

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED
SEPTEMBER 30, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

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**PKF**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS****TO THE SHAREHOLDERS OF RETAL URBAN DEVELOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY****KHOBAR, KINGDOM OF SAUDI ARABIA****INTRODUCTION**

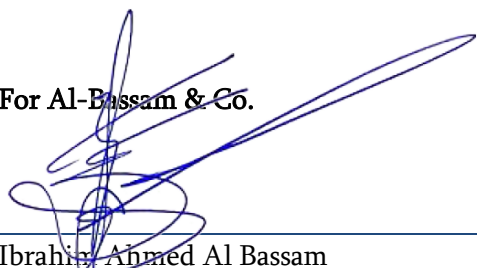
We have reviewed the accompanying consolidated interim statement of financial position of Retal Urban Development Company (the "Company"), a Saudi Joint Stock Company, and its subsidiaries (collectively referred to as the "Group") as of September 30, 2023 and the related consolidated interim statement of profit or loss and other comprehensive income for the three and nine months periods then ended, and the consolidated interim statements of changes in equity and cash flows for the nine months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34") as 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 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 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 ("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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.


Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No. 337

Khobar: Rabi'II 18, 1445H

Corresponding to: November 2, 2023

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RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023

| | | September 30, 2023 (Unaudited) SR | December 31, 2022 (Audited) SR |
|---|----|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 5 | 150,624,631 | 124,032,103 |
| Right of use assets | | 32,652,390 | 2,850,114 |
| Intangible assets | | 11,511,238 | 10,279,039 |
| Investment properties | 6 | 322,248,868 | 122,310,156 |
| Investments in associates and joint ventures | | 405,291,527 | 338,135,007 |
| Development properties | 7 | 530,855,567 | 464,667,870 |
| Prepayments and other receivables | | 2,374,373 | 2,381,923 |
| | | <u>1,455,558,594</u> | <u>1,064,656,212</u> |
| Current assets | | | |
| Inventories | | 19,156,649 | 15,962,242 |
| Accounts receivable | 8 | 193,931,876 | 242,911,489 |
| Contract assets | 12 | 192,022,923 | 91,184,973 |
| Development properties | 7 | 514,775,692 | 353,232,470 |
| Investments at fair value through profit or loss | | 7,497,019 | 23,754,250 |
| Prepayments and other receivables | | 225,890,044 | 114,154,635 |
| Cash on hand and at banks | 9 | 709,766,866 | 522,974,701 |
| | | <u>1,863,041,069</u> | <u>1,364,174,760</u> |
| TOTAL ASSETS | | <u>3,318,599,663</u> | <u>2,428,830,972</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 10 | 500,000,000 | 400,000,000 |
| Statutory reserve | | 77,377,038 | 62,778,877 |
| Actuarial reserve | | (3,212,784) | (3,212,784) |
| Reserve for change in ownership interests in a subsidiary | | 8,162,992 | - |
| Retained earnings | | 106,227,053 | 274,843,604 |
| | | <u>688,554,299</u> | <u>734,409,697</u> |
| Non-controlling interests (NCI) | | 15,653,612 | - |
| Total equity | | <u>704,207,911</u> | <u>734,409,697</u> |
| Non-current liabilities | | | |
| Long term loans | 11 | 881,625,502 | 461,498,904 |
| Lease liabilities | | 31,836,965 | 2,406,938 |
| Employees' end of service benefits | | 15,375,759 | 12,584,774 |
| Accounts payable | | 6,904,702 | 17,453,644 |
| | | <u>935,742,928</u> | <u>493,944,260</u> |
| Current liabilities | | | |
| Long term loans | 11 | 208,782,289 | 189,811,237 |
| Short term loans | 11 | 202,107,104 | 165,070,438 |
| Lease liabilities | | 549,718 | 236,010 |
| Accounts payable | | 217,373,292 | 273,461,035 |
| Accrued expenses and other payables | | 421,561,521 | 201,025,754 |
| Payable to National Housing Company | | 368,726,429 | 254,662,321 |
| Contract liabilities | 12 | 161,511,138 | 100,219,716 |
| Dividend payable | 17 | 80,000,000 | - |
| Zakat payable | | 18,037,333 | 15,990,504 |
| | | <u>1,678,648,824</u> | <u>1,200,477,015</u> |
| TOTAL LIABILITIES | | <u>2,614,391,752</u> | <u>1,694,421,275</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,318,599,663</u> | <u>2,428,830,972</u> |



