KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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Paid-Up Capital: ⃁ 5,500,000 (Five Million Five Hundred Thousand Saudi Riyals)

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Knowledge Economic City Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2026, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34, *"Interim Financial Reporting"* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

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

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شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Jeddah: 3 Rabi Al-Awwal 1448H
(16 August 2026G)

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2026 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

	Note	*30 June 2026 (Unaudited)*	*31 December 2025 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**606,371,971**	558,498,897
Investment properties	5	**4,709,144,881**	4,388,834,104
Intangible assets		**1,071,498**	1,043,826
Investments held at amortised cost	6	**124,772,392**	124,772,392
Derivative financial instrument	7	**16,444,852**	11,746,339
Trade receivables	9	**4,786,146**	13,705,191
TOTAL NON-CURRENT ASSETS		**5,462,591,740**	5,098,600,749
CURRENT ASSETS			
Development properties	8	**140,794,305**	96,266,832
Trade receivables	9	**61,390,096**	55,007,751
Contract assets	10	**132,441,282**	133,040,397
Prepayments and other current assets	11	**100,513,520**	91,873,009
Restricted cash	12.2	**86,163,722**	68,996,015
Cash and cash equivalents	12.1	**113,172,138**	90,672,667
TOTAL CURRENT ASSETS		**634,475,063**	535,856,671
TOTAL ASSETS		**6,097,066,803**	5,634,457,420
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**3,393,000,000**	3,393,000,000
Cashflow hedge reserve	7	**1,365,831**	(900,544)
Accumulated losses		**(470,683,725)**	(442,343,561)
Equity attributable to equity holders of the Parent Company		**2,923,682,106**	2,949,755,895
Non-controlling interests		**92,663,649**	93,895,260
TOTAL EQUITY		**3,016,345,755**	3,043,651,155
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	14	**2,463,751,632**	2,121,622,123
Employee benefit obligations		**19,025,500**	19,343,325
Payable to other unitholders of the fund	15	**53,460,000**	64,350,000
TOTAL NON-CURRENT LIABILITIES		**2,536,237,132**	2,205,315,448

The attached notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2026 (Unaudited)

(Amounts in Saudi Riyal unless otherwise stated)

	Note	*30 June 2026 (Unaudited)*	*31 December 2025 (Audited)*
CURRENT LIABILITIES			
Trade payables	16	**62,351,905**	18,086,812
Current portion of long-term borrowings	14	**208,933,968**	116,883,829
Short-term borrowing	17	**20,000,000**	15,000,000
Contract liabilities	10	**124,588**	-
Accruals and other current liabilities	18	**251,627,366**	228,991,359
Zakat	19	**1,446,089**	6,528,817
TOTAL CURRENT LIABILITIES		**544,483,916**	385,490,817
TOTAL LIABILITIES		**3,080,721,048**	2,590,806,265
TOTAL EQUITY AND LIABILITIES		**6,097,066,803**	5,634,457,420

Chief Financial Officer **Chief Executive Officer** **Chairman of Board of Directors**

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month and six-month periods ended 30 June 2026 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

	Note	*For the three-month period ended 30 June*		*For the six-month period ended 30 June*	
		2026 (Unaudited)	*2025 (Unaudited)*	***2026 (Unaudited)***	*2025 (Unaudited)*
Continuing operations					
Revenue	20	**29,917,885**	61,458,422	**85,347,062**	112,456,801
Cost of revenue		**(21,670,452)**	(49,281,621)	**(60,598,768)**	(90,500,820)
Gross profit		**8,247,433**	12,176,801	**24,748,294**	21,955,981
Selling and marketing expenses		**(7,658,075)**	(12,500,087)	**(16,674,372)**	(21,967,668)
General and administrative expenses		**(21,669,329)**	(18,474,467)	**(41,638,684)**	(34,732,282)
Other income		**7,433,692**	72,856	**13,545,289**	1,028,521
Other expenses		**(204,643)**	(12,815,071)	**(314,733)**	(16,438,462)
Operating loss		**(13,850,922)**	(31,539,968)	**(20,334,206)**	(50,153,910)
Finance income		**4,059,363**	539,716	**4,631,964**	4,702,824
Finance cost		**(3,093,816)**	-	**(11,526,386)**	-
Loss before zakat		**(12,885,375)**	(31,000,252)	**(27,228,628)**	(45,451,086)
Zakat expense	19	**(1,200,809)**	(3,804,036)	**(2,343,147)**	(6,747,354)
Net loss for the period		**(14,086,184)**	(34,804,288)	**(29,571,775)**	(52,198,440)
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Derivative financial instrument – effective portion of changes in fair value of cash flow hedge	7	**2,550,106**	(1,502,279)	**2,266,375**	(5,139,848)
Total comprehensive loss for the period		**(11,536,078)**	(36,306,567)	**(27,305,400)**	(57,338,288)
Loss for the period attributable to:					
Equity holders of the Parent		**(12,909,671)**	(37,685,414)	**(28,340,164)**	(54,945,051)
Non-controlling interests		**(1,176,513)**	2,881,126	**(1,231,611)**	2,746,611
		(14,086,184)	(34,804,288)	**(29,571,775)**	(52,198,440)
Total comprehensive loss for the period attributable to:					
Equity holders of the parent		**(10,359,564)**	(39,187,693)	**(26,073,789)**	(60,084,899)
Non-controlling interests		**(1,176,514)**	2,881,126	**(1,231,611)**	2,746,611
		(11,536,078)	(36,306,567)	**(27,305,400)**	(57,338,288)
Loss per share attributable to equity holders of the Parent Company:					
Basic and diluted loss per share (In SR)	21	**(0.038)**	(0.111)	**(0.084)**	(0.162)

Chief Financial Officer **Chief Executive Officer** **Chairman of Board of Directors**

The attached notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2026 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

