

SUMO REAL ESTATE COMPANY
(A Saudi Joint Stock Company)**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

SUMO REAL ESTATE COMPANY
(A Saudi Joint Stock Company)

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FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENCED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A Saudi Joint Stock Company)
Khobar – Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Sumou Real Estate Company (the "Company")** and its subsidiaries (collectively referred to as the "group") as at March 31, 2024, and the related condensed consolidated interim statement of profit or loss and other comprehensive income and the related condensed consolidated interim statement of changes in shareholders' equity and cash flows for the three month period ended March 31, 2024, and a summary of significant accounting policies 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 (34) "Interim Financial Reporting" 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" that is endorsed in the Kingdom of Saudi Arabia, A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia.



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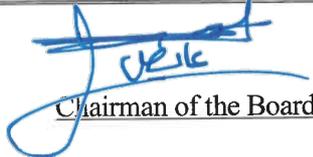
Shawal 27, 1445H (May 6, 2024)
Khobar, Kingdom of Saudi Arabia

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(Saudi Riyals)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment, net		1,736,157	1,845,023
Investment properties		60,220,776	60,220,776
Projects under development	6	151,579,760	40,533,892
Right of use Assets, net	7	20,167,271	19,341,710
Intangible assets, net		478,325	539,998
Financial assets at fair value through other comprehensive income		81,979,022	81,979,022
Investments in companies designated by equity method	8	298,861,491	306,932,738
TOTAL NON-CURRENT ASSETS		615,022,802	511,393,159
CURRENT ASSETS			
Accrued revenue		18,696,684	46,817,517
Due from related parties	9	81,456,284	64,991,484
Real estate held for sale		10,355,038	10,355,038
Prepayments and other assets		57,911,233	69,138,358
Accounts receivables		43,353,892	33,888,850
Cash and cash equivalents	5	151,475,938	113,529,012
TOTAL CURRENT ASSETS		363,249,069	338,720,259
TOTAL ASSETS		978,271,871	850,113,418
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		375,000,000	375,000,000
Statutory reserve		54,539,257	54,539,257
Retained earnings		145,265,935	126,234,985
Revaluation reserve for investments through OCI		(19,059,461)	(19,059,461)
TOTAL SHAREHOLDERS' EQUITY		555,745,731	536,714,781
Non-controlling interest		(1,025,842)	(938,594)
TOTAL SHAREHOLDERS' EQUITY		554,719,889	535,776,187
NON-CURRENT LIABILITIES			
Lease obligations - non-current portion	7	18,030,852	18,725,397
Land obligations against projects under development-non-current portion		89,962,181	-
Advance payments from customers		13,018,012	18,174,944
Employee benefit obligations		4,718,625	4,443,568
TOTAL NON-CURRENT LIABILITIES		125,729,670	41,343,909
CURRENT LIABILITIES			
Zakat provision	10	7,788,510	5,968,510
Lease obligations - current portion	7	1,931,302	1,433,750
Accrued expenses and other liabilities		33,687,076	29,472,993
Due to related parties	9	101,215,447	100,033,955
Land obligations against projects under development - current portion		75,762,416	73,271,772
Account payables		77,437,561	62,812,342
TOTAL CURRENT LIABILITIES		297,822,312	272,993,322
TOTAL LIABILITIES		423,551,982	314,337,231
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		978,271,871	850,113,418


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes from (1) to (16) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

	Note	For the three month period ended	
		31 March	2023
		2024	2023
		(Unaudited)	(Unaudited)
Revenue	11	80,965,593	52,731,404
Cost of revenue		(59,436,053)	(40,039,100)
Gross operating income		21,529,540	12,692,304
General and administrative expenses		(5,509,665)	(2,949,959)
Net profit from main operations		16,019,875	9,742,345
Finance cost		(301,517)	(297,596)
The group's share of the results of the business of the Investments in companies designated by equity method	8	5,128,753	(250,873)
Other income		-	146,693
Net profit before zakat for the period		20,847,111	9,340,569
Zakat	10	(1,820,000)	(500,000)
Net profit for the period		19,027,111	8,840,569
Net profit for the period attributed to:			
Shareholders		19,114,359	8,922,769
Non-controlling interest		(87,248)	(82,200)
		19,027,111	8,840,569
Earnings per share:			
Basic and diluted earnings per share from net profit for the period attributable to the group's shareholder	12	0.510	0.238