Ammar Al Ghoul
Chief Financial Officer



Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer



Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

| | Note | For the three months period ended September 30, | | For the nine months period ended September 30, | |
|---|------|--|--------------------|---|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | SR | SR | SR | SR |
| Revenue | 12 | 335,993,673 | 406,066,131 | 918,979,714 | 815,376,850 |
| Cost of revenue | | (244,316,742) | (288,944,112) | (673,444,975) | (580,062,549) |
| Gross profit | | 91,676,931 | 117,122,019 | 245,534,739 | 235,314,301 |
| General and administrative expenses | | (26,245,569) | (12,538,989) | (60,678,012) | (37,150,037) |
| Selling and marketing expenses | | (9,168,372) | (5,672,235) | (23,538,067) | (14,180,249) |
| Operating profit | | 56,262,990 | 98,910,795 | 161,318,660 | 183,984,015 |
| Finance costs | | (26,974,395) | (7,377,674) | (58,271,233) | (16,870,390) |
| Shares of results of equity accounted investments | | 4,689,470 | 1,717,246 | 46,008,095 | 10,931,218 |
| Gain on investments at FVTPL | | 1,063,583 | - | 2,988,888 | 8,568,603 |
| Other income, net | | 5,302,278 | 112,750 | 6,545,352 | 4,939,507 |
| Profit before zakat | | 40,343,926 | 93,363,117 | 158,589,762 | 191,552,953 |
| Zakat | | (3,028,387) | (3,603,074) | (8,729,092) | (8,356,261) |
| Profit for the period | | 37,315,539 | 89,760,043 | 149,860,670 | 183,196,692 |
| Other comprehensive income for the period | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 37,315,539 | 89,760,043 | 149,860,670 | 183,196,692 |
| Profit for the period attributable to: | | | | | |
| Shareholders of the Group | | 33,436,479 | 89,760,043 | 145,981,610 | 183,196,692 |
| Non-controlling interest | | 3,879,060 | - | 3,879,060 | - |
| Profit for the period | | 37,315,539 | 89,760,043 | 149,860,670 | 183,196,692 |
| Total comprehensive income for the period attributable to: | | | | | |
| Shareholders of the Group | | 33,436,479 | 89,760,043 | 145,981,610 | 183,196,692 |
| Non-controlling interest | | 3,879,060 | - | 3,879,060 | - |
| Total comprehensive income for the period | | 37,315,539 | 89,760,043 | 149,860,670 | 183,196,692 |
| Earnings per share – Basic and diluted | 14 | | | | |
| Earnings per share of profit for the period | | 0.07 | 0.18 | 0.29 | 0.37 |
| Weighted average number of outstanding shares | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |


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Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

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RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

| | Share capital | Statutory reserve | Actuarial reserve | Reserve for change in ownership interests in subsidiary | Retained earnings | Equity attributable to shareholders | Non-controlling interests | Total |
|--|---------------|-------------------|-------------------|---|-------------------|-------------------------------------|---------------------------|---------------|
| | SR | SR | SR | SR | SR | SR | SR | SR |
| January 1, 2022 (Audited) | 400,000,000 | 38,204,514 | (3,358,414) | - | 134,059,718 | 568,905,818 | (135,383) | 568,770,435 |
| Profit for the period | - | - | - | - | 183,196,692 | 183,196,692 | - | 183,196,692 |
| Transfer to statutory reserve | - | 18,319,669 | - | - | (18,319,669) | - | - | - |
| Dividends | - | - | - | - | (80,000,000) | (80,000,000) | - | (80,000,000) |
| Acquisition of additional shares in a subsidiary | - | - | - | - | (385,383) | (385,383) | 135,383 | (250,000) |
| September 30, 2022 (Unaudited) | 400,000,000 | 56,524,183 | (3,358,414) | - | 218,551,358 | 671,717,127 | - | 671,717,127 |
| January 1, 2023 (Audited) | 400,000,000 | 62,778,877 | (3,212,784) | - | 274,843,604 | 734,409,697 | - | 734,409,697 |
| Profit for the period | - | - | - | - | 145,981,610 | 145,981,610 | 3,879,060 | 149,860,670 |
| Transfer to statutory reserve | - | 14,598,161 | - | - | (14,598,161) | - | - | - |
| Increase in share capital (note 10) | 100,000,000 | - | - | - | (100,000,000) | - | - | - |
| Disposal of owned shares in a subsidiary to NCI (note 1.1) | - | - | - | 8,162,992 | - | 8,162,992 | 11,774,552 | 19,937,544 |
| Dividends (note 17) | - | - | - | - | (200,000,000) | (200,000,000) | - | (200,000,000) |
| September 30, 2023 (Unaudited) | 500,000,000 | 77,377,038 | (3,212,784) | 8,162,992 | 106,227,053 | 688,554,299 | 15,653,612 | 704,207,911 |



Ammar Al Ghoul
Chief Financial Officer



Abdullah Bin Faisal Bin Abdul Aziz Al Braikan
Chief Executive Officer




Abdullah Bin Abdul Latif Bin Ahmed Al Fozan
Chairman Board of Directors

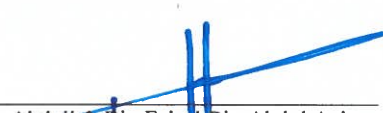
The accompanying notes form an integral part of these condensed consolidated interim financial statements.


RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) (Continued)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