	Attributable to the equity holders of the Parent				*Non-controlling interest*	*Total equity*
	Share capital	*Hedge reserve*	*Accumulated losses*	*Total*		
Balance at 1 January 2025 (Audited)	3,393,000,000	2,978,826	(406,237,194)	2,989,741,632	93,048,272	3,082,789,904
Net (loss) / profit for the period (Unaudited)	-	-	(54,945,051)	(54,945,051)	2,746,611	(52,198,440)
Other comprehensive loss for the period (Unaudited)	-	(5,139,848)	-	(5,139,848)	-	(5,139,848)
Total comprehensive (loss) / income for the period (Unaudited)	-	(5,139,848)	(54,945,051)	(60,084,899)	2,746,611	(57,338,288)
Balance as at 30 June 2025 (Unaudited)	3,393,000,000	(2,161,022)	(461,182,245)	2,929,656,733	95,794,883	3,025,451,616
Balance at 1 January 2026 (Audited)	**3,393,000,000**	**(900,544)**	**(442,343,561)**	**2,949,755,895**	**93,895,260**	**3,043,651,155**
Net loss for the period (Unaudited)	-	-	(28,340,164)	(28,340,164)	(1,231,611)	(29,571,775)
Other comprehensive income for the period (Unaudited)	-	2,266,375	-	2,266,375	-	2,266,375
Total comprehensive income / (loss) for the period (Unaudited)	-	2,266,375	(28,340,164)	(26,073,789)	(1,231,611)	(27,305,400)
Balance as at 30 June 2026 (Unaudited)	**3,393,000,000**	**1,365,831**	**(470,683,725)**	**2,923,682,106**	**92,663,649**	**3,016,345,755**

Chief Financial Officer **Chief Executive Officer** **Chairman of Board of Directors**

The attached notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements

KNOWLEDGE ECONOMIC CITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six-month period ended 30 June 2026 (Unaudited)
(Amounts in Saudi Riyal unless otherwise stated)

	Note	*For the six-month period ended* 30 June2026 (Unaudited)	30 June 2025 (Unaudited)
OPERATING ACTIVITIES			
Loss before zakat		**(27,228,628)**	(45,451,086)
Adjustments to reconcile loss before zakat to net cash flows:			
Depreciation of property and equipment		**5,621,526**	1,445,546
Amortization of intangible assets		**125,627**	109,387
Provision for employee benefit obligation		**2,643,027**	2,134,165
Revaluation of payable to other unitholders of the fund	15	**(10,890,000)**	12,595,000
Fair value (gain) / loss on derivative financial instrument	7	**(2,432,138)**	3,670,587
Finance cost		**11,526,386**	-
Finance income		**(4,631,964)**	(4,702,824)
		(25,266,164)	(30,199,225)
Working capital adjustments:			
Development properties		**(44,527,473)**	(24,157,238)
Restricted cash		**(17,167,707)**	(15,452,180)
Trade receivables		**2,536,700**	33,471,232
Contract assets		**599,115**	(30,128,544)
Prepayments and other current assets		**(8,640,511)**	(16,073,476)
Trade payable		**44,265,093**	2,694,961
Accruals and other current liabilities		**124,587**	48,201,771
Contract liabilities		**9,178,484**	(51,014)
Cash used in operations		**(38,897,876)**	(31,693,713)
Zakat paid	19	**(7,425,876)**	(8,251,986)
Employee benefit obligation paid		**(2,960,852)**	(3,045,209)
Finance cost paid		**(83,946,149)**	(47,008,595)
Net cash flows used in operating activities		**(133,230,753)**	(89,999,503)
INVESTING ACTIVITIES			
Finance income received		**4,631,964**	4,702,824
Additions to investment properties	5	**(231,101,830)**	(279,940,446)
Additions to property and equipment	4	**(53,494,599)**	(3,244,442)
Additions to intangible assets		**(153,299)**	-
Net cash flows used in investing activities		**(280,117,764)**	(278,482,064)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings	14	**430,847,988**	385,348,064
Proceeds from short-term borrowing	17	**5,000,000**	-
Net cash flows from financing activities		**435,847,988**	385,348,064
Net increase in cash and cash equivalents		**22,499,471**	16,866,497
Cash and cash equivalents at the beginning of the period		**90,672,667**	70,648,684
Cash and cash equivalents at the end of the period	12	**113,172,138**	87,515,181

The attached notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements

(Amounts in Saudi Riyal unless otherwise stated)

	Note	*For the six-month period ended*	
		30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*
SUPPLEMENTARY SIGNIFICANT NON-CASH TRANSACTIONS			
Additions in investment properties through accrued expenses		**47,107,929**	29,615,247
Capitalisation of investment properties through accrued borrowing costs	5	**58,991,432**	31,528,544
Capitalisation of property and equipment through accrued borrowing costs	4	**8,974,340**	3,810,094
Capitalisation of development properties through accrued borrowing costs	8	**7,785,652**	3,256,293

Chief Financial Officer **Chief Executive Officer** **Chairman of Board of Directors**

(Amounts in Saudi Riyal unless otherwise stated)

1. CORPORATE INFORMATION

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

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

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

As at 30 June 2026 and 31 December 2025, the Company’s share capital of SR 3,393 million consists of 339.3 million fully paid shares of Saudi Riyals 10 each. The following are the shareholders of the Group:

Name	*Place of incorporation*	*Ownership interest* 30 June 2026	31 December 2025
King Abdullah Foundation for his Parents	Saudi Arabia	**29.47%**	29.47%
Knowledge Economic City Developers Company Limited	Saudi Arabia	**24.46%**	24.46%
Taybah Investment Company	Saudi Arabia	**9.60%**	9.60%
Amin Mohammad Amin Shaker	-	**7.71%**	7.71%
Free float with general public	-	**28.76%**	28.76%

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

Name of subsidiaries	*Country of incorporation*	*Principal activities*	*Paid up capital*	*Effective ownership* 30 June 2026	31 December 2025
Mounshaat Al Maarifa Al Akaria Company Limited (“Mounshaat”)	Kingdom of Saudi Arabia	Real estate development	1,000,000	**100%**	100%
Mashariaa Al Maarifa Al Akaria Company Limited (“Mashariaa”)	Kingdom of Saudi Arabia	Real estate development	633,000,000	**100%**	100%
Al Garra International Company for Real Estate (“Al Garra”)	Kingdom of Saudi Arabia	Real estate development	467,765,000	**80%**	80%
Al Maarifa Al Akaria Company Limited (“Amaak”)	Kingdom of Saudi Arabia	Real estate, investment and management	10,000,000	**100%**	100%
Makarem Al Maarifa for Hospitality Company Limited (“Makarem”) (See a and b below)	Kingdom of Saudi Arabia	Real estate Development	56,400,000	**100%**	100%
Multaqa Alalyaa Company Limited (“Multaqa”)	Kingdom of Saudi Arabia	Real estate Development	50,000	**100%**	100%
Riyad Real Estate Development Fund (“Madinah Gate Fund”)	Kingdom of Saudi Arabia	Real estate development	220,000,000	**68.82%**	68.82%

1. CORPORATE INFORMATION (Continued)

Mounshaat and Mashariaa have not commenced their operations as at 30 June 2026.

