

AL-SHARQIYAH DEVELOPMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)
AND INDEPENDENT AUDITOR'S
REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED 30 JUNE 2025

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Sharqiyah Development Company, a Saudi joint stock company (the "Company") and its subsidiaries (together "the Group") as at 30 June 2025 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, for the three-month and six-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We have conducted our review in accordance with International Standard on Review Engagements - 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

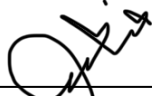
EMPHASES OF MATTER

We draw attention to:

- Note 16 of the accompanying interim condensed financial information, in respect to the government grant "agriculture lands", that on the date of August 2, 2022, the Company has received the Ministry of Environment Water & Agriculture decision issued on June 30, 2022, which included that the deed cannot be issued in the name of the Company. however, the Company can benefit from the land until the Saudi Aramco Company realizes its actual needs, Management could not identify a useful life for the agricultural land utilization.

Our conclusion was not modified with respect of these matters.

For Al-Kharashi & Co.


Abdullah S. Al Msned
License No. (456)



Riyadh:
10 Safar 1447H
04 August 2025

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

AS AT 30 JUNE 2025

(All amounts expressed in Saudi Riyals unless otherwise stated)

		As at	
		30 June 2025 (Unaudited)	31 December 2024 (Audited)
	Note		
Assets			
Non-current assets			
Property, plant and equipment	5	56,296,575	47,805,124
Intangible assets, government grant		171,307,811	171,307,811
Intangible assets	6	4,894,992	5,498,443
Investments at fair value through other comprehensive income		3,652,362	3,652,362
Total non-current assets		236,151,740	228,263,740
Current assets			
Trade receivables		29,567,648	17,404,862
prepayments, and other receivables	7	7,775,782	5,202,192
Inventory	8	18,330,270	15,569,288
Investments at fair value through profit or loss	9	60,552,404	20,955,340
Term deposit	10	31,000,000	31,000,000
Cash and cash equivalents	11	31,189,338	110,013,556
Total current assets		178,415,442	200,145,238
Total assets		414,567,182	428,408,978
Equity and liabilities			
Equity			
Share capital	4	300,000,000	300,000,000
Statutory reserve		3,276,667	3,276,667
Fair value reserve		2,226,762	2,226,762
Retained earnings		47,463,172	52,794,038
Total equity		352,966,601	358,297,467
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion		-	253,300
Employee benefits obligations		842,293	622,542
Total non-current liabilities		842,293	875,842
Current liabilities			
Trade and other payables	12	38,595,532	45,711,299
Lease liabilities –current portion		488,417	470,337
Due to related parties	14	5,272,383	5,272,383
Accrued dividends to shareholders		1,358,957	1,358,957
Zakat Provision		15,042,999	16,422,693
Total current liabilities		60,758,288	69,235,669
Total liabilities		61,600,581	70,111,511
Total equity and liabilities		414,567,182	428,408,978


Chief Financial Officer


Chief Executive Officer


Board Member

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

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)****FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30, 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the Three-Months Period		For the Six-Months Period	
		Ended 30 June		Ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
		SR	SR	SR	SR
Revenue		59,972,342	12,481,846	104,833,988	12,481,846
Cost of revenue		(53,991,228)	(11,838,014)	(98,317,217)	(11,838,014)
Gross profit		5,981,114	643,832	6,516,771	643,832
General and administrative expenses	15	(3,352,750)	(2,699,731)	(6,633,496)	(4,701,976)
Selling and distribution expenses		(4,071,404)	-	(7,937,070)	-
Operating loss		(1,443,040)	(2,055,899)	(8,053,795)	(4,058,144)
Finance expenses		(136,705)	(16,259)	(249,359)	(29,743)
Time deposit returns		270,474	3,028,968	759,487	6,168,051
Gains from investments in a fund at fair value through profit or loss		977,503	277,326	1,597,063	277,326
Return on investment in Sukuks		421,118	-	741,881	-
Other income		478,603	365,084	623,857	434,541
Profit (loss) for the period before zakat		567,953	1,599,220	(4,580,866)	2,792,031
zakat		(250,000)	(9,047)	(750,000)	(9,047)
Profit (loss) for the period after zakat		317,953	1,590,173	(5,330,866)	2,782,984
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		317,953	1,590,173	(5,330,866)	2,782,984
The basic and diluted earnings / (loss) per share	17	0.01	0.05	(0.178)	0.09