| | For the nine months period ended September, 30 | |
|--|--|---------------|
| | Note | |
| | 2023 | 2022 |
| | SR | SR |
| OPERATING ACTIVITIES | | |
| Profit before zakat: | 158,589,762 | 191,552,953 |
| <i>Adjustments for non-cash items:</i> | | |
| Depreciation and amortization | 6,660,999 | 5,196,921 |
| Depreciation on right of use assets | 1,569,335 | 5,964,421 |
| End of service provision | 5,452,077 | 2,456,413 |
| Gain on disposal of property and equipment | (305,522) | (8,887) |
| Share of results of equity accounted investments | (46,008,095) | (10,931,218) |
| Gain on investments at fair value through profit or loss | (2,988,888) | (8,568,603) |
| Reversal of provision for accounts receivable | - | (2,574,137) |
| Gain on disposal of investment properties | (5,760,572) | - |
| Finance costs | 58,271,233 | 16,870,390 |
| | 175,480,329 | 199,958,253 |
| Changes in working capital: | | |
| Development properties | (385,844,078) | (175,170,678) |
| Inventories | (3,194,407) | (247,749) |
| Contract assets | (100,837,950) | (5,337,214) |
| Accounts receivable | 48,979,613 | 157,274,387 |
| Prepayments and other receivables | (81,915,891) | 45,569,492 |
| Accounts payable | 18,938,087 | 8,465,971 |
| Payable to National Housing Company | 114,064,108 | 54,587,193 |
| Accrued expenses and other payables | 168,257,323 | 41,515,502 |
| Contract liabilities | 61,291,422 | (15,229,022) |
| Cash generated from operations | 15,218,556 | 311,386,135 |
| End of service benefits paid | (2,661,092) | (1,223,540) |
| Zakat paid | (6,682,263) | (5,355,778) |
| Finance costs paid | (48,040,263) | (14,175,421) |
| Net cash flows (used in) / generated from operating activities | (42,165,062) | 290,631,396 |
| INVESTING ACTIVITIES | | |
| Additions to property and equipment | (34,823,919) | (17,222,224) |
| Additions to intangible assets | (1,389,339) | - |
| Additions to investment properties | (157,297,703) | - |
| Proceeds from disposal of property and equipment | 639,884 | 17,985 |
| Dividend received from an associate | 27,650,000 | 1,580,000 |
| Purchase of non-controlling interest | - | (250,000) |
| Additions to investments at fair value through profit or loss | (10,485,888) | (40,018,118) |
| Proceeds from sale of investments at fair value through profit or loss | 29,732,007 | 49,071,078 |
| Investment in an associate | (5,000,000) | (281,250) |
| Proceeds from disposal of investment properties | 15,719,171 | 18,609,809 |
| Proceeds from disposal of shares in subsidiary | 19,937,544 | - |
| Net cash flows (used in) / generated from investing activities | (115,318,243) | 11,507,280 |
| FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 1,183,053,458 | 330,491,193 |
| Repayment of borrowings | (716,398,731) | (254,555,225) |
| Lease payments | (2,379,257) | (2,715,238) |
| Dividends paid | (120,000,000) | - |
| Net cash flows generated from financing activities | 344,275,470 | 73,220,730 |
| Net change in cash and cash equivalents | 186,792,165 | 375,359,406 |
| Cash and cash equivalents at the beginning of the period | 24,136,909 | 32,414,227 |
| Less: change in restricted bank balance | (161,825,360) | (164,830,114) |
| Cash and cash equivalents at the end of the period | 49,103,714 | 242,943,519 |
| SIGNIFICANT NON-CASH TRANSACTIONS | | |

9


Ammar Al Ghoul
Chief Financial Officer


Abdullah Bin Faisal Bin Abdul Aziz
Al Braikan
Chief Executive Officer


Abdullah Bin Abdul Latif Bin
Ahmed Al Fozan
Chairman Board of Directors

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023****1. GENERAL INFORMATION**

Retal Urban Development Company ("the Company") or ("the Parent Company") is a Saudi Joint Stock Company (previously a limited liability company) registered in the Kingdom of Saudi Arabia under commercial registration No. 2051047761 issued in Khobar on Rabi'I 12, 1433H corresponding to February 4, 2012. The registered address of the Company is P.O. Box 1448 Prince Faisal Bin Fahad Bin Abdul Aziz, Al Khobar, 31952, Kingdom of Saudi Arabia.

In year 2020, the shareholders decided to convert the Company from a limited liability Company to a Saudi Closed Joint Stock Company. The Company obtained ministerial approval for the official announcement of the conversion on Muharram 9, 1442H corresponding to August 28, 2020.

In year 2021, the Parent Company commenced the process for Initial Public Offering ("IPO"). The Capital Market Authority ("CMA") Board issued its resolution approving the Parent Company's application for the offering of 12 million shares representing 30% of the Parent Company's share capital on Sha'ban 13, 1443H corresponding to March 16, 2022. On Dhu al-Qa'dah 28, 1443H corresponding to June 27, 2022, the Company's shares were traded on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The legal formalities of updating the Company's by-laws, and commercial registration from Saudi Closed Joint Stock Company to a Joint Stock Company has been completed during the year 2022.

The Parent Company is principally engaged in:

- Purchase and sale of land and real estate, divide them, and sale off map activities;
- General construction of residential buildings;
- General construction of non-residential building, including schools, hospitals and hotels.

The Parent Company's By-laws includes the activity of acquisition of shares or shares in existing companies or merger with them.

The condensed consolidated interim financial statements include the assets, liabilities, and the results of the Group and the following branches based on locations:

| Location | Date | Registration certificate |
|-----------------|--|---------------------------------|
| Riyadh | Dhu al-Qa'dah 21, 1441 (July 12, 2020) | 1010642508 |
| Al Khobar | Dhu'l Hijjah 18, 1442 (July 28, 2021) | 2051236513 |
| Jeddah | Dhu al-Qa'dah 15, 1443 (June 14, 2022) | 4030475640 |

1.1 Details of Parent Company's subsidiaries:

All of the Parent Company's subsidiaries are limited liability companies incorporated in the Kingdom of Saudi Arabia.