Going concern

During the six-month period ended 30 June 2026, the Group incurred a total comprehensive loss amounting to SR 27.3 million (30 June 2025: SR 57.4 million) and reported negative operating cashflows during the same period amounting SR 133.2 million (30 June 2025: SR 90 million). In addition, the Group has accumulated losses amounting to SR 470.7 million as at 30 June 2026 (31 December 2025: SR 442.3 million). As at 30 June 2026, the Group current assets exceed its current liabilities by SR 90 million (31 December 2025: SR 150.4 million). Further, as at 30 June 2026, the Group has availed loan facilities amounting to SR 2,661 million (31 December 2025: SR 2,253.5 million) to finance the Group for the cost of developing their projects and operations details of which are disclosed in note 14. The unused facilities of the Group amounted to SR 512 million (31 December 2025: SR 540.4 million). Accordingly, the Group's management believe that they have adequate resources to continue the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements are prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the six-month period ended 30 June 2026 have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.1 Statement of compliance (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standard that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025 (latest annual consolidated financial statements). In addition, results for the three-month and six-month periods ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2026 as mentioned in note 1. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to risks, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

(Amounts in Saudi Riyal unless otherwise stated)

2 BASIS OF PREPARATION (continued)

2.5 Significant accounting judgements, estimates and assumptions

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE PERIOD AND STANDARDS NOT YET EFFECTIVE

3.1 New standards, interpretations and amendments adopted by the Group

Standard, interpretation, amendments	*Description*	*Effective date*
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to clarify recognition and derecognition of financial instruments, provide guidance on ESG-linked cash flows, clarify non-recourse and contractually linked features, and introduce new disclosure requirements. The amendments had no impact on the Group's interim condensed consolidated financial statements.	1 January 2026
Annual Improvements to IFRS accounting Standards – Volume 11	In July 2024, the IASB issued nine narrow-scope amendments to various IFRS standards as part of its periodic maintenance. These amendments clarified and simplified guidance in IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7 and had no impact on the Group's interim condensed consolidated financial statements.	1 January 2026
Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7	In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 for contracts referencing nature-dependent electricity, clarifying own-use and hedging requirements and introducing new disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements.	1 January 2026

3.2 Expected impact of the initial application of IFRS 18 '*Presentation and Disclosure in Financial Statements*'

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 '*Presentation and Disclosure in Financial Statements*', which replaces IAS 1 '*Presentation of Financial Statements*' and becomes effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces new requirements and updates to the statement of profit or loss, with the main objective of improving comparability in the statement of profit or loss and enhancing transparency over management-defined performance measures.

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss, requiring classification of income and expenses into five defined categories based on the entity's main business activities and presentation of mandatory subtotals;
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general; and
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

The Group is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE PERIOD AND STANDARDS NOT YET EFFECTIVE (continued)

3.2 Expected impact of the initial application of IFRS 18 '*Presentation and Disclosure in Financial Statements*' (continued)

a) Structure of the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive income

The standard is expected to result in changes to the presentation of certain line items and subtotals in the statement of profit or loss namely operating, investing, financing, zakat/income tax and discontinued operations. This classification depends on the main business activities of the entity. The Group does not have a specified main business activity as defined in IFRS 18.

Based on the Group's preliminary assessment and the nature of its main business activities performed to date, on high level, the Group expects changes to the current structure of interim condensed consolidated statement of profit or loss and other comprehensive income to result in:

- The Group continue to present operating loss line item however, operating loss will be affected by presentation / placement of certain items within and outside the operating loss such as finance cost on the Group's employees' end of service benefit obligation currently presented within salaries and related benefits, will be classified and presented within the financing category and will reduce the operating loss.
- Finance income from investment in Sukuk and hedging currently presented within finance income will be classified in the new investing category of IFRS 18. There would be an additional subtotal 'Loss before financing and zakat' after investing category.
- **The Companies new financing category would include finance cost on loans and borrowings and Group's employees end of service benefit obligation.**
- **The Group expects the Zakat to be presented in income tax category of IFRS 18 hence, there is no change from existing presentation under IAS 1.**

Neither net profit nor net assets will change as a result of the Group's adoption of IFRS 18. However, the Group will be required to present newly defined subtotals, including operating profit and profit before financing and zakat/income tax. The operating loss subtotal under IFRS 18 differs from the current operating profit subtotal presented by the Group under its existing IAS 1 presentation.

Aggregation and disaggregation

The new aggregation and disaggregation requirements will lead into changes to present the most useful structured summary. The Group is assessing how items are aggregated and disaggregated in the primary financial statements and the notes on the basis of similar and dissimilar characteristics.

Certain statement of financial position and profit or loss line items description and aggregations may change to provide useful structured summaries and disclose additional material information in the notes.

The Group is performing a detailed assessment to determine the appropriate classification of items.

a) Management-defined performance measures

Management-defined Performance Measures (MPMs) is a subtotal of income and expenses that entity uses in public communication outside the financial statements that communicates management's view of an aspect of the financial performance of the entity as a whole. Where applicable, these measures may require quantitative reconciliation to IFRS-defined subtotals together with expanded explanatory disclosures.

(Amounts in Saudi Riyal unless otherwise stated)

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE PERIOD AND STANDARDS NOT YET EFFECTIVE (continued)

3.2 Expected impact of the initial application of IFRS 18 '*Presentation and Disclosure in Financial Statements*' (continued)

The Group is in the process of identifying which performance measures communicated to investors, analysts and other stakeholders (including adjusted earnings measures, underlying profit measures and certain operating performance metrics) will meet the definition of an MPM under IFRS 18 and accordingly, the Group will comply with the IFRS 18 disclosure requirements in this regard.

b) Consequential amendments

The Group is also evaluating the consequential amendments arising from IFRS 18, including amendments to IAS 7 '*Statement of Cash Flows*' and IAS 34 '*Interim Financial Reporting*'.

The Group currently uses loss before zakat as a starting point of the reconciliation to cash flows from operating activities which will be changed to operating loss. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will continue to present cash flows from finance cost paid under operating activities under IFRS 18.