 Chief Financial Officer


 Chief Executive Officer


 Board Member

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

AL-SHARQIYAH DEVELOPMENT COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MOTNHS PERIOD ENDED 30 JUNE 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance as at 1 January 2024 (Audited)	300,000,000	3,276,667	5,591,449	56,987,486	365,855,602
profit for the period	-	-	-	2,782,984	2,782,984
Balance as at 30 June 2024 (Unaudited)	300,000,000	3,276,667	5,591,449	59,770,470	368,638,586
Balance as at 1 January 2025 (Audited)	300,000,000	3,276,667	2,226,762	52,794,038	358,297,467
loss for the period	-	-	-	(5,330,866)	(5,330,866)
Balance as at 30 June 2025 (Unaudited)	300,000,000	3,276,667	2,226,762	47,463,172	352,966,601



Chief Financial Officer



Chief Executive Officer



Board Member

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30, 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

		For the six-month period ended	
		30 June 2025	30 June 2024
		(Unaudited)	(Unaudited)
Cash flows from operating activities:	Note		
Profit (Loss) for the period		(4,580,866)	2,792,031
Adjustments to reconcile net loss with net cash used in operating activities:			
Depreciation	5	2,533,684	312,859
Right-of-use assets depreciation		237,828	237,830
Finance costs		18,280	27,135
Losses on disposal of property, plant and equipment		79,292	-
Intangible assets amortization	6	603,451	-
Employee benefit obligations		219,751	88,776
		(888,580)	3,458,631
<i>Changes in working capital items:</i>			
Trade receivables		(12,162,786)	(11,690,108)
Prepaid expenses and other receivables		(2,573,590)	-
Inventory		(2,760,982)	(18,049,329)
Trade and other payables		(7,115,767)	12,876,436
		(25,501,705)	13,404,370)
Zakat paid		(2,129,694)	(3,203,593)
Net cash used in operating activities		(27,631,399)	(16,607,963)
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	5	(11,554,249)	(261,424)
Proceeds from sales of assets		211,994	-
Investments at fair value through profit or loss		(39,597,064)	(608,328)
Term deposit		-	40,000,000
Net cash generated / (used in) investment activities		(50,939,319)	39,130,248
Cash flows from financing activities			
Payment of lease liabilities		(253,500)	-
Net cash generated from financing activities		(253,500)	-
Net change in cash and cash equivalents		(78,824,218)	22,522,285
Cash and cash equivalents at the beginning of the period		110,013,556	63,377,629
Cash and cash equivalents at the end of the period		31,189,338	85,899,914


Chief Financial Officer


Chief Executive Officer


Board Member

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

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

**NOTES ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025**
(All amounts expressed in Saudi Riyals unless otherwise stated)

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

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

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

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

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

- a) The main activity of the company is summarized as follows:
 - Agriculture, forestry and fishing. / Construction.
 - Wholesale and retail trade and repair of motor vehicles and motorcycles.
 - Transportation and storage.
 - Accommodation and food service activities.
 - Real estate activities. /Arts, entertainment and leisure.
 - Other service activities, which are represented in the activities of professional membership organizations. Growing vegetables in greenhouses and growing uncovered variegated vegetables.
- b) The main activity of the subsidiary (Sado Arab Trading Company) is:
 - Activities related to food security and logistic services.
- c) The main activity of Al Waseet Al Beri Logistics Company (a subsidiary of Sado Al Arab Trading) In:
 - Goods' land transportations refrigerated and frozen goods transportation, and operating storage facilities for all types of goods.
- d) The main activity of Earth Field Company for General Contracting () is:

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

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

<u>Branch name</u>	<u>CR number</u>	<u>Activity</u>
Branch of Al Sharqiya Development Company - Riyadh	1010480322	Management and leasing of owned or leased real estate