| Name of subsidiaries | Commercial Registration dated | Business activity | Effective ownership | |
|--|--|--|----------------------------|--------------------------|
| | | | September 30, 2023 | December 31, 2022 |
| Building Construction Company Limited (note 1.1-a) | Jumada II 15, 1420H (September 25, 1999) | General contracting and construction works. | 80 % | 100% |
| Nesaj Urban Development Company | Ramadan 17, 1433H (August 5, 2012) | Buying, selling, managing and maintaining real estate facilities. | 100 % | 100% |
| Tadbeir Limited Company | Muharram 11, 1436H (November 4, 2014) | Cleaning, maintaining and operating real estate facilities. | 100 % | 100% |
| Tadbeir Real Estate Company | Shawwal 10, 1442H (May 22, 2021) | Buying, selling, renting, managing and maintaining real estate facilities. | 100 % | 100% |
| Tadbeir Environment Company | Dhul-Qa'dah 02, 1443H (June 1, 2022) | Administration and support services | 100 % | 100% |

1.1-a. During the nine months period ended September 30, 2023, the Group disposed off 20% of its shareholding in one of its subsidiaries, "Building Construction Company Limited", effective from July 1, 2023, while still retaining the control. Shareholding have been disposed as 10% to one of the executive management of the subsidiary and 10 % to one of Board of Directors of the Parent Company. Consideration received against this

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023****1. GENERAL INFORMATION (Continued)****1.1 Details of Parent Company's subsidiaries: (Continued)**

disposal amounted to SR 19.94 million which resulted in a realized gain amounting to SR 8.16 million which has been classified as "Reserve for change in ownership interest in subsidiary" under equity. Legal formalities for the sale have been completed during the period.

1.2 Details of Company's associates and joint ventures:

All of the Company's associates and joint ventures are limited liability companies incorporated in the Kingdom of Saudi Arabia.

| Name of the entity | Commercial Registration dated | Business activity | Effective ownership | |
|--|--|---|-----------------------|----------------------|
| | | | September 30, 2023 | December 31, 2022 |
| Saudi Tharwa Company | Jumada' II 21, 1435H (April 21, 2014) | Buying, selling, renting and managing real estate facilities. | 39.5% | 39.5% |
| Mimar Emirate and ARAC Engineering Consultancy Company | Ramadan 11, 1440H (May 16, 2019) | Engineering and architectural consultancy | 25% | 25% |
| Business Park Fund | Rabi II 24, 1441H (December 21, 2019) | Buying, selling and developing commercial properties. | 18.82% | 18.82% |
| Alpha Capital Saudi Real Estate Development Fund | Ramadan 3, 1442H (April 15, 2021) | Buying, selling and developing residential properties. | 30% | 30% |
| Al-Ahsa Real Estate Fund | Dhul Hijja 17, 1442H (July 27, 2021) | Buying, selling and developing residential and commercial properties. | 22.5 % | 22.5% |
| Remal Al Khobar Real Estate Company | Dhul Hijja 23, 1442H (August 2, 2021) | General construction of residential and non-residential buildings | 50% | 50% |
| Noorkom Design Company | Dhu al-Qa'dah 10, 1443H (June 9, 2022) | Interior designing systems | 50% | 50% |
| Remal Park Fund (note 7.4) | Jumada' II 17, 1444H (January 10, 2023) | Real estate activities | 32.19% | - |

2. BASIS OF PREPARATION**Statement of compliance**

These condensed consolidated interim financial statements for the three and nine months periods ended September 30, 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022. In addition, results for the three and nine months periods ended September 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Basis of measurement

These condensed consolidated interim financial statements are prepared under the historical cost convention, except for certain financial instruments measured at fair value and the employee defined benefits liability which is stated at the present value of the related obligation using the projected unit credit method.

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2022, and the notes attached thereto.

New Standards, Amendments to Standards and Interpretations effective from January 1, 2023

There is no new standard issued, however, there are number of amendments to standards which are effective from January 1, 2023 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

New Standards, Amendments and revised IFRSs issued not yet effective

The Group has not applied the following new amendments that have been issued but are not yet effective.

| Amendments to standard | Description | Effective for annual years beginning on or after | Summary of the amendment |
|-------------------------------|---|---|---|
| IFRS S1 | General Requirements for Disclosure of Sustainability-related Financial Information | January 1, 2024 | IFRS S1 is new standard requiring an entity to prepare and report sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general-purpose financial statements are prepared in accordance with IFRS Accounting Standards. |
| IFRS S2 | Climate-related Disclosures | January 1, 2024 | The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. |
| IFRS 16 | Leases on sale and leaseback | January 1, 2024 | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. |
| IAS 1 | Classification of liabilities as current or non-current | January 1, 2024 | The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification. |
| IAS 7 and IFRS 7 | Supplier finance arrangements | January 1, 2024 | These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. |

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Standards, Amendments and revised IFRSs issued not yet effective (Continued)

| Amendments to standard | Description | Effective for annual years beginning on or after | Summary of the amendment |
|-------------------------------|----------------------------------|---|--|
| IFRS 10 and IAS 28 | Amendments to IFRS 10 and IAS 28 | Deferred indefinitely | The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary. |
| IAS 21 | Lack of Exchangeability | January 1, 2025 | The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. |

Management anticipates that these interpretations and new amendments standards will be adopted in these condensed consolidated interim financial statements as and when they are applicable, and adoption of these interpretations and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements as of and for the year ended December 31, 2022.