The Group assessment remains ongoing and further refinements to the expected impact may arise as implementation activities progress and additional industry and regulatory guidance become available.

3.3 New standards not yet effective

Standard, interpretation, amendments	***Description***	***Effective date***
IFRS 18 - presentation and disclosure in financial statements	In April 2024, the IASB issued IFRS 18, replacing IAS 1, to enhance the presentation and disclosure of financial statements. IFRS 18 introduces new profit or loss categories and subtotals, management-defined performance measure disclosures, improved aggregation and location principles, and consequential amendments to other standards (see note 3.2).	1 January 2027
IFRS 19 - Reducing subsidiaries` disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027
Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	In November 2025, the IASB issued amendments to IAS 21 on translation to a hyperinflationary presentation currency, requiring translation at the closing rate and introducing additional disclosures. The amendments have early adoption permitted.	1 January 2027

(Amounts in Saudi Riyal unless otherwise stated)

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN THE PERIOD AND STANDARDS NOT YET EFFECTIVE (continued)

3.4 New standards not yet effective (continued)

Standard, interpretation, amendments	***Description***	***Effective date***
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred Indefinitely.

4 PROPERTY AND EQUIPMENT

The Group's property and equipment consist of categories as follows:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Operating fixed assets	**269,073,449**	269,305,018
Capital work-in-progress	**337,298,522**	289,193,879
	606,371,971	558,498,897

The movement of property and equipment during the period / year is summarised as follows:

	For the six-month period ended 30 June 2026 (Unaudited)	*For the year ended 31 December 2025 (Audited)*
At the beginning of the period / year	**558,498,897**	393,137,814
Additions during the period / year	**53,494,600**	169,784,750
Depreciation during the period / year	**(5,621,526)**	(4,423,667)
At the end of the period / year	**606,371,971**	558,498,897

During the six-month period ended 30 June 2026, the Group incurred development cost of SR 48.1 million (31 December 2025: SR 167 million) in respect of hotel properties which are included in capital work-in-progress under property and equipment.

Also included in the above, an amount of SR 8.9 million (31 December 2025: SR 37.4 million) was capitalised as borrowing cost and SR 0.2 million (31 December 2025: SR 0.2 million) were capitalised as amortization of transaction cost in respect of development of hotel properties. Accordingly, total cumulative borrowing cost capitalised to date under capital work-in-progress is amounting to SR 66.04 million (31 December 2025: SR 57.14 million).

(Amounts in Saudi Riyal unless otherwise stated)

4 PROPERTY AND EQUIPMENT (continued)

As at 30 June 2026, the Group's property and equipment includes capital work-in-progress amounting to SR 337.3 million (31 December 2025: SR 289.2 million) which represents lands and infrastructures cost and development cost relating to "KEC HUB Hotel" and "Branded Residence" projects.

As at 30 June 2026, the Group's lands include plots of the project "Madinah Gate Fund" relating to hotel amounting to SR 31.8 million (31 December 2025: SR 31.8 million) were mortgaged as collateral to a local commercial bank (refer note 14).

As at 30 June 2026, the Group's capital work-in-progress includes land plots of the projects amounting to SR 78.1 million (31 December 2025: SR 78.1 million) which were mortgaged as collateral to the Saudi Tourism Development Fund and a local commercial bank (refer note 14).

5 INVESTMENT PROPERTIES

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

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Lands and lands with infrastructures	**3,374,690,131**	3,141,262,561
Properties under development	**1,334,454,750**	1,247,571,543
	4,709,144,881	4,388,834,104

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

	For the six-month period ended 30 June 2026 (Unaudited)	*For the year ended 31 December 2025 (Audited)*
At the beginning of the period / year	**4,388,834,104**	3,784,998,082
Additions	**320,310,777**	608,103,114
Transferred to development properties	-	(4,267,092)
At the end of the period/ year	**4,709,144,881**	4,388,834,104

The Group determined that the investment properties consist of three classes of assets, land amounting to SR 1.3 billion (31 December 2025: SR 1.3 billion), infrastructure cost amounting to SR 2.1 billion (31 December 2025: SR 1.9 billion), and properties under development amounting to SR 1.3 billion (31 December 2025: SR 1.2 billion) based on the nature, characteristics and risks of each property. The fair value of the Group's investment properties as at 31 December 2025 was valued at SR 15.4 billion by independent professionally qualified valuer named ValuStrat Saudi Arabia ("ValuStrat") using both the market comparable approach and the residual value approach. There were no significant changes in key assumptions and sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2025 that would require adjustment or revaluation to the fair value of the investment properties as at 30 June 2026.

(Amounts in Saudi Riyal unless otherwise stated)

5 INVESTMENT PROPERTIES (continued)

During the six-month period ended 30 June 2026, an amount of SR 58.9 million (Year ended 31 December 2025: SR 88.3 million) was capitalised as borrowing cost and SR 1.1 million (Year ended 31 December 2025: SR 1.3 million) was capitalised as amortization of transaction cost in the construction. Accordingly, at 30 June 2026, the total cumulative borrowing cost capitalised to date in the investment properties is amounting to SR 247 million (31 December 2025: SR 188.1 million).

As at 30 June 2026, the Group's investment properties related to land plots of the project "Madinah Gate Fund" amounting to SR 37 million (31 December 2025: SR 37 million) were mortgaged as collateral to a local commercial bank (refer note 14).

As at 30 June 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 122 million (31 December 2025: SR 122 million) were mortgaged as collateral to local commercial banks against corporate loans (refer note 14).

As at 30 June 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 11.4 million (31 December 2025: SR 11.4 million) were mortgaged as collateral to local commercial banks against working capital loan (refer note 14).

As at 30 June 2026, the Group's investment properties related to land plots of the Parent Company amounting to SR 220 million (31 December 2025: 220.6 million) were mortgaged as collateral to local commercial banks against corporate loan (refer note 14).

As at 30 June 2026, the Group's investment properties related to land plots of the project "KEC Hub Mall" amounting to SR 174 million (31 December 2025: SR 174 million) were mortgaged as collateral to the Saudi Tourism Development Fund and a local commercial bank (refer note 14).

During the six-month period ended 30 June 2026, the Group has mortgaged investment properties related to land plots amounting to SR 109million to local commercial bank against loans for the projects "International World District (IWD)" and "MiSK School" (refer note 14).

