**TOURISM ENTERPRISE COMPANY (SHAMS)**

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2026

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## Independent auditor's review report on the interim condensed financial statements

**To the Shareholders of Tourism Enterprise Company (Shams)**
A Saudi Joint Stock Company

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Tourism Enterprise Company (Shams) (a Saudi Joint Stock Company) (the "Company") as of 30 September 2026, and the related interim condensed statement of profit or loss and other comprehensive income for the three and nine-month period ended 30 September 2026 and the related interim condensed statements of changes in shareholders' equity, and cash flows for the nine-month period then ended, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Other matters

- The financial statements of the Company for the year ended 31 December 2025 were audited by another auditor, who issued an unmodified opinion on those financial statements dated 12 Shawwal 1447H (corresponding to 31 March 2026). Further, the interim condensed financial statements of the Company for the three and nine-month periods ended 30 September 2025 were reviewed by another auditor, who expressed an unmodified conclusion on those financial statements dated 11 Jumada I 1447H (corresponding to 2 November 2025).
- The Company's shareholders did not approve the independent auditor's report on the financial statements of the Company for the year ended 31 December 2025, during the Ordinary General Assembly Meeting held on 4 June 2026 (corresponding to 18 Dul Hijjah 1447H).

For Alzoman, Alfahad & Alhajjaj Professional Services

شركة الزومان والفهد والحجاج للاستشارات المهنية
Alzoman, Alfahad & Alhajjaj Professional Services
CR 1010461402

Zaher Abdullah Al Hajjaj
Certified Public Accountant
License no. (562)

Riyadh, Kingdom of Saudi Arabia

Date: 27 Jumada al-Awwal 1448H
Corresponding to: 7 November 2026



شركة ياسر زومان الزومان وخالد فوزان الفهد وزاهر عبدالله الحجاج
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## TOURISM ENTERPRISE COMPANY (SHAMS)
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2026

| | Notes | 30 September 2026 | 31 December 2025 |
|---|---|---|---|
| | | ﷼ | ﷼ |
| **ASSETS** | | **(Unaudited)** | (Audited) |
| **NON CURRENT ASSETS** | | | |
| Property and equipment | 5 | **4,726,501** | 5,641,202 |
| Investment properties | 6 | **5,538,881** | 5,693,521 |
| Financial assets at fair value through other comprehensive income | 7 | **233,699,086** | 233,699,086 |
| Right-of-use asset | | **39,588** | 128,661 |
| Financial assets at fair value through profit or loss | 8 | **16,567,411** | 20,049,000 |
| **TOTAL NON CURRENT ASSETS** | | **260,571,467** | 265,211,470 |
| **CURRENT ASSETS** | | | |
| Accounts receivable | | **368,745** | 31,575 |
| Prepayments and other receivables | | **1,660,033** | 1,331,920 |
| Cash and cash equivalents | 9 | **230,499,745** | 249,090,314 |
| **TOTAL CURRENT ASSETS** | | **232,528,523** | 250,453,809 |
| **TOTAL ASSETS** | | **493,099,990** | 515,665,279 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 10 | **578,236,230** | 578,236,230 |
| Reserve | 10 | **2,913,121** | 2,913,121 |
| Accumulated losses | | **(90,358,765)** | (80,131,544) |
| Fair value reserve | 6 | **(15,708,314)** | (15,708,314) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **475,082,272** | 485,309,493 |
| **LIABILITIES** | | | |
| **NON CURRENT LIABILITIES** | | | |
| Employees defined benefits obligations | | **1,628,432** | 1,606,139 |
| **TOTAL NON CURRENT LIABILITIES** | | **1,628,432** | 1,606,139 |
| **CURRENT LIABILITIES** | | | |
| Accounts payable | | **374,050** | 344,616 |
| Accrued expenses and other current liabilities | | **2,987,116** | 3,882,051 |
| Provision for claims | 16 | **5,618,000** | 5,618,000 |
| Lease liability - current portion | | **-** | 125,238 |
| Provision for zakat | 11 | **7,410,120** | 18,779,742 |
| **TOTAL CURRENT LIABILITIES** | | **16,389,286** | 28,749,647 |
| **TOTAL LIABILITIES** | | **18,017,718** | 30,355,786 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **493,099,990** | 515,665,279 |

| Chief Financial Officer | Managing Director and Chief Executive Officer | Chairman |
|---|---|---|
| Mohamed El Hagry | Majed bin Nawwar Al-Otaibi | Nasser bin Khalaf Al-Barrak |