Finance Manager


Chief Executive Officer


Chairman of the Board

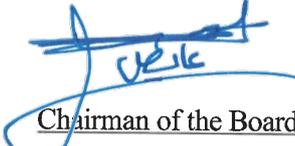
The attached notes form (1) to (16) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

	For the three month period ended	
	31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit for the period	19,027,111	8,840,569
Items that will not be subsequently reclassified into profit or loss:		
Actuarial losses from re-measurement for employee benefit obligations	(83,409)	-
Other Comprehensive (loss) income for the period	(83,409)	-
Total comprehensive income for the period	18,943,702	8,840,569
Total comprehensive income for the period attributed to:		
Shareholders	19,030,950	8,922,769
Non-controlling interest	(87,248)	(82,200)
	18,943,702	8,840,569


Finance Manager


Chief Executive Officer


Chairman of the Board

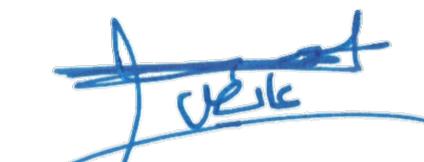
The attached notes form (1) to (16) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve investments through OCI	Total shareholders' equity	Non-controlling interest	Total shareholders' equity
Balance as at 1 January 2023 (Audited)	375,000,000	44,238,472	108,727,489	6,221,116	534,187,077	(607,554)	533,579,523
Net profit for the period	-	-	8,922,769	-	8,922,769	(82,200)	8,840,569
Dividends distribution	-	-	(37,500,000)	-	(37,500,000)	-	(37,500,000)
Balance as at 31 March 2023 (Unaudited)	375,000,000	44,238,472	80,150,258	6,221,116	505,609,846	(689,754)	504,920,092
Balance as at 1 January 2024 (Audited)	375,000,000	54,539,257	126,234,985	(19,059,461)	536,714,781	(938,594)	535,776,187
Net profit for the period	-	-	19,114,359	-	19,114,359	(87,248)	19,027,111
Other comprehensive loss	-	-	(83,409)	-	(83,409)	-	(83,409)
Balance as at 31 March 2024 (Unaudited)	375,000,000	54,539,257	145,265,935	(19,059,461)	555,745,731	(1,025,842)	554,719,889


Finance Manager


Chief Executive Officer


Chairman of the Board

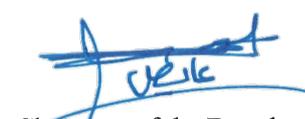
The attached notes form (1) to (16) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
OPERATING ACTIVITIES		
Net profit for the period	19,027,111	8,840,569
Adjustments:		
Depreciation and amortization	581,844	538,032
The group's share of the results of the business of the Investments in companies designated by equity method	(5,128,753)	250,873
Finance cost	301,517	297,596
Employee benefit obligations	228,273	198,034
Zakat provision	1,820,000	500,000
Operating assets and liabilities:		
Account receivables	(9,465,042)	-
Prepayments and other assets	11,227,125	(3,478,365)
Accrued expenses and other liabilities	4,214,083	4,034,478
Account payables	14,625,219	5,669,267
Net change in related parties balances	(15,283,308)	(2,501,167)
Accrued revenue	28,120,833	(23,413,971)
Advance payments from customers	(5,156,932)	-
Employee benefit obligations paid	(36,625)	(26,273)
Net cash provided by (used in) operating activities	45,075,345	(9,090,927)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48,780)	(26,436)
Murabaha investment deposits	-	15,000,000
Dividends from investments in companies invested in through the equity method	13,200,000	-
Net change in projects under development	(18,593,043)	3,093,710
Net cash (used in) provided by investing activities	(5,441,823)	18,067,274
FINANCING ACTIVITIES		
Lease obligations paid	(1,570,526)	(205,600)
Financing costs paid	(116,070)	(109,430)
Net cash used in financing activities	(1,686,596)	(315,030)
Net change in cash and cash equivalents	37,946,926	8,661,317
Cash and cash equivalents at beginning of the period	113,529,012	83,797,263
Cash and cash equivalents at end of the period	151,475,938	92,458,580
Non Cash transactions		
Actuarial losses from re-measurement of employee benefit obligations	83,409	-
Land obligations against projects under development	92,452,825	-
Dividends payable	-	37,500,000


Finance Manager


Chief Executive Officer


Chairman of the Board

The attached notes form (1) to (16) form an integral part of these condensed consolidated interim financial statements.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

1. ACTIVITIES

Sumou Real Estate Company is a Saudi Joint Stock company operating under commercial registration number 2051034841 dated 3 Jumada Al Thani 1428H (corresponding to June 18, 2007) issued at Khobar, Kingdom of Saudi Arabia.