6 INVESTMENTS HELD AT AMORTISED COST

During the year ended 31 December 2020, the Group invested in Saudi Government Sukuk denominated in SR amounting to SR 124.7 million with original maturity of 7 years. This placement yields finance income at coupon rate of 1.73% per annum amounting to SR 2.2 million per annum. The Company has recorded finance income of SR 1.1 million during the six-month period ended 30 June 2026 (30 June 2025: SR 1.1 million).

As at 30 June 2026, the Group's investments held at amortised cost were mortgaged as collateral to a local commercial Bank (Refer note 14).

7 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Notional amount	**362,250,000**	378,500,000
Profit rate swap – cash flow hedge	**16,444,852**	9,836,738

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

(Amounts in Saudi Riyal unless otherwise stated)

7 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	For the six-month period ended 30 June 2026 **(Unaudited)**	*For the year ended 31 December 2025 (Audited)*
At beginning of the period / year	**11,746,339**	18,647,173
Cash flow hedge gain / (loss) in fair value recognised in profit or loss (ineffective portion)	**2,432,138**	(3,021,464)
Cash flow hedge gain / (loss) in fair value recognised in other comprehensive income (effective portion)	**2,266,375**	(3,879,370)
At end of the period / year	**16,444,852**	11,746,339

At 30 June 2026, the Swap Contract had a fair value of SR 16.44 million (31 December 2025: SR 11.75 million). Such fair value is included as derivative financial instrument in non-current assets in the interim condensed consolidated statement of financial position.

Cashflow hedge reserve

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
At the beginning of the period / year	**(900,544)**	2,978,826
Cash flow hedge gain / (loss) in fair value recognised in other comprehensive income (effective portion)	**2,266,375**	(3,879,370)
At the end of the period / year	**1,365,831**	(900,544)

8 DEVELOPMENT PROPERTIES

The balances are split into these categories as follows:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Parcels of land	**44,325,669**	38,634,425
Properties under development	**96,468,636**	57,632,407
	140,794,305	96,266,832

(Amounts in Saudi Riyal unless otherwise stated)

8 DEVELOPMENT PROPERTIES (continued)

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

	For the six-month period ended 30 June 2026 (Unaudited)	*For the year ended 31 December 2025 (Audited)*
At the beginning of the period / year	**96,266,832**	100,099,137
Additions	**88,001,122**	203,886,635
Return of residential units	**-**	1,254,348
Transferred from investment properties (note 'b')	**-**	4,267,092
Transfer to cost of revenue	**(43,473,649)**	(213,240,380)
At the end of the period / year	**140,794,305**	96,266,832

a) As at 30 June 2026, the Group's development properties related to land plots of the "Aliya project" amounting to SR 24 million (31 December 2025: SR 24 million) were mortgaged as collateral to a local commercial bank (Refer note 14). During the six-month period ended 30 June 2026, an amount of SR 7.79 million (Year ended 31 December 2025: SR 1.61 million) was capitalised as borrowing cost in the development properties.

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

9 TRADE RECEIVABLES

Trade receivables – current

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Trade customers for sale of residential units and others	**24,644,964**	33,741,080
Trade customers for hotel services	**13,034,629**	2,386,607
Trade customers for facility management services	**9,094,996**	7,272,713
	46,774,589	43,400,400
Current portion of trade customers for sale of residential units - Unbilled	**18,959,378**	15,168,673
	65,733,967	58,569,073
Less: allowance for expected credit losses (see note below)	**(4,343,871)**	(3,561,322)
	61,390,096	55,007,751

Trade receivables – non-current

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Trade customers for sale of residential units - Unbilled	**23,745,524**	28,873,864
Less: current portion - Unbilled	**(18,959,378)**	(15,168,673)
Trade customers for sale of residential units (non-current) - Unbilled	**4,786,146**	13,705,191

(Amounts in Saudi Riyal unless otherwise stated)

9 TRADE RECEIVABLES (continued)

The movement of allowance for expected credit losses is as follows:

	For the six-month period ended 30 June 2026 (Unaudited)	*For the year ended 31 December 2025 (Audited)*
At the beginning of the period / year	**3,561,322**	3,189,003
Allowance made during the period / year	**782,549**	372,319
At the end of the period / year	**4,343,871**	3,561,322

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

10 CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Contract assets (note ‘a’)	**132,441,282**	133,040,397
Contract liabilities (note ‘b’)	**124,588**	-

a) The contract assets represent the total amount expected to be collected from customers of residential units with whom contracts have been signed to sell residential units, in exchange for the executed contract works. These are measured based on the incurred costs plus recognized profits, minus any progress billings collected and recognized losses.

b) The contract liabilities represent the amount received from customers in advance from customers of residential units, for which the related construction work has not yet been performed, or revenue has not yet been recognized.

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Value Added Tax refundable	**86,196,183**	88,176,793
Prepaid expenses	**8,755,193**	2,236,520
Advances to suppliers	**3,620,112**	974,384
Advances to employees	**1,942,032**	476,019
Others	**-**	9,293
	100,513,520	91,873,009

(Amounts in Saudi Riyal unless otherwise stated)

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

12.1 Cash and cash equivalents comprise of following:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Cash at banks	**113,079,138**	85,525,667
Cash in hand	**93,000**	-
Murabaha deposits with original maturity of 90 days or less	**-**	5,147,000
	113,172,138	90,672,667

12.2 Restricted cash represents deposits maintained in escrow accounts amounting to SR 86.16 million (31 December 2025: SR 68.99 million) for off plan sales of development properties as authorised by Economic Cities and Special Zones Authorities (ECZA). Use of this cash is restricted to specific development properties.

13 RELATED PARTIES BALANCES AND TRANSACTIONS

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

13.1 Related party transactions

	For the three-month period ended		***For the six-month period ended***	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Revenue from sale of residential units	**1,785,622**	4,041,918	**4,537,790**	10,343,198

During the six-month period ended 30 June 2026, the Parent Company sold residential units on payment plan to a board member at the approved price and related revenue and cost is accounted for in the interim condensed consolidated statement of profit or loss and other comprehensive income. Further, all transactions within the Group are eliminated for consolidation purposes.