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

## TOURISM ENTERPRISE COMPANY (SHAMS)

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2026

| | Note | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|---|---|---|---|---|---|
| | | **2026** | 2025 | **2026** | 2025 |
| | | **﷼** | ﷼ | **﷼** | ﷼ |
| | | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Revenue | 13 | **2,776,315** | 1,578,975 | **6,828,865** | 6,463,155 |
| Cost of revenue | | **(3,165,100)** | (3,812,143) | **(9,546,171)** | (10,138,291) |
| **GROSS LOSS** | | **(388,785)** | (2,233,168) | **(2,717,306)** | (3,675,136) |
| Sales and marketing | | **(106,506)** | (109,118) | **(281,061)** | (641,844) |
| General and administration | | **(3,497,369)** | (1,547,076) | **(8,311,136)** | (6,242,768) |
| Reversal for expected credit losses | | **249,500** | - | **1,216,156** | 392,911 |
| **OPERATING LOSS** | | **(3,743,160)** | (3,889,362) | **(10,093,347)** | (10,166,837) |
| Gain on sale of property and equipment | | **-** | - | **-** | 22,261 |
| Finance income from time deposits | 9 | **3,011,496** | 3,986,157 | **9,567,612** | 11,228,075 |
| Dividend income from financial assets carried at FVTPL | | **-** | - | **612,474** | - |
| Unrealised (loss)/gain from fair value remeasurement on financial assets at FVTPL | 8 | **(620,130)** | 2,139,375 | **(280,914)** | 520,411 |
| Realised loss from financial assets at FVTPL | 8 | **-** | - | **(3,193,046)** | - |
| **(LOSS) / PROFIT BEFORE ZAKAT** | | **(1,351,794)** | 2,236,170 | **(3,387,221)** | 1,603,910 |
| Zakat | 11 | **(2,250,000)** | (2,600,000) | **(6,750,000)** | (5,008,921) |
| **NET LOSS FOR THE PERIOD** | | **(3,601,794)** | (363,830) | **(10,137,221)** | (3,405,011) |
| **OTHER COMPREHENSIVE LOSS** | | | | | |
| *Other comprehensive loss not to be reclassified to profit or loss in subsequent periods* | | | | | |
| Remeasurement losses on employees defined benefits obligation | | **(30,000)** | (15,000) | **(90,000)** | (38,505) |
| **TOTAL COMPREHENSIVE LOSS** | | **(3,631,794)** | (378,830) | **(10,227,221)** | (3,443,516) |
| **EARNINGS PER SHARE** | | | | | |
| Basic and diluted earnings per share from (loss)/profit before zakat for the period | 12 | **(0.023)** | 0.039 | **(0.059)** | 0.028 |
| Basic and diluted earnings per share from net loss for the period | 12 | **(0.062)** | (0.006) | **(0.175)** | (0.059) |

Chief Financial Officer
Mohamed El Hagry

Managing Director and Chief Executive Officer
Majed bin Nawwar Al-Otaibi

Chairman
Nasser bin Khalaf Al-Barrak

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

## TOURISM ENTERPRISE COMPANY (SHAMS)

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2026

| | Share capital | Reserve | Accumulated losses | Fair value reserve | Total shareholders' equity |
|---|---|---|---|---|---|
| | ﷼ | ﷼ | ﷼ | ﷼ | ﷼ |
| As at 1 January 2025 (audited) | 578,236,230 | 2,913,121 | (68,314,329) | (9,130,277) | 503,704,745 |
| Net loss for the period | - | - | (3,405,011) | - | (3,405,011) |
| Other comprehensive loss for the period | - | - | (38,505) | - | (38,505) |
| Total comprehensive loss for the period | - | - | (3,443,516) | - | (3,443,516) |
| Balance at 30 September 2025 (unaudited) | 578,236,230 | 2,913,121 | (71,757,845) | (9,130,277) | 500,261,229 |
| As at 1 January 2026 (audited) | **578,236,230** | **2,913,121** | **(80,131,544)** | **(15,708,314)** | **485,309,493** |
| Net loss for the period | **-** | **-** | **(10,137,221)** | **-** | **(10,137,221)** |
| Other comprehensive loss for the period | **-** | **-** | **(90,000)** | **-** | **(90,000)** |
| Total comprehensive loss for the period | **-** | **-** | **(10,227,221)** | **-** | **(10,227,221)** |
| **Balance at 30 September 2026 (unaudited)** | **578,236,230** | **2,913,121** | **(90,358,765)** | **(15,708,314)** | **475,082,272** |