5. PROPERTY AND EQUIPMENT

- 5.1** During the period ended September 30, 2023, the additions to property and equipment amounted to SR 34.82 million (period ended September 30, 2022: SR 17.22 million).
- 5.2** Certain lands and buildings amounting to SR 70.54 million are mortgaged against a term loan from a local commercial bank (note 11).

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6. INVESTMENT PROPERTIES

| | Lands | Buildings | Capital work | Total |
|--|--------------------|--------------------|---------------------|---------------------|
| | SR | SR | in progress | SR |
| <u>Cost:</u> | | | | |
| At January 1, 2022 (Audited) | 171,991,049 | 32,675,083 | - | 204,666,132 |
| Additions | 19,939,724 | - | - | 19,939,724 |
| Disposals | (95,334,392) | (1,549,314) | - | (96,883,706) |
| Transfer to property and equipment | - | (1,374,036) | - | (1,374,036) |
| At December 31, 2022 (Audited) | 96,596,381 | 29,751,733 | - | 126,348,114 |
| Reclassified from property and equipment | - | 1,306,336 | - | 1,306,336 |
| Transfer from development properties | - | - | 26,550 | 26,550 |
| Additions | 204,406,319 | 1,143,434 | 4,026,394 | 209,576,147 |
| Disposals | (8,566,682) | (1,722,882) | - | (10,289,564) |
| At September 30, 2023 (Unaudited) | 292,436,018 | 30,478,621 | 4,052,944 | 326,967,583 |
| <u>Accumulated depreciation:</u> | | | | |
| At January 1, 2022 (Audited) | - | 3,083,104 | - | 3,083,104 |
| Charge for the year | - | 1,366,583 | - | 1,366,583 |
| Disposals | - | (329,213) | - | (329,213) |
| Transferred to property and equipment | - | (82,516) | - | (82,516) |
| At December 31, 2022 (Audited) | - | 4,037,958 | - | 4,037,958 |
| Charge for the period | - | 1,011,722 | - | 1,011,722 |
| Disposals | - | (330,965) | - | (330,965) |
| At September 30, 2023 (Unaudited) | - | 4,718,715 | - | 4,718,715 |
| <u>Net book value:</u> | | | | |
| At September 30, 2023 (Unaudited) | 292,436,018 | 25,759,906 | 4,052,944 | 322,248,868 |
| At December 31, 2022 (Audited) | 96,596,381 | 25,713,775 | - | 122,310,156 |

The investment properties are valued annually on December 31, 2022 at fair value, determined by an independent, professionally qualified valuer "BAR CODE", who is licensed by Saudi Authority for Accredited Valuers (License number "1210000001") in addition to conducting the valuation by another valuer "LAND STERLING" who is licensed by Saudi Authority for Accredited Valuers (License number "1210001242"). As at December 31, 2022, the fair valuation of the investment properties as per the two valuers amounted to SR 150 million and SR 141.87 million, respectively. During the period, the Group acquired a land amounting to SR 204.41 million, the fair value of which is approximately equal to the carrying value. Management believes that there has not been any material change in fair value of these investment properties as of September 30, 2023.

Certain lands and building amounting to SR 33.95 million are mortgaged against a term loan from a local commercial bank (note 11).

Land amounting to SR 204.4 million is not yet registered in the name of the group as the legal formalities for transfer of land are under progress as of September 30, 2023.

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7. DEVELOPMENT PROPERTIES

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|----------------------------|---|--|
| | SR | SR |
| Lands (note 7.1) | 543,016,656 | 478,346,386 |
| Development cost | 329,255,355 | 213,628,006 |
| Advances (note 7.2) | 173,359,248 | 125,925,948 |
| | 1,045,631,259 | 817,900,340 |
| Current portion (note 7.3) | (514,775,692) | (353,232,470) |
| Non-current portion | 530,855,567 | 464,667,870 |

7.1 As of September 30, 2023, the Group has lands purchased in installments according to sale and purchase agreements conditional on development. As of September 30, 2023, the value of these lands amounted to SR 355.51 million (December 31, 2022: SR 396.83 million) and the ownership of these lands will be transferred to the Group upon completion of development work and related installment payments. The Group has obtained authorization from sellers to initiate sales and development for these lands.

7.2 Advances represent amounts paid in advance for the purchase of lands for development under agreements entered into by the Group. Ownership of the lands is expected to be transferred to the Group's name upon final payment during the year 2023 and in year 2025.

7.3 Management estimates that these projects are expected to be sold / utilized within the next 12 months.

7.4 During the period, the Group has invested in a new associate (a real estate fund regulated by Capital Market Authority) by an amount of SR 48.8 million. Investment in fund was made partially in cash and partially by transferring in-kind "land" contribution from development properties amounting to SR 5 million and SR 43.8 million, respectively.