The Company's share capital is SAR 375 million as at March 31, 2024 (December 31, 2023: SAR 375 million), consisting of 37.5 million shares as at March 31, 2024 (December 31, 2023: 37.5 million shares) issued and fully paid, with a par value of SAR 10 Saudi share.

The address of the company's head office is in Al-Khobar, Prince Turki Street, Al-Yarmouk District, PO Box 250, Al-Khobar 31952, Kingdom of Saudi Arabia.

The main activity of the company is the general construction of residential buildings, general construction of non-residential buildings, including (schools, hospitals, hotels, etc.), construction of airports and their facilities, construction of prefabricated buildings on sites, renovations of residential and non-residential buildings, purchase and sale of land and real estate and its division and off plan sale activities.

These condensed consolidated interim financial statements include assets, liabilities and the main activities of the above-mentioned commercial register and the following branches commercial registers:

Branches CR No Location and registration

1010261561	Riyadh
4030189816	Jeddah
4031275053	Makkah

The condensed consolidated interim financial statements include the condensed consolidated interim financial statements for the company and its subsidiaries as follows:

Company name	Legal entity	Country of Incorporation	Actual Ownership Percentage	
			2024	2023
Al Mahafel Trading and Contracting Co. Ltd.	Limited Liability Co	Kingdom of Saudi Arabia	80%	80%
Anara development company	Limited Liability Co	Kingdom of Saudi Arabia	100%	100%

The assets, liabilities and results of operations of the above mentioned subsidiaries are included in the accompanying condensed consolidated interim financial statements.

- **Al Mahafel Trading and Contracting Co. Ltd.** is a Saudi limited liability company registered under Commercial Registration No. 4030127728 in Jeddah, dated 15/4/1420H. Its activities include general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, general construction of government buildings, construction of prefabricated buildings on sites, and renovations of residential and non-residential buildings.

- **Anara Development Company** is a Saudi limited liability company registered under Commercial Registry No. 4030534502 in the city of Jeddah and dated 21/5/1445H. Its activities include general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, etc., general construction of government buildings, and construction of prefabricated buildings on sites. Restorations of residential and non-residential buildings, construction of roads, streets, sidewalks, and road supplies, general sports construction, including stadiums, building finishing, buying and selling land and real estate, dividing it, and off-plan sales activities, real estate development of residential buildings using modern construction methods. No separate financial statements have been issued for the company, as the Company's first audited financial statements will be issued from the date of its registration in the commercial register until December 31, 2024.

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

2. BASIS OF PREPARATION CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2-1 Statement of compliance:

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Group’s last annual Financial Statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of IFRS Financial Statements however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since December 31, 2023.

2-2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis and using the accrual basis of accounting except for the items to which the fair value measurement applies, present value, realizable value, and replacement cost in light of the accrual principle and the assumption of continuity for the group.

2-3 Functional and presentation currency:

The condensed consolidated interim financial statements are presented in Saudi Riyal, which is the Group’s functional and presentation currency.

2-4 Use of estimates and judgments and assumptions:

The preparation of condensed consolidated interim financial statements in conformity with IFRSs 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 estimates made by the management when applying the company's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the last annual financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and are the same policies applied in the group's annual financial statements for the year ended December 31, 2023, except for applying the new accounting policies below that are effective from January 1, 2024.

New Standards, Amendment to Standards and Interpretations

There are new standards and number of amendments to standards which are effective from 1 January 2024 and have been explained in Group’s annual Consolidated Financial Statements, but they do not have a material effect on the Group’s Condensed Consolidated Interim Financial Statements.

4. BASIS OF CONSOLIDATION

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

SUMOUM REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

4. BASIS OF CONSOLIDATION (CONTINUED)

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Consolidated profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

5. CASH AND CASH EQUIVALENTS

This item consists of the following:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Cash at banks	5,981,732	2,654,693
Restricted cash at banks (5-1)	145,494,206	110,874,319
Cash and Cash Equivalents	151,475,938	113,529,012

5-1 These balances represent the bank accounts registered for off-plan sale projects (Wafi). The use of this cash is limited to disbursement to those projects only and the cash collections related to them, and therefore they are considered cash and cash equivalents.