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

**NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL INFOMRATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30,2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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

Details of the Group's subsidiaries are as follows:

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

Sado Al Arab Trading Company (a subsidiary of Al-Sharqiyah Development Company):

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

Earth Field Company for General Contracting (a subsidiary of Al-Sharqiyah Development Company):

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

Al Waseet Al Beri Logistics Company (a subsidiary of Sado Al Arab Trading Company):

On 21 July 2024 (corresponding to 15 Muharram 1446H) (the “acquisition date”), Sado Arab Trading Company acquired 100% of the share capital of Al Waseet Al Beri Logistics Services Company - Limited Liability Company - One Person (Commercial Registration No. 1010858339), issued in Riyadh on 1 February 2024 (corresponding to 10 Rajab 1444H), with a share capital of SAR 100,000. The acquisition value of Al Waseet Al Beri Logistics Company amounted to SR 15,058,000. Sado Al Arab Trading Company acquired all the shares of Al Waseet Al Beri Logistics Company in order to support Sado Arab Trading Company with a fleet of equipped vehicles, and qualified human resources, as well as a valid license for Land goods transportations. The Company has accounted for the acquisition by applying the acquisition method. The condensed consolidated interim financial information includes all transactions and balances of Waseet Land Logistics that occurred after the acquisition date.

The fair value of the identifiable assets acquired and liabilities assumed at fair value at the acquisition date are as follows:

	Recognised fair value on the acquisition date
<u>Acquired assets</u>	
Property and equipment (vehicles)	15,058,000
Intangible assets (licenses) / other assets	6,034,508
Total Assets	21,092,508
Liabilities Assumed	-
Total Identifiable Net Assets	21,092,508

**NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL INFOMRATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30,2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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

Al Waseet Al Beri Logistics Company (a subsidiary of SADO Al Arab Trading Company) (continued):

The effect of the excess of the net fair value of identifiable assets acquired and liabilities assumed at fair value over the total purchase consideration is as follows:

	Fair value on the acquisition
Total Identifiable Net Assets	21,092,508
Total Purchase Consideration	(15,058,000)
Net gain raised from acquisition process	6,034,508

The cash outflow on acquisition is as follows:

	Amounts by Saudi Riyals
Net cash acquired from Al Waseet Al Beri Logistics Company	-
Accrued cash payable (Note12)	(15,058,000)
Net cash Payable	(15,058,000)

The fair value of Al Waseet Al Beri Logistics Company has been estimated by a certified evaluator at the Saudi Authority of Accredited Valuers. The fair value was assessed according to the income approach and the discounted cash flow method. As a result of the excess of the net fair value of the identifiable assets acquired and liabilities assumed at fair value at the acquisition date over the total accrued purchase consideration, the Company has recognized it as a gain of SAR 6,034,508 within the condensed consolidated interim statement of profit or loss and other comprehensive income. Subsequent to the reporting date, the Group's management will retrospectively adjust the fair value recognized on acquisition if there is new information about the facts and circumstances that exist at the acquisition date that, if known, would have affected the measurement of the amounts recognized at that date. The retrospective adjustment period will not exceed one year from the acquisition date.

As at the reporting date, the Group achieved a net loss for the period ended June 30,2025 of SR 5,330,866 (June 30,2024: net profit of SR 2,782,984). The Group generated net cash used in operating activities of SR 27,631,399 (June 30,2024: net cash used of SR 16,607,963). The realization of the net profit at the reporting date is a result of the commencement of operations of the subsidiaries from 1 June 2024 for Sado Arab Trading Company and 21 July 2024 for Al Waseet Al Beri Logistics Company. The Group expects that it will be able to change its current position and continue to implement its long-term strategic plans that focus on a set of future development projects, which are expected to have a significant impact in light of supporting the Kingdom of Saudi Arabia's direction towards implementing the food security plan, in addition to supporting the company's financial position and giving the company better investment opportunities. Therefore, the Group's management conducted a feasibility study for several projects in strategic areas within the agricultural and poultry sectors, which are carefully selected to be in line with sustainable growth objectives. The Company expects that these strategic plans will have positive expected results which will contribute to improving the Company's financial position and cash flow significantly.