8. ACCOUNTS RECEIVABLE

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|---|--|
| | SR | SR |
| Accounts receivable - third parties | 155,317,764 | 203,135,186 |
| Accounts receivable - related parties (note 13) | 38,614,112 | 39,861,534 |
| | 193,931,876 | 242,996,720 |
| Less: allowance for expected credit losses | - | (85,231) |
| | 193,931,876 | 242,911,489 |

Movement in allowance for expected credit losses is as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|---|--|
| | SR | SR |
| Opening balance | 85,231 | 2,659,368 |
| Written off against allowance for expected credit losses | (85,231) | (2,574,137) |
| Closing balance | - | 85,231 |

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8. ACCOUNTS RECEIVABLE (Continued)

Aging analysis of accounts receivable - third parties is as follows:

| Days | 0-180 | 181-365 | 366-730 | Total |
|---------------------------------------|--------------|----------------|----------------|--------------|
| September 30, 2023 (Unaudited) | SR | SR | SR | SR |
| Accounts receivable – Gross | 143,004,873 | 6,057,309 | 6,255,582 | 155,317,764 |
| Less: ECL allowance | - | - | - | - |
| Net accounts receivables | 143,004,873 | 6,057,309 | 6,255,582 | 155,317,764 |
| Average loss rates (%) | - | - | - | - |
| December 31, 2022 (Audited) | | | | |
| Accounts receivable – Gross | 178,513,541 | 18,969,842 | 5,651,803 | 203,135,186 |
| Less: ECL allowance | - | - | (85,231) | (85,231) |
| Net accounts receivables | 178,513,541 | 18,969,842 | 5,566,572 | 203,049,955 |
| Average loss rates (%) | - | - | (1.51%) | (0.04%) |

9. CASH ON HAND AND AT BANKS

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---------------|---|--|
| | SR | SR |
| Cash on hand | 1,224,270 | 57,741 |
| Cash at banks | 708,542,596 | 522,916,960 |
| | 709,766,866 | 522,974,701 |

At reporting date, cash and cash equivalents for the purpose of consolidated interim statement of cash flow were presented as follow:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--------------------------------|---|--|
| | SR | SR |
| Cash at banks | 708,542,596 | 522,916,960 |
| Restricted bank balances | (660,663,152) | (498,837,792) |
| Net unrestricted bank balances | 47,879,444 | 24,079,168 |
| Cash on hand | 1,224,270 | 57,741 |
| Cash and cash equivalents | 49,103,714 | 24,136,909 |

As at September 30, 2023, cash at banks include bank balances amounting to SR 660.66 million (December 31, 2022: SR 498.84 million) in local banks in restricted escrow accounts. Drawings from these escrow accounts is restricted for developing certain projects which are sold off-plan and the payment of the amount due to National Housing Company for the lands of specific subsidized projects.

Cash at banks represent balances with local banks with a sound credit rating. Furthermore, these balances bear no interest.

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| | For the nine months period ended | |
|---|---|--------------------|
| | September 30, | |
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) |
| | SR | SR |
| Dividend declared | 80,000,000 | 80,000,000 |
| Property and equipment transferred from development properties | - | 5,652,008 |
| Investment properties reclassified from property and equipment, net | 1,306,336 | - |
| Land transferred to investment in an associate from development properties (note 7.4) | 43,798,425 | - |
| Accrual against additions to investment properties | 52,278,444 | - |
| Recognition of addition to right of use assets and lease liabilities | 31,371,611 | - |
| Transfer from development properties to investment properties | 26,550 | - |
| Write off of accounts receivables against allowance for expected credit losses | 85,231 | - |
| Reserve for change in ownership interests in a subsidiary | 8,162,992 | - |
| Development properties transferred to prepayments and other receivables | 29,811,968 | - |

10. SHARE CAPITAL

As of September 30, 2023, authorized, issued and paid up capital comprise of 500,000,000 shares of SR 1 each (December 31, 2022: 50,000,000 shares of SR 10 each). During the period ended September 30, 2023, in the extraordinary general meeting held on May 2, 2023, the shareholders approved to reduce the nominal value of shares from SR 10 per share to SR 1 per share and increase the number of shares from 40 million shares to 400 million shares with no change in the share capital of the Group. Legal formalities in this regard have been completed during the period.

Further, in the extraordinary general meeting held on Muharram 2, 1445H corresponding to July 20, 2023, the shareholders approved the increase of share capital by granting bonus shares to the Company's shareholders through capitalization of SR 100 million from retained earnings by way of granting 1 share for every 4 shares owned by the shareholders. Legal formalities for issuance of bonus shares have been completed during the period.

11. LOANS**Classification of loans:**

| | September 30, | December 31, |
|---|----------------------|---------------------|
| | 2023 | 2022 |
| | (Unaudited) | (Audited) |
| | SR | SR |
| Short term loans | 202,107,104 | 165,070,438 |
| Long term loans | 1,090,407,791 | 651,310,141 |
| | 1,292,514,895 | 816,380,579 |
| Less: short term loans | (202,107,104) | (165,070,438) |
| Less: long term loans - current portion | (208,782,289) | (189,811,237) |
| Long term loans - non-current portion | 881,625,502 | 461,498,904 |

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11. LOANS (Continued)

The repayment schedule for long term loans is as follows:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---------------------------|---|--|
| | SR | SR |
| Within one year | 208,782,289 | 189,811,237 |
| Not later than five years | 881,625,502 | 461,498,904 |
| | 1,090,407,791 | 651,310,141 |

The Group has obtained, short and medium-term, shariah compliant loan facilities from commercial banks within Kingdom of Saudi Arabia bearing financial charges at SIBOR plus a fixed margin. During the period, the Group has obtained new loans facilities by an amount of SR 1,183.05 million. Certain facilities are guaranteed by pledge of certain land deeds that have been classified under investment properties amounting to SR 33.95 million (refer note 6) and property and equipment amounting to SR 70.54 million (refer note 5.2), in addition to a previous corporate guarantee from a shareholder prior to the Group's IPO. The Group has cancelled the corporate guarantee during the nine months period ended September 30, 2023.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