6. PROJECTS UNDER DEVELOPMENT

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Dar Sumou Project (6-a)	11,442,301	12,960,306
Al Asela Project (6-b)	109,982,490	-
Public Benefit Market Project (6-c)	30,154,969	27,573,586
	151,579,760	40,533,892

A) Project under development represents the costs incurred in the Dar Sumou project to build and sell 412 villas in the city of Jeddah on the lands of the Ministry of Housing allocated to Sumou Real Estate Company.

Below are the project details:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	12,960,306	36,579,119
Development, implementation and construction costs incurred	5,908,378	91,929,101
Total	18,868,684	128,508,220
Work performed during the period / year	(7,426,383)	(115,547,914)
Balance at the end of the period / year	11,442,301	12,960,306

SUMO REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

6. PROJECTS UNDER DEVELOPMENT (CONTINUED)

B) Project under development represents the costs incurred in the Al Asela project to build and sell 326 villas in the city of Riyadh on the lands of the Ministry of Housing allocated to Sumou Real Estate Company.

Below are the project details:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	-
Development, implementation and construction costs incurred	147,324,126	-
Total	147,324,126	-
Work performed during the period / year	(37,341,636)	-
Balance at the end of the period / year	109,982,490	-

C) Project under development represents the costs incurred in the Public Benefit Market Project which belongs to the subsidiary company (Al-Mahafel Trading and Contracting Company Limited).

Below are the project details:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	27,573,586	8,795,943
Development, implementation and construction costs incurred	2,581,383	18,777,643
Balance at the end of the period / year	30,154,969	27,573,586

7. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS, NET

The table below shows the right of use assets balance and the depreciation charged as follows:

	Land	Building	Total
Cost			
The balance as at January 01, 2024 (Audited)	21,784,442	1,408,825	23,193,267
Additions during the period	-	1,188,086	1,188,086
The balance as at March 31, 2024 (Unaudited)	21,784,442	2,596,911	24,381,353
Accumulated depreciation			
The balance as at January 01, 2024 (Audited)	(2,614,134)	(1,237,423)	(3,851,557)
Charge for the period	(216,654)	(145,871)	(362,525)
The balance as at March 31, 2024 (Unaudited)	(2,830,788)	(1,383,294)	(4,214,082)
Net book value			
As at 31 March 2024 (Unaudited)	18,953,654	1,213,617	20,167,271
As at 31 December 2023 (Audited)	19,170,308	171,402	19,341,710

The lease obligations are as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Non-current lease obligations	18,030,852	18,725,397
Current lease obligations	1,931,302	1,433,750
Total lease obligations	19,962,154	20,159,147

The finance cost recognized from lease obligations during the period ended 31 March 2024 amounted to SR 185,447 (unaudited) (31 March 2023: SR 188,166) (unaudited).

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(Saudi Riyals)

8. INVESTMENT IN COMPANIES DESIGNATED BY EQUITY METHOD

The investments in companies designated by equity method are as follows:

	<u>Actual Ownership</u>		31 March 2024	31 December 2023
	<u>Percentage</u>		<u>(Unaudited)</u>	<u>(Audited)</u>
Investments in Western Dhahiat Company (8-a)	25%	25%	272,549,710	272,734,858
Investments in Tanal Real Estate Development and Investment Company (8-b)	10%	10%	26,311,781	34,197,880
			298,861,491	306,932,738

a) Investments in Western Dhahiat Company

- The group owns 25% of the net assets of the Western Dhahiat Company, which operates mainly in the Kingdom of Saudi Arabia and the investment was treated using the equity method.

- Western Dhahiat Company is a limited liability company with a capital of SR 100,000. The address of the company's head office is in Jeddah. The company's activity is in the general construction of residential buildings, and non-residential buildings, the purchase and sale of land and real estate, and its division, and off-plan sales activities.

- The return on investment in the associate was calculated based on the unaudited financial statement for the period ending on March 31, 2024 which is prepared by the company's management.