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

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Board of Directors' remuneration	**4,524,880**	5,180,332

(Amounts in Saudi Riyal unless otherwise stated)

13 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

13.3 Key management compensation

	For the three month period ended		*For the six-month period ended*	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Board of Directors' remuneration and related expenses	**1,015,150**	1,015,150	**2,056,299**	2,056,299
Remuneration to the key management personnel	**1,844,074**	2,281,694	**3,688,148**	5,688,451
Employee benefit obligation of key management personnel	**63,135**	109,938	**125,575**	238,311

The amounts disclosed above table are recognised as an expense during the three-month and the six-month periods ended 30 June 2026 related to key management personnel.

14 LONG-TERM BORROWINGS

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Murabaha facilities	**2,640,936,851**	2,208,437,340
Accrued interest	**45,978,342**	42,646,682
Less: unamortized transaction costs	**(14,229,593)**	(12,578,070)
	2,672,685,600	2,238,505,952

At reporting date, borrowings comprise of following:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Borrowings	**2,672,685,600**	2,238,505,952
Less: Current maturity of borrowings		
Principal portion of borrowings	**162,955,626**	74,237,147
Accrued interest	**45,978,342**	42,646,682
	208,933,968	116,883,829
Non-current portion of borrowings	**2,463,751,632**	2,121,622,123

(Amounts in Saudi Riyal unless otherwise stated)

14 LONG-TERM BORROWINGS (continued)

Movements in unamortised transaction costs are summarised as follows:

	For the six-month period ended 30 June 2026 (Unaudited)	*For the year ended 31 December 2025 (Audited)*
Opening balance	**12,578,070**	7,467,010
Transaction cost paid	**3,385,000**	7,269,131
Less: capitalised amortization	**(1,733,477)**	(2,158,071)
Closing balance	**14,229,593**	12,578,070

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

   As at 31 December 2025, the Group's has withdrawn facilities from STDF and a local commercial bank amounting to SR 431 million each with total withdrawn facilities of SR 862 million. During the six-month period ended 30 June 2026, the Group has drawn additional facilities from STDF and a local commercial bank amounting to SR 102 million. The unused balance of this facility as of 30 June 2026 amounted to SR 36 million. The facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates range from 7.47% to 7.62% per annum. The facilities are repayable in semi-annual instalments commencing from June 2027.

b) During 2022, the Company has signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 56 million for execution of the project E-16. As at 31 December 2025, the Company has withdrawn SR 56 million from this facility. These facilities are denominated in SR and bear financial charges based on current market interest rate of 6.85% per annum. The facility is repayable in annual instalments commencing from December 2026.

c) During 2022, the Company also signed a shariah-compliant agreement with a local commercial bank to provide the financing facility amounting to SR 100 million. During 2024, the Company drawn SR 45 million from this facility. The Group provided collateral in the form of investment in Saudi Government SAR Sukuk to a local commercial bank. During 2025, the said facility amount increased to SR 124.79 million. During the same period, the Company drawn SR 65 million. During the six-month period ended 30 June 2026, the Group has drawn 5 million from the facility. The unused balance of this facility as of 30 June 2026 amounted to SR 9.79 million. The facility is denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates range from 5.71% to 6.37% per annum. The facility is repayable in July 2027.

14 LONG-TERM BORROWINGS (continued)

d) During 2023, the Group signed shariah-compliant agreements with a local commercial bank to provide financing total amounting to SR 143 million including SR 98 million for execution of the branded residence project, SR 25 million for general working capital (included in short term borrowings – see note 17) and SR 20 million for Profit Rate Swap (PRS). As at 31 December 2025, the Company has withdrawn SR 64.15 million for execution of the branded residence project. During the six-month period ended 30 June 2026, the Group has drawn 22.33 million from the facility. The unused balance of the loan facilities as of 30 June 2026 is amounted to SR 11.52 million. PRS facility remains unutilized as at ended 30 June 2026. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates range from 6.65% to 7.22% per annum. The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 5) and promissory notes. The facility amounting to SR 98 million for execution of the branded residence project is repayable on semi-annual installments commencing from October 2026.

e) During 2023, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 320 million for execution of the Madinah Gate Project. As at 31 December 2025, the Group has drawn SR 277.29 million from this facility. During the six-month period ended 30 June 2026, the Group has drawn 9.69 million from the facility. The facilities is denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates range from 7.35% to 8.49% per annum. The unused balance of this facility as of 30 June 2026 amounted to SR 24.5 million. The facility is repayable in July 2027.

f) During 2023, the Group signed shariah-compliant agreements with a local commercial bank to provide financing total amounting to SR 417.04 million including SR 300 million for corporate loan, SR 94 million for execution of the Al Aliyaa project and SR 23.04 million for Profit Rate Swap (PRS). As at 31 December 2025, the Group has withdrawn SR 290 million from corporate loan and SR 94 million from loan for Al Aliyaa project. During the six-month period ended 30 June 2026, the Company has drawn SR 10 million from corporate loan. PRS facility remains unutilized as at 30 June 2026. These facilities are denominated in SR and bear financial charges based on prevailing market rates. The overall current market interest rates range between 6.71% to 7.16% per annum. The Group provided collateral in the form of plots of land from the Group's land portfolio (see note 4) and promissory notes. The facility amounting to SR 300 million for corporate loan is repayable on semi-annual installments commencing from July 2027. The facility amounting to SR 94 million for execution of the Al Aliyaa project is repayable in semi-annual installments commencing from July 2026.

g) During 2024, the Company signed a shariah-compliant agreement with a local commercial bank to provide financing facility amounting to SR 150 million for general corporate loan and support the projects. As at 30 June 2026, the Company has drawn SR 150 million from this facility. This facility are denominated in SR and bear financial charges based on current market interest rates range from 6.8% to 7.09% per annum. The facility is repayable in annual installments commencing from May 2028.

h) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million. This facility is intended to finance the Company's corporate financing and support the execution of its strategic objectives. As at 31 December 2025, the Company has drawn SR 145 million from this facility. During the six-month period ended 30 June 2026, the Group has drawn SR 5 million from the facility. This facility is denominated in SR and bear financial charges based on current market interest rates are ranging from 6.33% to 7.3% per annum. The facility is repayable in semi-annual installments commencing from March 2028.

i) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 98 million execution of the Al Aliyaa project. As at 31 December 2025, the Company has drawn SR 90 million from this facility. During the six-month period ended 30 June 2026, the Group has drawn SR 8 million from the facility. This facility is denominated in SR and bear financial charges based on current market interest rates ranging from 6.91% to 7.09% per annum. The facility is repayable in semi-annual installments commencing from December 2027.