12.1 Disaggregated revenue information

| | For the three months period ended September 30, | | For the nine months period ended September 30, | |
|---|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Types of goods and services | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | SR | SR | SR | SR |
| Development contract revenues | 320,841,273 | 167,673,178 | 838,964,267 | 447,264,245 |
| Revenue from sales of real estate units / lands | 2,574,790 | 226,104,424 | 41,669,697 | 331,478,864 |
| Revenue from property and facility management | 10,997,291 | 10,139,760 | 33,512,889 | 29,093,566 |
| Rent contracts revenue | 1,580,319 | 2,148,769 | 4,832,861 | 7,540,175 |
| | 335,993,673 | 406,066,131 | 918,979,714 | 815,376,850 |

Revenue for the nine months period ended September 30, 2023 from sales of real estate units / lands includes revenue from sales of development properties and investment properties amounting to SR 26.61 million (September 30, 2022: 205.45 million) and SR. 15.06 million (September 30, 2022: SR 126.03 million), respectively.

12.2 Contract balances

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|---|--|
| | SR | SR |
| Accounts receivable – third parties, net | 155,317,764 | 203,049,955 |
| Contract assets (see note (a) below) | 192,022,923 | 91,184,973 |
| Contract liabilities (see note (b) below) | 161,511,138 | 100,219,716 |

a) Contract assets:

Contract assets are initially recognized for revenue earned over a period of time from development contracts as receipt of consideration is conditional on successful satisfaction of specific milestones. Upon completion of a milestone and acceptance by the customer, the amounts recognized as contract assets are reclassified to account receivables.

b) Contract liabilities:

Contract liabilities mainly include advances from customers towards unsatisfied performance obligations.

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13. RELATED PARTIES TRANSACTIONS AND BALANCES

The Group entered into transactions with related parties based on terms and conditions approved by the management of the Group.

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | SR | SR | SR | SR |
| Revenue | 544,226 | 68,521,790 | 5,914,830 | 73,121,311 |
| Purchases | 40,099,144 | 5,850,196 | 76,239,631 | 21,438,555 |
| Land transferred to Remal Park Fund (note 7.4) | - | | 43,798,425 | - |
| Sale of subsidiary shares to related parties (note 1.1-a) | 19,937,544 | - | 19,937,544 | - |
| Collection on behalf of the Company | 6,020,399 | - | 6,020,399 | - |
| Others | 373,652 | 1,837,262 | 882,938 | 2,016,950 |

Due from related parties classified under accounts receivable includes the following:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|--------------------------------------|-----------------------------------|
| | SR | SR |
| Remal Al Khobar Real Estate Company | 33,453,527 | 33,219,959 |
| Noorkom Design Company | 2,653,600 | - |
| Coffee Taste Company | 877,612 | 828,000 |
| Mimar Emirate and ARAC Engineering Consultancy Company | 1,128,532 | 4,663,049 |
| Alpha Capital Saudi Real Estate Development Fund | - | 1,150,526 |
| Others | 500,841 | - |
| | 38,614,112 | 39,861,534 |

Due to related parties classified under accounts payable includes the following:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|--------------------------------------|-----------------------------------|
| | SR | SR |
| Madar Building Materials Company | 11,355,116 | 13,651,373 |
| Bawan Metal Industries Company | 2,077,023 | 4,772,679 |
| Madar Electrical Materials Company | 1,598,065 | 1,442,691 |
| Madar Hardware Company | 919,394 | 1,805,096 |
| Mimar Emirate and ARAC Engineering Consultancy Company | 724,339 | - |
| Bina for Ready-mix Products Company | 400,955 | 1,103,483 |
| Others | 561,780 | 325,589 |
| | 17,636,672 | 23,100,911 |

As of September 30, 2023, and December 31, 2022, the Group believes that due from / to related parties' balances are receivables / payables upon request. As a result, these balances are classified as current assets / liabilities respectively. These balances bear no interest and there is no repayment schedule. All related parties with debit balances have strong financial position and sufficient funds to repay the balances upon request.

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13. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

Compensation of key management personnel of the Group during the period is as follows:

| | For the three months period ended September 30, | | For the nine months period ended September 30, | |
|------------------------------|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | SR | SR | SR | SR |
| Short term benefits | 1,154,250 | 893,025 | 6,086,250 | 4,439,079 |
| Long term benefits | 69,090 | 78,952 | 209,993 | 200,057 |
| Board meeting attendance fee | 688,875 | - | 2,066,625 | 526,906 |

14. EARNINGS PER SHARE FOR THE PERIOD (BASIC AND DILUTED)

| | For the three months period ended September 30, | | For the nine months period ended September 30, | |
|---|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | SR | SR | SR | SR |
| Profit for the period attributable to the shareholders of the Group | 33,436,479 | 89,760,043 | 145,981,610 | 183,196,692 |
| Weighted average number of shares | Share | Share | Share | Share |
| | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Earnings per share for the profit of period (basic and diluted) | SR / Share | SR / Share | SR / Share | SR / Share |
| | 0.07 | 0.18 | 0.29 | 0.37 |

15. SEGMENT REPORTING

The Group operations are organized mainly in following reportable segments:

- Real estate development segment represents properties under development which are acquired, developed and sold. It includes development of affordable, mid-end, luxury / high class residential and commercial units in the Kingdom of Saudi Arabia.
- Investment segment represents Group's strategic investing activities such as investment in associates, investment in land properties for sale and appreciation (developed or undeveloped with or without infrastructure) and Investments in marketable securities listed on Saudi stock exchange ("Tadawul") including short-term investment less than three months classified within cash and cash equivalents.
- Other segment includes revenue from property and facility management and related real estate activities like brokerage and commission fees.