The financial information of the associate company is summarized as follows:

	31 March 2024	31 December 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Total assets	1,091,568,693	1,092,246,784
Total liabilities	1,369,851	1,307,350
Equity	1,090,198,842	1,090,939,434
Revenue	-	-
Expenses	(740,594)	(22,318,029)
Net loss	(740,594)	(22,318,029)
Other comprehensive loss	(740,594)	(72,816,662)

The investment movement:

	31 March 2024	31 December 2023
	<u>(Unaudited)</u>	<u>(Audited)</u>
Beginning balance for the period / year	272,734,858	296,518,530
Group's share of net loss for the period/year	(185,148)	(5,579,506)
Group's share of other comprehensive loss for the period/year	-	(18,204,166)
Balance at the end of the period / year	272,549,710	272,734,858

b) Investments in Tanal Company for Investment and Real Estate Development

Tanal Real Estate Development and Investment Company is a limited liability company with a capital of 100,000 Saudi riyals. The address of the company's head office is in Riyadh. The company's activity is the management and leasing of residential and non-residential properties owned or leased.

Sumou Real Estate Company owns 40% voting rights in Tanal Real Estate Investment and Development Company on operational and administrative decisions, and this was considered as a significant influence due to the Chairman of the Board of Directors of Tanal Investment and Real Estate Development Company is the Chairman of the Board of Directors for Sumou Real Estate and also the member of board of directors in Tanal company is the deputy chairman of the board for sumou real estate company, and thus the investment was treated using the equity method.

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8. INVESTMENT IN COMPANIES DESIGNATED BY EQUITY METHOD (CONTINUED)

Summary of the consolidated financial information of Tanal for Real Estate Investment and Development Company and its subsidiary (Ruba Buildings Real Estate Company)

The consolidated financial statements of this company and its subsidiary are prepared in accordance with International Financial Reporting Standards. The accounting policies used in preparing the consolidated financial statements of the associate are consistent with those of sumou Real Estate Company.

Summary of the consolidated statement of profit or loss and other comprehensive income

	For the three month period ended	
	31 March	
	2024	2023
Revenue	133,992,285	3,421,308
Profit from main operations	54,835,719	1,468,822
Net profit (loss) for the period	53,139,011	(824,069)
Other comprehensive income (loss) for the period	53,139,011	(824,069)
Group's share of the profit (loss) for the period	5,313,901	(82,407)

The share in net profit was calculated based on the consolidated financial statements of Tanal Company for Investment and Real Estate Development which were available at the date of issuance of the associate's interim condensed financial statements. This may sometimes lead to some minor changes that are settled in the subsequent accounting period.

Summary of the consolidated statement of financial position

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Assets		
Non-current assets	-	511,393,159
Current assets	284,255,018	338,720,259
Total assets	284,255,018	850,113,418
Liabilities and partner's equity		
Non-current liability	-	41,343,909
Current liability	21,137,205	272,993,322
Total equity	263,117,813	535,776,187
Total liabilities and equity	284,255,018	850,113,418

The investment movement

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	34,197,880	33,345,057
Dividends Received	(13,200,000)	(13,200,000)
Share of profit for the period/year	5,313,901	14,052,823
Balance at the end of the period/year	26,311,781	34,197,880

c) The group's share of the results from business of associates

	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Tanal for Investment and real-estate Development Company	5,313,901	(82,407)
Western Dhahiat Company	(185,148)	(168,466)
	5,128,753	(250,873)

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9. RELATED PARTY TRANSACTIONS

The related parties are represented in the dealings with the associate group, non-executive members of the board of directors, and senior management employees of the group, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the group's activities, directly or indirectly, including the managers.

During the normal course of its business, the group had the following important transactions with major related parties during the period ended on 31 March 2024 and 31 December 2023. as follows:

Name	Relationship
Sumou Holding company	Main Shareholder
Adeer Holding Company	Affiliate company
Adeer Asar Real Estate Company	Affiliate company
Asmou Real Estate Development Company	Affiliate company
Riyadah Gulf Management Company	Affiliate company
Buna Al Jazira for contracting Co.	Affiliate company
Western Dahiet Company	Associate company
Sumou Dahiet Real Estate Fund	Entity associated with board of directors
Alinma Al Madinah Real Estate Fund	Entity associated with board of directors
Alinma Ajyad Real Estate Fund	Entity associated with board of directors
Alinma Al Taif Real Estate Fund	Entity associated with board of directors

- The transactions and amounts related thereto for the period ended on:

Description	Nature of the transaction	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Sumou Holding company	Revenue	3,178,237	18,961,409
Adeer Holding Company	Revenue	-	41,000,000
Adeer Asar Real Estate Company	Revenue	1,578,833	4,870,433
Adeer Asar Real Estate Company	Advance payments	7,368,227	6,547,060
Riyadah Gulf Management Company	Administrative services	300,000	1,200,000
Adeer Holding Company	Rents	248,776	509,565
Asmou Real Estate Development Company	Revenue	15,000,000	15,000,000
Sumou Dahiet Real Estate Fund	Revenue – in kind	-	15,201,967
Sumou Dahiet Real Estate Fund	Revenue – in cash	-	18,000,000
Alinma Al Madinah Real Estate Fund	Advance revenue	-	19,427,660
Alinma Ajyad Real Estate Fund	Advance revenue	-	30,000,000
Alinma Al Taif Real Estate Fund	Advance revenue	-	21,470,000
Buna Al Jazira for contracting Co.	Contracting works	9,069,614	21,230,693

- Remunerations of Managers and Senior Management Staff:

Senior management is represented by senior members of the Board of Directors and senior executives in the group who have the powers and responsibilities of planning, directing and controlling the group's activities. The following are the benefits and rewards of senior management employees.

Description	Nature of the transaction	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Members of the Board of Directors and other committees	Allowances for attending sessions and bonuses	246,000	977,504
Senior management staff	Salaries, allowances and incentives	1,668,161	5,164,113

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9. RELATED PARTY TRANSACTIONS (CONTINUED)

a. Due from related parties is as follow:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Adeer Holding Company*	29,291,484	29,291,484
Sumou Dahiet Real Estate Fund	20,700,000	20,700,000
Sumou Holding Company	1,464,800	-
Asmou Real Estate Development Company	30,000,000	15,000,000
	81,456,284	64,991,484

* Due from a related party is represented in in-kind investments in the form of shares in the Akhayal scheme project in the eastern region, amounting to 29,291,484 Saudi riyals as of March 31, 2024 (December 31, 2023: 29,291,484 Saudi riyals), and the details of the movement on the investment are as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at beginning of the year/ The fair value at the acquisition date	29,291,484	32,247,290
The change in the fair value of financial assets through other comprehensive income	-	(2,955,806)
Balance at the end of the period / year	29,291,484	29,291,484

b. Due to related parties represent as follow:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Alinma Ajyad Real Estate Fund	30,000,000	30,000,000
Buna Al Jazira for contracting Co.	22,949,560	21,230,693
Alinma Al Taif Real Estate Fund	21,470,000	21,470,000
Alinma Al Madinah Real Estate Fund	19,427,660	19,427,660
Adeer Asar Real Estate Co	7,368,227	6,547,060
Sumou Holding Company	-	1,358,542
	101,215,447	100,033,955

10. ZAKAT PROVISION

A) Zakat assessment status:

The group received letters of amendment for the years 2019 and 2020 on October 12, 2021, amounting to 12,119,787 Saudi riyals. The group paid an amount of 3,670,719 Saudi riyals and objected to the Zakat, Tax and Customs Authority on December 9, 2021 for an amount of 8,449,068 Saudi riyals, According to the Zakat advisor, a ruling was made in favor of the group in the preliminary committee, and the Zakat, Tax and Customs Authority appealed the decision, and up to date, the appeal decision has not been issued.

And based on the opinion of the zakat advisor of the group, there is no need to record a provision during the current period in return for the obligation.

B) The movement of the zakat provision:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	5,968,510	4,958,878
Charge during the period/ year	1,820,000	5,968,510
Paid during the period/ year	-	(4,958,878)
Provision balance at the end of the period/ year	7,788,510	5,968,510

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11. REVENUE

	For the three month period ended	
	31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Real estate project revenues	49,115,705	39,993,405
Real estate project management fees revenue	19,757,070	12,737,999
Contracting work revenue	12,092,818	-
	80,965,593	52,731,404

The total revenue from related parties amounted to SAR 19,757,070 for the period ended March 31, 2024 (March 31, 2023: SAR 12,737,999) Note 9.

12. EARNINGS PER SHARE

Earnings per share relating to net income has been calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period, which amounted to 37,5 million shares as on March 31, 2024 (March 31, 2023: 37,5 million shares).

Diluted earnings per share was calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period adjusted for the potential reduction in ordinary shares, As there is no contingent liability for equity instruments, the diluted earnings per share are not different from basic earnings per share.