(Amounts in Saudi Riyal unless otherwise stated)

14 LONG-TERM BORROWINGS (continued)

j) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 305 million for execution of the Al Aliyaa project. As at 31 December 2025, the Company has drawn SR 80 million from this facility. During the six-month period ended 30 June 2026, the Group has drawn SR 121 million from the facility. The unused balance of this facility as of 30 June 2026 amounted to SR 104 million. This facility is denominated in SR and bear financial charges based on current market interest rates ranging from 6.62% to 7.69% per annum. The facility is repayable in semi-annual installments commencing from February 2028.

k) During 2025, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million for execution of International World District (IWD) infrastructure project. During the six-month period ended 30 June 2026, the Group has drawn SR 119 million from the facility. The unused balance of this facility as of 30 June 2026 amounted to SR 31 million. This facility is denominated in SR and bear financial charges based on current market interest rates ranging from 6.80% to 7.14% per annum. The facility is repayable in semi-annual installments commencing from December 2029.

l) During the six-month period ended 30 June 2026, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 150 million execution of the IWD project. During the six-month period ended 30 June 2026, the Company has drawn SR 12 million from this facility. This facility is denominated in SR and bear financial charges based on current market interest rates is 7.06% per annum. The unused balance of this facility as of 30 June 2026 amounted to SR 138 million. The whole amount of facility is repayable in June 2027.

m) During the six-month period ended 30 June 2026, the Group signed a shariah-compliant agreement with a local commercial bank to provide financing total amounting to SR 152 million for execution of the Misk school project. During the six-month period ended 30 June 2026, the Company has not started to drawdown any amount from this facility. This facility is denominated in SR and bear financial charges based on current market interest rates ranging from 6.69% to 7.14% per annum. The facility is repayable in 15 annual installments commencing from July 2027.

During the six-month period ended 30 June 2026, the Group has cash proceeds (net of administrative fee) from the long-term borrowings amounting to SR 430.85 million (30 June 2025: SR 385.35 million).

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

Maturity profile of the Murabaha facilities

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
2026	**261,793,623**	225,888,391
2027	**727,886,541**	576,284,795
2028	**505,183,566**	604,743,277
2029	**307,698,044**	411,360,000
2030	**387,891,501**	349,041,050
Thereafter	**737,159,286**	728,067,920
	2,927,612,561	2,895,385,433

At 30 June 2026, the Group provided promissory notes to commercial banks amounting to SR 3,195 million (31 December 2025: SR 2,733 million).

Loan covenants

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

(Amounts in Saudi Riyal unless otherwise stated)

15 PAYABLE TO OTHER UNITHOLDERS OF THE FUND

The Group has a liability payable to the remaining unitholders when an investment fund is consolidated. The liability is initially recognised at the fair value of the units. All subsequent changes in liability are recognised in the profit or loss. The liability represents the unitholders' pro-rata share of the fund's net assets in the event of its liquidation. This is determined by way of division of the fund's net assets by the number of units held by other unitholders. The Group holds 75% effective shareholding in the Madinah Gate Fund as at 30 June 2026 (31 December 2025: 75% effective shareholding). The fair value of share of net assets attributable to the other unitholders of the fund is SR 53.46 million (31 December 2025: SR 64.35 million). During the six-month period ended 30 June 2026, the gain on change in fair value of payable to unit holders of the Fund is recognised in 'other income' amounting to SR 10.9 million (Six-month period ended 30 June 2025: loss on change in fair value of SR 13.5 million recognised in other expenses).

16 TRADE AND OTHER PAYABLES

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Customer advances	**52,346,888**	12,773,189
Trade payables	**5,920,539**	793,206
Other payables	**4,084,478**	4,520,417
	62,351,905	18,086,812

17 SHORT-TERM BORROWING

In continuance to the agreement signed with a local commercial bank during the year ended 31 December 2023 in total amount SR 143 million (see also note 14), the Group signed an agreement with a local commercial bank to provide revolving short-term borrowing amounting to SR 25 million for execution of the branded residence project. As at 30 June 2026, the Group has utilized SR 20 million (31 December 2025: SR 15 million) from this loan. The unused balance of this facility as of 30 June 2026 amounted to SR 5 million. The overall current market interest rate during the six-month period ended are ranging from 6.44% to 6.53% per annum.

18 ACCRUALS AND OTHER LIABILITIES

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Contractor accruals	**112,704,158**	92,492,961
Retention payable	**92,386,177**	77,693,890
Employees related accruals	**38,378,329**	37,567,774
Other accruals	**8,158,702**	21,236,734
	251,627,366	228,991,359

19 ZAKAT

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

(Amounts in Saudi Riyal unless otherwise stated)

19 ZAKAT (continued)

The movement in zakat provision is as follows:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Balance at the beginning of the period / year	**6,528,817**	7,075,215
Provided for:		
- Current period / year	**2,343,147**	6,528,817
- Prior years	**-**	2,577,675
Expense recognised in the consolidated profit or loss	**2,343,147**	9,106,492
Zakat paid	**(7,425,875)**	(9,652,890)
Balance at the end of the period / year	**1,446,089**	6,528,817

Status of assessments

The Parent Company and its wholly owned subsidiaries

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

During the year ended 31 December 2025, the ZATCA issued the assessments for the years 2021 to 2022 claiming additional zakat liability of SR 0.7 million and the Parent Company decided to escalate the case through the General Secretariat of the Tax Committees to assign a hearing session to discuss the Parent Company's objection. During the period, the hearing session by Committee for Resolution of Tax Violations and Disputes ("CRTVD") was assigned and held. CRTVD issued the decision in favor of the Group. During the period, ZATCA had subsequently filed the appeal against the above decision before the Appellate Committee for Tax Violations and Dispute Resolution (ACTVDR). Management is of the view that the Group has strong position and accordingly, no provision is required.