Chief Financial Officer
Mohamed El Hagry

Managing Director and Chief Executive Officer
Majed bin Nawwar Al-Otaibi

Chairman
Nasser bin Khalaf Al-Barrak

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

## TOURISM ENTERPRISE COMPANY (SHAMS)

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2026

| | Nine-month period ended 30 September | |
|---|---|---|
| | 2026 | 2025 |
| | ﷼ | ﷼ |
| **OPERATING ACTIVITIES** | **(Unaudited)** | (Unaudited) |
| (Loss)/profit before zakat | **(3,387,221)** | 1,603,910 |
| *Non-cash adjustments to reconcile loss before zakat to net cash flows:* | | |
| Depreciation of property and equipment | **1,340,470** | 1,367,783 |
| Depreciation of investment properties | **154,640** | 154,640 |
| Depreciation of right-of-use asset | **89,073** | 89,073 |
| Gain on sale of property and equipment | **-** | (22,261) |
| Unrealised (gain)/loss from fair value remeasurement on financial assets at FVTPL | **280,914** | (520,411) |
| Realised loss from financial assets carried at FVTPL | **3,193,046** | - |
| Dividend income from financial assets carried at FVTPL | **(612,474)** | - |
| Finance income from time deposits | **(9,567,612)** | (11,228,075) |
| Finance charge on lease liabilities | **1,860** | 7,827 |
| Reversal of expected credit losses | **(1,216,156)** | (392,911) |
| Employees' defined benefits obligations | **378,502** | 290,544 |
| | **(9,344,958)** | (8,649,881) |
| Working capital adjustments: | | |
| Accounts receivable | **878,986** | 1,729,328 |
| Prepayments and other debit balances | **(328,113)** | 941,660 |
| Accounts payable | **29,434** | (201,090) |
| Accrued expenses and other current liabilities | **(894,323)** | (990,468) |
| **Cash used in operations** | **(9,658,974)** | (7,170,451) |
| Finance income received | **9,567,612** | 10,496,707 |
| Zakat paid | **(18,119,622)** | (7,510,124) |
| Employees' defined benefits obligations paid | **(446,209)** | (265,621) |
| **Net cash flows used in operating activities** | **(18,657,193)** | (4,449,489) |
| **INVESTING ACTIVITIES** | | |
| Additions to property and equipment | **(425,769)** | (1,056,167) |
| Proceeds from sale of property and equipment | **-** | 22,261 |
| Dividend income from financial assets carried at FVTPL | **612,474** | - |
| Additions of financial assets at fair value through profit or loss | **(16,848,325)** | - |
| Proceeds from sale of financial assets at fair value through profit or loss | **16,855,954** | - |
| **Net cash flows from/(used in) investing activities** | **194,334** | (1,033,906) |
| **FINANCING ACTIVITY** | | |
| Payment of principal portion of lease liability | **(127,710)** | (127,710) |
| **Net cash flows used in a financing activity** | **(127,710)** | (127,710) |
| **NET MOVEMENT IN CASH AND CASH EQUIVALENTS** | **(18,590,569)** | (5,611,105) |
| Cash and cash equivalents at the beginning of the period | **249,090,314** | 255,049,804 |
| **CASH AND CASH EQUIVALENTS AT THE END OF PERIOD** | **230,499,745** | 249,438,699 |

| | | |
|---|---|---|
| Chief Financial Officer | Managing Director and Chief Executive Officer | Chairman |
| Mohamed El Hagry | Majed bin Nawwar Al-Otaibi | Nasser bin Khalaf Al-Barrak |

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

## 1. ACTIVITIES

Tourism Enterprise Company (Shams) (the "Company") is a Saudi joint stock company. The Company was established in the Kingdom of Saudi Arabia under Commercial Registration No. 2050021572 issued in the city of Dammam dated 20 Muharram 1412H (corresponding to 1 August 1991G).

The Company is engaged in managing hotels, furnished residential units, chalets, tourist inns, resorts, wedding halls and events with accommodation, management of tourist accommodation facilities, camps, restaurants, coffee shops, buffets (cafeterias), rental of bicycles, amusement parks, entertainment centers, organization of recreational activities and operation of entertainment facilities.

Currently, the main activity of the Company is to manage tourism project (Palm Beach Resort), which is located on a leased land from the Municipality of Dammam for 40 years from the date of 1 Muharram 1410H (corresponding to 3 August 1989G), ending on 30 Dhul Hijjah 1450H (corresponding to 14 May 2029), without specifying in the contract on the possibility of renewing the lease contract.