13. CONTINGENT LIABILITIES

As of March 31, 2024, the Group has contingent liabilities in the form of letters of guarantee amounting to SAR 87,684,551 (December 31, 2023: SAR 127,995,555).

14. SEGMENT INFORMATION

The segment information is attributable to the Group's activities and business as approved by Group's management to be used as a basis for the financial reporting preparation and consistent with the internal reporting process. Transactions between the business segments are conducted as another parties' transaction.

Segments' assets, liabilities and the operational activities comprise items that are directly attributable to certain segment and items that can reasonably be allocated between various business segments. Unallocated items are included under joint assets and liabilities.

The group has developed the following reports and sectors which all operate in the Kingdom of Saudi Arabia:

Contracting and real estate projects: This section of business deals with real estate projects mostly accomplished by the group with the help of subcontractors.

Real Estate Project Management: This sector constitutes real estate project management. These project are owned by real estate developers and the group charges them only for management fees.

Investments: This represents the group's direct and indirect investments in real estate and project development, which can be sold before or after the completion of development work.

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14. SEGMENT INFORMATION (CONTINUED)

The following summary financial information sector in Saudi Riyal according to the nature of the activity:

	Contracting and real estate project	Real estate project management	Investments	Joint assets and liabilities	Total
As of 31 March 2024 (Unaudited):					
Total assets	421,406,778	61,453,481	480,707,811	14,703,801	978,271,871
Total liabilities	319,282,645	12,620,979	70,897,660	20,750,698	423,551,982
For the period ended 31 March 2024 (Unaudited):					
Revenue	61,208,523	19,757,070	-	-	80,965,593
Gross profit	7,154,236	14,375,304	-	-	21,529,540
As of 31 December 2023 (Audited):					
Total assets	287,762,614	42,601,402	488,779,058	30,970,344	850,113,418
Total liabilities	212,504,605	11,347,060	70,897,660	19,587,906	314,337,231
For the period ended 31 March 2023 (Unaudited):					
Revenue	39,993,405	12,737,999	-	-	52,731,404
Gross profit	4,585,677	8,106,627	-	-	12,692,304

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities are exposed to various financial risks such as fair value measurement, credit risk, liquidity risk, foreign currency risk and capital management risk. Management reviews and approves policies to manage each of these risks, which are summarized as follows:

Fair value measurement of financial instruments

Fair value is the amount at which an asset is sold or a liability settled between willing parties in the arm's length transactions at the date there is a presumption that the Group is a going concern entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in the active market if the quoted prices are readily and regularly available from an intermediary, industry group, pricing services or regulatory body, and these prices represent market transactions that have occurred on an active and regular basis on a commercial basis.

When measuring fair value, the group uses observable market information whenever possible to the inputs used in valuation methods as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (eg prices) or indirectly derived from prices.

Level 3: inputs for assets or liabilities not based on observable market information (non-observable inputs).

Following schedule presents an analysis of financial instruments carried at fair value according to the fair value hierarchy:

	March 31, 2024 (Unaudited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Financial assets at fair value through other comprehensive income	-	-	81,979,022	81,979,022
	-	-	81,979,022	81,979,022
	December 31, 2023 (Audited)			
	Level 1 (SR)	Level 2 (SR)	Level 3 (SR)	Total (SR)
Financial assets at fair value through other comprehensive income	-	-	81,979,022	81,979,022
	-	-	81,979,022	81,979,022

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

Management policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. Management monitors the return on the capital used and the level of dividends distributed to shareholders.

In managing capital, the group aims to:

- To protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.
- Provide sufficient returns for shareholders.

Market risk

Market risk is the risk that a financial instrument will fluctuate due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices affecting the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the group's currency. Most of the group's transactions are made in Saudi Riyals. The Group's management believes that its exposure to foreign currency risk is not significant.

Other Prices risk

The Group is exposed to price risk from its investments in the equity of other companies. The Group retains these investments for strategic purposes and not for trading purposes and the Group does not trade in those investments.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and accounts receivable as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Cash at banks	151,475,938	113,529,012
Account receivables	43,353,892	33,888,850
	194,829,830	147,417,862

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The group manages its liquidity risk by ensuring that the necessary funds are available when needed.

16. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the board of directors on Shawal, 27 1445H corresponding to May 6, 2024.