**NOTES ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

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

The Company's management has assessed its going concern assumption and based on the Group's approved future plans, management believes that the Group will be able to commence operations and fulfil its obligations as they fall due within the next twelve months after taking into account the basis and results of the approved plan referred to above, and based on the expected results and after providing the necessary liquidity by increasing the Group's capital through a rights issue. Management believes that the Group will be able to commence its planned business in the foreseeable future and therefore the Group will continue for the foreseeable future in accordance with the normal and planned course of business and the going concern principle used in the preparation of this condensed interim financial information.

As at the reporting date, as a result of the decision of the Ministry of Environment, Water and Agriculture dated 30 June 2022, the Group has not obtained the title deed of the agricultural land on which its future strategic activities will be located, but the Group has been given the right to use the land (refer to Note 16). Management believes that the reclassification of the value of the land within intangible assets (government grants) (non-current) has no impact on the Group's cash flows, nor does it have an impact on the Group's strategic and operational plans and support for future activities.

2. BASIS FOR PREPARATION

Statement of compliance

The interim condensed financial information is prepared in accordance with IAS-34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The interim condensed financial information does not include all the information and disclosures required in the annual financial information. Accordingly, this interim condensed financial information is to be read in conjunction with the annual financial information for the year ended 31 December 2024.

Basis of measurement

This interim condensed financial information has been prepared on historical cost basis, unless IFRS that are endorsed in the Kingdom of Saudi Arabia require the use of another measurement basis as indicated in the applied accounting policies, the accrual basis and going concern concept.

Functional and presentation currency

The interim condensed financial information is presented in Saudi Arabian Riyals ("Saudi Riyal"), which is the Company's functional currency.

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

**NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL INFOMRATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30,2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

There are no new standards issued, however, a number of amendments to standards are effective from 1 January 2024 and have been disclosed in the Group's annual consolidated financial statements. These amendments do not have a material impact on the Group's condensed consolidated interim financial information.

a) New IFRS standards, IFRIC interpretations and amendments which became applicable for the current reporting year:

Standards, amendments, interpretations	Description	Effective date
Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”	Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	January 1,2024
Amendments to IAS 1”Presentation of Financial Statements”	Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants	January 1,2024
Amendments to IFRS 16 “Leases”	Lease Liability in a Sale and Leaseback	January 1,2024
The adoption of the above amendments doesn’t have any material impact on the Company’s financial statements during the current year.		

b) Accounting standards issued but not yet effective:

Standards, amendments, interpretations	Description	Effective date
Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”	Lack of exchangeability	January 1,2025
Amendments to IFRS 10 ”Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures”	Sales or contribution of assets between an investor and its associate or joint venture.	Available for optional adoption/effective date deferred indefinitely
New standard IFRS 18 “Presentation and Disclosure in Financial Statements”	IFRS 18 replaces IAS 1.	January 1,2027
Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7.	January 1,2026

The Company did not early adopt any new standard, amendments , and interpretations that have been issued but not yet effective.

The accounting policies, estimates and assumptions used in preparing the condensed interim consolidated financial information in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). are consistent with those used in the preparation of the annual for the year ending December 31, 2024.

Use of Judgments and Estimates:

In preparing this condensed consolidated interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 described in the last annual audited Consolidated Financial Statements.

4. SHARE CAPITAL

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

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

**NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL INFOMRATION
FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30,2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT, NET

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Operating fixed assets (note 5.1)	52,273,262	43,806,466
Project under construction	3,349,458	3,086,975
Right of use assets	673,855	911,683
	56,296,575	47,805,124