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

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

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

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

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

(Amounts in Saudi Riyal unless otherwise stated)

20 REVENUE

	For the three-month period ended		*For the six-month period ended*	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Revenue from contracts with customers recognised over a period of time				
Revenue from customers of residential units	**16,799,056**	61,323,840	**58,767,229**	110,685,995
Revenue from facility maintenance services	**1,561,476**	1,507,582	**3,134,952**	3,068,806
Return of a residential unit	**-**	(1,448,000)	**-**	(1,448,000)
	18,360,532	61,383,422	**61,902,181**	112,306,801
Revenue from contracts with customers recognised at a point in time				
Revenue from hotel operations	**11,557,353**	-	**23,369,881**	**-**
	11,557,353	-	**23,369,881**	**-**
Revenue from operating lease	**-**	150,000	**75,000**	150,000
Total revenue	**29,917,885**	61,458,422	**85,347,062**	112,456,801

As at 30 June 2026, the aggregate amount of transaction price allocated to unsatisfied, or partially satisfied, performance obligations is SR 46.4 million (30 June 2025: SR 132.6 million).

21 LOSS PER SHARE

The loss per share calculation is given below:

	Three-month period ended		*Six-month period ended*	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Net loss attributable to owners of the Company	**(12,909,671)**	(37,685,414)	**(28,340,164)**	(54,945,051)
Weighted average number of shares	**339,300,000**	339,300,000	**339,300,000**	339,300,000
Basic loss per share	**(0.038)**	(0.111)	**(0.084)**	(0.162)

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

22 SEGMENT INFORMATION

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

The following summary describes the Group's reportable segments:

- Real estate development segment represents activities related to developing real estate, economic cities and other development projects in Madinah Al Munawarah, Kingdom of Saudi Arabia.

(Amounts in Saudi Riyal unless otherwise stated)

22 SEGMENT INFORMATION

- Investment segment represents Group's investing activities such as short-term investments, investments held at amortised cost including short-term investment less than three-months classified within cash and cash equivalents.

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

Selected financial information as at 30 June 2026 and 31 December 2025 and for the six-month period ended on 30 June 2026 and 2025, summarized by segment, is as follows:

	Real estate development	*Investment*	*Total*
Interim condensed consolidated statement of financial position			
As at 30 June 2026 (Unaudited)			
Investment properties	**4,709,144,881**	-	**4,709,144,881**
Development properties	**140,794,305**	-	**140,794,305**
Investment held at amortised cost	-	**124,772,392**	**124,772,392**
Other assets	**1,122,355,225**	**-**	**1,122,355,225**
Total assets	**5,972,294,411**	**124,772,392**	**6,097,066,803**
Total liabilities	**3,080,721,048**	-	**3,080,721,048**
As at 31 December 2025 (Audited)			
Investment properties	4,388,834,104	-	4,388,834,104
Development properties	96,266,832	-	96,266,832
Investment held at amortised cost	-	124,772,392	124,772,392
Murabaha deposits	-	5,147,000	5,147,000
Other assets	1,019,437,092	-	1,019,437,092
Total assets	5,504,538,028	129,919,392	5,634,457,420
Total liabilities	2,590,806,265	-	2,590,806,265

	Real estate development	*Investment*	*Total*
Interim condensed consolidated statement of comprehensive income			
For the six-month period ended 30 June 2026 (Unaudited)			
Revenues derived from external customers			
Revenue – At point in time	**23,444,881**	-	**23,444,881**
Revenue – Overtime	**61,902,181**	-	**61,902,181**
Finance income	**-**	**4,631,964**	**4,631,964**
Depreciation and amortization	**(5,747,153)**	-	**(5,747,153)**
Zakat expense	**(2,343,147)**	-	**(2,343,147)**
(Loss) / profit for the period	**(34,203,739)**	**4,631,964**	**(29,571,775)**

(Amounts in Saudi Riyal unless otherwise stated)

22 SEGMENT INFORMATION (continued)

For the six-month period ended 30 June 2025 (Unaudited)			
Revenues derived from external customers			
Revenue – Overtime	112,456,801	-	112,456,801
Finance income	-	1,079,433	1,079,433
Depreciation and amortization	(1,554,933)	-	(1,554,933)
Zakat expense	(6,747,354)	-	(6,747,354)
(Loss) / profit for the period	(53,277,873)	1,079,433	(52,198,440)
For the three-month period ended 30 June 2026 (Unaudited)			
Revenues derived from external customers			
Revenue – At point in time	**11,557,353**	-	**11,557,353**
Revenue – Overtime	**18,360,532**	-	**18,360,532**
Finance income	-	**4,059,363**	**4,059,363**
Depreciation and amortization	**(2,812,996)**	-	**(2,812,996)**
Zakat expense	**(1,200,809)**	-	**(1,200,809)**
(Loss) / profit for the period	**(18,145,547)**	**4,059,363**	**(14,086,184)**
For the three-month period ended 30 June 2025 (Unaudited)			
Revenues derived from external customers			
Revenue – Overtime	61,458,422	-	61,458,422
Finance income	-	539,716	539,716
Depreciation and amortization	(800,500)	-	(800,500)
Zakat expense	(3,804,036)	-	(3,804,036)
(Loss) / profit for the period	(35,344,004)	539,716	(34,804,288)

23 CONTINGENCIES AND COMMITTMENTS

As at 30 June 2026, capital and consultancy expenditures contracted by the Group, but not incurred on that date were approximately SR 1,339 million (31 December 2025: SR 1,372 million).

24 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

24 FAIR VALUE MEASUREMENT (continued)

The fair value measurement techniques and key assumptions used for investment properties are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2025. There have been no material changes in valuation assumptions during the six-month period ended 30 June 2026.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels During the six-month period ended 30 June 2026.

Cash and cash equivalents, trade receivables, investment held at amortised cost are measured at amortised cost.

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

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

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

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

25 FINANCIAL RISK MANAGEMENT

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

26 GEOPOLITICAL DEVELOPMENTS

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

26 GEOPOLITICAL DEVELOPMENTS (continued)

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

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

27 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period end:

a. On 27 July 2026, the Company and its subsidiary, Al Garra International Real Estate Development Company Limited, signed a non-binding Letter of Intent with BSF Capital and Fourmen Investment Company to establish a closed-ended private real estate investment fund for the development of the Knowledge Gardens project in Madinah. The proposed transaction remains subject to the execution of definitive agreements, completion of financing arrangements, obtaining the required regulatory approvals, and fulfillment of other contractual conditions.

b. On 16 July 2026, the Company sold parcels of land for amounting to SR 399 million.

28 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been authorised by the Board of Directors on 10 August 2026, corresponding to 27 Safar 1448H.