and reported as reportable segments.

The following summary describes the Group's reportable segments:

- Real estate development segment represents activities related to developing real estate, economic cities and other development projects in Madinah Al Munawarah, Kingdom of Saudi Arabia.
- Investment segment represents Group's investing activities such as short-term investments, investments held at amortised cost including short-term investment less than three-months classified within cash and cash equivalents.

The Board of Directors ("BoD") of the Group assesses the financial performance and position of the Group and makes strategic decisions. The BoD has been identified as being the CODM.

Selected financial information as at 31 March 2026 and 31 December 2025 and for the three month period ended on 31 March 2026 and 2025, summarized by segment, is as follows:

	<i>Real estate development</i>	<i>Investments</i>	<i>Total</i>
<b>Interim condensed consolidated statement of financial position</b>			
<u><i>As at 31 March 2026 (Unaudited)</i></u>			
Investment properties	4,550,059,741	-	4,550,059,741
Development properties	108,399,077	-	108,399,077
Investment held at amortised cost	-	124,232,675	124,232,675
<b>Total assets</b>	<b>5,760,274,158</b>	<b>124,232,675</b>	<b>5,884,506,833</b>
<b>Total liabilities</b>	<b>2,856,625,000</b>	<b>-</b>	<b>2,856,625,000</b>
<u><i>As at 31 December 2025 (Audited)</i></u>			
Investment properties	4,388,834,104	-	4,388,834,104
Development properties	96,266,832	-	96,266,832
Investment held at amortised cost	-	124,772,392	124,772,392
Murabaha deposits	-	5,147,000	5,147,000
<b>Total assets</b>	<b>5,504,538,028</b>	<b>129,919,392</b>	<b>5,634,457,420</b>
<b>Total liabilities</b>	<b>2,590,806,265</b>	<b>-</b>	<b>2,590,806,265</b>

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**20 SEGMENT INFORMATION (continued)**

	<i>Real estate development</i>	<i>Investments</i>	<i>Total</i>
<b>Interim condensed consolidated statement of comprehensive income</b>			
<i>For the three-month period ended 31 March 2026 (Unaudited)</i>			
<u>Revenues derived from external customers</u>			
Revenue – Overtime	43,541,649	-	43,541,649
Revenue – Point in time	11,812,528	-	11,812,528
Revenue from operating lease	75,000	-	75,000
Finance income	-	572,601	572,601
Finance cost	(5,405,187)	-	(5,405,187)
Depreciation and amortization	(2,808,530)	-	(2,808,530)
Zakat expense	(1,142,338)	-	(1,142,338)
(Loss) / profit for the period	<u>(16,058,192)</u>	<u>572,601</u>	<u>(15,485,591)</u>

*For the three-month period ended 31 March 2025 (Unaudited)*

<u>Revenues derived from external customers</u>			
Revenue – Overtime	50,923,379	-	50,923,379
Revenue from operating lease	75,000	-	75,000
Finance income	-	539,717	539,717
Depreciation and amortization	(754,433)	-	(754,433)
Zakat expense	(2,943,318)	-	(2,943,318)
(Loss) / profit for the period	<u>(17,933,869)</u>	<u>539,717</u>	<u>(17,394,152)</u>

**21 CONTINGENCIES AND COMMITMENTS**

As at 31 March 2026, capital and consultancy expenditures contracted by the Group, but not incurred on that date were approximately SR 1.06 billion (31 December 2025: SR 1.29 billion).

**22 FAIR VALUE MEASUREMENT**

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.

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. The fair value measurement techniques and key assumptions used for investment properties are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2025. There have been no material changes in valuation assumptions during the period ended 31 March 2026.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 22 FAIR VALUE MEASUREMENT (continued)

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 (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability fall 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 recognises 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 ended 31 March 2026.

Cash and cash equivalents, trade receivables, contract assets, investment held at amortised cost are measured at amortised cost. Investment properties, property and equipment and development properties are held at cost less accumulated depreciation and accumulated impairment (if any).

Derivative financial instrument measured at fair value through other comprehensive income using the valuation techniques (Level 2). The valuation techniques applied by the counterparty include the use of forward pricing standard models using the present value of the estimated future cash flows based on observable yield curves.

Profit rate swap transactions usually involve two counterparties, a firm (or other entity) and a financial institution. The most common type of contract requires one counterparty to pay a fixed interest rate for the term of the contract, while the other counterparty pays a variable interest rate for the same term. Therefore, the fair value of the assets shall reflect the non-performance risk, risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by management. All these contracts have been designated as level 2 in the financial statement.

Borrowings, trade payables and other current liabilities are measured at amortised cost. Payable to other unitholders of the Fund are measured at fair value using the valuation techniques (Level 3) in the interim condensed consolidated financial statements.

The carrying value of all the financial assets and liabilities classified as amortised cost approximates their fair value at the end of the reporting date.

### 23 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks which mainly include market risk (including interest rate risk and price risk), credit risk and liquidity risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and therefore, should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. There have been no changes in the risk management policies since the year end.

### 24 GEOPOLITICAL DEVELOPMENTS

During the current period, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasize the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

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**24 GEOPOLITICAL DEVELOPMENTS (continued)**

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these geopolitical events on future periods.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

**25 COMPARATIVE INFORMATION**

During the period, the Group revised the presentation of the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2025 to enhance and to conform with the current period's presentation.

As a result of reclassification, an amount of SR 3.62 million relating to income on cash flow derivative financial instrument hedged against the borrowings that was previously classified in 'other income' has been reclassified to 'finance income'. There is no impact on the interim condensed consolidated statement of financial position, interim condensed consolidated statement of cashflows and interim condensed consolidated statement of changes in equity due to the such reclassification.

**26 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been authorised by the Board of Directors on 11 May 2026G, corresponding to 24 Thul-Qi'dah 1447H.