5.1 Operating Fixed Assets For the year ended 30 June 2025

	Land	Buildings and constructions	Lease hold improvements	Machinery and equipment	Motor vehicles	Furniture and fixtures	Total June 30, 2025 (Unaudited)	Total December 31, 2024 (Audited)
<u>Cost:</u>								
At 1 January 2025	-	41,341,532	12,097,784	2,603,146	18,688,880	5,907,989	80,639,331	43,365,361
Additions	11,287,500	-	-	2,087	-	2,174	11,291,761	37,273,970
Disposal	-	-	-	-	(325,000)	-	(325,000)	-
At JUNE 30,2025	11,287,500	41,341,532	12,097,784	2,605,233	18,363,880	5,910,163	91,606,092	80,639,331
<u>Accumulated depreciation:</u>								
At 1 January 2025	-	31,278,416	100,690	1,951,833	3,323,635	178,291	36,832,865	32,837,887
Charge for the period	-	310,393	676,139	32,889	1,219,095	295,168	2,533,684	-
Disposal	-	-	-	-	(33,719)	-	(33,719)	3,994,978
At JUNE 30, 2025	-	31,588,809	776,829	1,984,722	4,509,011	473,459	39,332,830	36,832,865
<u>Net book value:</u>								
At JUNE 30,2025	11,287,500	9,752,723	11,320,955	620,511	13,854,869	5,436,704	52,273,262	
At December31, 2024	-	10,063,116	11,997,094	651,313	15,365,245	5,729,698		43,806,466

**NOTES ON THE INTERIM CONDENCED CONSOLIDATED FINANCIAL INFOMRATION
FOR THE THREE- AND SIX-MONTHS PERIOD ENDED JUNE 30,2025**

(All amounts expressed in Saudi Riyals unless otherwise stated)

6. INTANGIBLE ASSETS

(Refer to Note 1), as a result of the acquisition of Al Waseet Al Berri by Sado Al Arab Trading Company (a subsidiary), intangible assets consisting of the value of the license and other intangible assets amounting to SR 6,034,508.

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
License	6,034,508	6,034,508
Less: amortization	(1,139,516)	(536,065)
	4,894,992	5,498,443

7. PREPAYMENTS, AND OTHER RECEIVABLES

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Value add tax	3,588,971	3,427,116
Prepaid expenses	2,007,446	1,340,949
Accrued rebate	1,167,512	-
Accrued revenue	766,327	205,003
Staff receivables	203,629	203,629
Others	41,897	25,495
	7,775,782	5,202,192

8. INVENTORY

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Frozen and fresh chicken	18,265,329	15,504,347
Spare parts	64,941	64,941
	18,330,270	15,569,288

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Mutual Funds	59,774,997	20,182,406
Investment portfolios	777,407	772,934
	60,552,404	20,955,340

AL-SHARQIYAH DEVELOPMENT COMPANY
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(All amounts expressed in Saudi Riyals unless otherwise stated)

10.INVESTMENTS IN LOCAL SUKUK

Investments in local Sukuk worth SAR 31 million consists of Sukuk with Al Rajhi Bank with a yield of 5.10%, the interest is deposited in the current account on a monthly basis

11.CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash at banks	2,189,338	3,271,195
Short term deposits	29,000,000	106,742,361
	31,189,338	110,013,556

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

12.TRADE AND OTHER PAYABLES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Trade payables*	33,900,299	42,097,136
Remunerations for members of the board and other committees	1,287,750	1,339,500
Provision vacation and tickets	1,033,297	719,620
Accrued employee related costs	500,802	28,351
Advance from lessees	395,933	54,694
Accrued GOSI expenses	79,082	83,866
Accrued professional fees	60,000	60,000
Other	1,338,369	1,328,132
	38,595,532	45,711,299

* With reference to Note (1), payables include the amount due for SADO Arab Trading Company's acquisition of Al Waseet Al Beri Logistics Company worth SAR 15,058,000.