Segment results that are reported to the chief reporting decision maker for the purpose of making decisions about resource allocation and performance assessment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is measured based on segment revenues and net profit, as included in the internal management reports that are reviewed by the top management at least on quarterly basis.

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The financial information as at September 30, 2023 and December 31, 2022 and for the nine months period ended on September 30, 2023 and 2022, summarized by each segment, is as follows:

| | Real Estate Development | Investment | Others | Eliminations | Total |
|---|------------------------------------|-------------------|---------------|---------------------|---------------|
| <u>As at September 30, 2023 (Unaudited)</u> | SR | SR | SR | SR | SR |
| Total Assets | 2,566,338,216 | 735,037,414 | 78,923,479 | (61,699,446) | 3,318,599,663 |
| Total Liabilities | 2,246,933,863 | 365,795,884 | 63,361,451 | (61,699,446) | 2,614,391,752 |
| <u>As at December 31, 2022 (Audited)</u> | | | | | |
| Total Assets | 1,931,862,042 | 484,199,413 | 27,051,603 | (14,282,086) | 2,428,830,972 |
| Total Liabilities | 1,528,631,284 | 154,000,000 | 26,072,077 | (14,282,086) | 1,694,421,275 |
| <u>For the period ended September 30, 2023 (Unaudited)</u> | | | | | |
| Segment revenue | 876,140,827 | 15,056,217 | 38,345,750 | (10,563,080) | 918,979,714 |
| Share of results of equity accounted investments | - | 46,008,095 | - | - | 46,008,095 |
| Gain on sale of investments at FVTPL | - | 2,988,888 | - | - | 2,988,888 |
| General and administrative expenses | (57,499,186) | - | (3,178,826) | - | (60,678,012) |
| Selling and marketing expenses | (23,538,067) | - | - | - | (23,538,067) |
| Finance costs | (58,271,233) | - | - | - | (58,271,233) |
| Other income, net | 6,535,902 | - | 9,450 | - | 6,545,352 |
| Zakat | (8,729,092) | - | - | - | (8,729,092) |
| Net profit | 88,064,093 | 54,816,561 | 6,980,016 | - | 149,860,670 |

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| | Real Estate Development | Investment | Others | Eliminations | Total |
|--|------------------------------------|-------------------|---------------|---------------------|--------------|
| | SR | SR | SR | SR | SR |
| <u>For the period ended September 30,</u> | | | | | |
| <u>2022 (Unaudited)</u> | | | | | |
| Segment revenue | 652,710,912 | 126,032,197 | 37,278,903 | (645,162) | 815,376,850 |
| Share of results of equity accounted investments | - | 10,931,218 | - | - | 10,931,218 |
| Gain on sale of investments at FVTPL | - | 8,568,603 | - | - | 8,568,603 |
| General and administrative expenses | (34,224,897) | - | (2,925,140) | - | (37,150,037) |
| Selling and marketing expenses | (14,180,249) | - | - | - | (14,180,249) |
| Finance costs | (16,798,048) | - | (72,342) | - | (16,870,390) |
| Other income, net | 4,939,507 | - | - | - | 4,939,507 |
| Zakat | (8,356,261) | - | - | - | (8,356,261) |
| Net profit | 108,045,396 | 70,592,220 | 4,559,076 | - | 183,196,692 |

RETAL URBAN DEVELOPMENT COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023****16. CONTINGENCIES AND COMMITMENTS****Guarantees:**

The Group is contingently liable for bank guarantees issued in the normal course of business of the Group amounting SR 82.41 million as at September 30, 2023 (December 31, 2022: SR 219.15 million).

Capital Commitments

The Group has the following capital commitments:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|---|--|
| | SR | SR |
| Capital commitments for development contracts | 917,030,938 | 804,106,052 |
| Commitment for the purchase of lands | 183,538,872 | 237,073,590 |
| Capital commitments for property and equipment | 3,695,359 | 14,138,632 |
| Capital commitments for the purchase of software license "ERP" | 738,453 | 1,484,587 |
| Commitments for purchase of land from an associate | - | 304,232,869 |

As of September 30, 2023, the Group has outstanding corporate guarantees given on behalf of associates amounting to SR 102.5 million (December 31, 2022: SR 102.5 million).

17. DIVIDEND DISTRIBUTION

The Board of Directors proposed a cash dividend equal to 30% of share capital of the Company amounting to SR 120 million in their meeting held on February 28, 2023 which was approved by the shareholders in the general assembly meeting held at May 2, 2023 and has been paid during the period.

The Board of Directors in their meeting held on Muharram 13, 1445H corresponding to July 31, 2023, approved the distribution of cash dividend to the shareholders at the rate of 16% of the Company's increased capital (equivalent to SR 0.16 per share) amounting to the total of SR 80 million which has been subsequently paid.

18. SUBSEQUENT EVENTS

In the opinion of the management, there have been no other significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, to confirm with the presentation in the current period.

20. DATE OF AUTHORIZATION

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on Rabi'II 18, 1445H corresponding to November 2, 2023.