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13.SEGMENTAL INFORMATION

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

Sado Al Arab Trading Company (A subsidiary of Al Sharqiya Development Company)						
Al Sharqiya (Holding Company)						
Sadu Al Arab						
Al Waseet Al Barri Logistics Company (A subsidiary of Sadu Al Arab Trading Company)						
Earth Field Company for General Contracting						
Inter-Group Eliminations						
Total						
For the three-month period ended June 30, 2025						
Revenue	-	103,453,834	2,620,579	-	(1,240,425)	104,833,988
Cost Revenue	-	(98,156,896)	(1,400,746)	-	1,240,425	(98,317,217)
Net (loss) profit	(774,971)	(4,476,809)	(79,086)	-	-	(5,330,866)
Total assets	386,227,494	93,585,557	15,584,864	100,000	(80,930,733)	414,567,182
Total liabilities	27,331,058	98,496,775	1,445,481	100,000	(65,772,733)	61,600,581
For the three-month period ended June 30, 2024						
Revenue	-	12,481,846	-	-	-	12,481,846
Cost Revenue	-	(11,838,014)	-	-	-	(11,838,014)
Net profit	2,430,605	75,053	-	-	-	2,505,658
Total assets	391,975,761	30,558,730	-	-	-	407,487,786
Total liabilities	23,689,555	30,383,676	-	-	-	39,026,526

14.DUE TO RELATED PARTIES

Transactions with related parties are represented in the transactions with associate companies, non-executive board members and senior management, where senior management officers are considered, persons exercising authority and responsibility in directly or indirectly planning, managing and monitoring the Company's activities, including managers.

Due to related parties are as follows:

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
Due to priority rights holders	5,272,383	5,272,383
	5,272,383	5,272,383

During 2023, the Company has increased its share capital by the way of offering tradable Rights to its shareholders. As per Saudi Exchange tradeable Rights regulations, If the sale price of the rump shares is higher than the offering price, the difference, if any, will be distributed to holders of tradable Rights who did not subscribe to their Rights by their ownership percentage.

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15.GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
Employee salaries and benefits	2,124,470	2,687,092
Depreciation	2,533,688	312,861
Allowances and remunerations for members of the Board of Directors and other committees	634,833	595,619
Amortization intangible assets	603,451	-
Depreciation on right of use assets	237,828	-
Fees and subscriptions	209,439	350,035
Professional fees and advice	192,998	163,334
Rent	30,000	430,419
Maintenance and fuel	18,717	80,573
Other	48,072	82,043
	6,633,496	4,701,983

16.RESTRICTED GOVERNMENT GRANTS

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

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

In accordance with the above, the company's board of directors is closely following all the recent developments mentioned above regarding the procedures for owning the relevant land, and the delay in issuing the company's title deed for the concerned land, as the company's management believes that according to the above-mentioned items, the company can use of the concerned land and the establishment of its future projects, and it has no monetary impact on the company, (with reference to Note 1) the company reclassified the value of the land previously registered on December 31, 2021 within property, plants, and equipment as agricultural land (government grant) according to the ownership order No. 321450/1062/1441 dated Jumada 6, 1441 AH (corresponding to January 1, 2020) to become among the intangible assets (Government Grant) at the same value. Referring to note (1), The entity did not obtain any information for the expected useful life for the intangible asset (government grant). The company's management believes that the above-mentioned Ministry's decision will not affect the company's future plans.

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17.BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE

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

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

The weighted average number of shares has been retrospectively adjusted for the prior year to reflect the element of the rights issue as required by IAS 33, "Earnings per share" as follows:

	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
Issued ordinary shares as at 1 January	30,000,000	30,000,000

The basic and diluted (losses) / earnings per share are as follows:

	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)
Net (losses) / profit for the period	(5,330,866)	2,782,984
Weighted average number of ordinary shares	30,000,000	30,000,000
Basic and diluted (losses) /earnings per share	(0.178)	0.09

**NOTES ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
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18. FINANCIAL RISK MANAGEMENT

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

Interest rate risk

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

Credit risk

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

Liquidity risk

It is a risk that the Company will not be able to fulfill its obligations. As expressed in note 2, the management has reasonable expectations of the existence of various funding sources to cover the liquidity risk in the near future. If the company is unable for any reason to continue operating, this may have an impact on the Company's ability to realize the assets at recognized fulfill obligations in the normal course of business in the amounts mentioned in the attached interim condensed financial information.

Currency risk

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

Fair value measurement

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

19. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved on the date of 5 Safar 1447H (30 July 2025).