The Company has the following branch:

| Commercial registration | Issuance date | Location |
|---|---|---|
| 2052103401 | 6/7/1443 | Dhahran |

The Company conducts its activities in the Kingdom of Saudi Arabia and its offices are located in the city of Dammam, 31482 P.O. Box 8383.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2025. In addition, results shown in these interim condensed financial statements may not be an indicative for the annual results of the Company's operations.

### 2.2 Material accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2025.

### 2.3 Basis of measurement

These interim condensed financial statements have been prepared on a historical cost convention. Except for employees' defined benefits obligations, that has been measured at the present value of the expected benefits obligation and investment in a real estate fund and financial assets at fair value through profit or loss, that have been measured at fair value.

### 2.4 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Arabian Riyals ("﷼"), which is also the functional currency of the Company.

## 3. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS

**New and revised standards, interpretations and amendments effective during the period**

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim condensed financial statements of the Company other than presentation and disclosures, except as stated otherwise.

**Lack of Exchangeability (Amendments to IAS 21)**

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

**Amendments to the SASB standards to enhance their international applicability**

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

**Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments**

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

**Annual Improvements to IFRS Accounting Standards - Volume 11**

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a ‘de facto agent’
- IAS 7: Cost method

**Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements**

The amendments aim at enabling entities to include information in their financial statements that in the IASB’s view more faithfully represents contracts referencing nature-dependent electricity.

**New and revised standards, interpretations and amendments issued but not yet effective**

The following new and revised standards, interpretations and amendments are effective for periods beginning on or after 1 January 2027 except for IFRS 20 (effective from 1 January 2029) and earlier application is permitted; however, the Company has not early adopted them in preparing these interim condensed financial statements.

**IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Company has not early adopted the new accounting standard in preparing these interim condensed financial statements.

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

**a) Structure of the statement of profit or loss**

IFRS 18 requires entities to classify all income and expenses into categories in the statement of profit or loss - namely operating, investing, financing, zakat / income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Company has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

## 3. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS (CONTINUED)

**New and revised standards, interpretations and amendments issued but not yet effective (Continued)**

**a) Structure of the statement of profit or loss (Continued)**

Neither net profit nor net assets will change as a result of the Company's adoption of IFRS 18. The Company will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes'. However, operating profit subtotal differs from the current operating profit subtotal presented by the Company. Based on the information currently available, the Company expects changes to the current structure of the statement of profit or loss to result from the following:

- Interest income and expenses are generally included in finance income, other income / expenses - net and finance cost under the Company's current accounting policy. IFRS 18 provides specific guidance on the income and expenses classified in the investing and financing categories.
- Interest cost on employee benefit obligations, which is currently presented within finance cost, will continue to be classified and presented within finance cost.
- Net foreign exchange losses / gains are currently included in other income / expenses - net. Under IFRS 18 foreign exchange differences are required to be presented in the same category as the income and expenses from the items that gave rise to the differences. The Company has determined that it has foreign exchange differences to be classified in the operating category. For example, foreign exchange differences on trade payables and trade receivables will be classified in the operating category.

**b) Management-defined performance measures**

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Company will be required to disclose specific information about MPMs in a single note in the financial statements.

The Company is in the process of determining which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Company following adoption of IFRS 18 will be determined based on public communications issued by the Company relating to the 2027 interim reporting period.

**c) Principles of aggregation and disaggregation**

IFRS 18 provides enhanced principles on how to present the Company's information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Company is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Company is also assessing line items currently labelled as 'other' and will use more informative labels.

## 3. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS (CONTINUED)

**New and revised standards, interpretations and amendments issued but not yet effective (Continued)**

**IFRS 18 Presentation and Disclosure in Financial Statements (Continued)**

**d) Consequential amendments**

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company currently uses profit before zakat for the period / year as the starting point of the reconciliation to cash flows from operating activities. 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 Company will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures**

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

**IFRS 20 Regulatory Assets and Regulatory Liabilities**

IFRS 20 requires an entity that is subject to a regulatory agreement to provide information about its regulatory assets, regulatory liabilities, regulatory income and regulatory expense.

**Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures**

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.

**Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)**

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

**Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)**

The amendments to IFRS S2 aim to support entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2.

**Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)**

The amendments provide clarity about which entities are eligible to measure investments using the fair value option in IAS 28.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2025.

## 5. PROPERTY AND EQUIPMENT

| | **30 September 2026 (Unaudited)** | 31 December 2025 (Audited) |
|---|---|---|
| Cost: | | |
| At beginning of the period/year | **155,888,318** | 154,934,918 |
| Additions | **425,769** | 1,152,099 |
| Disposals | **-** | (198,699) |
| At end of the period/year | **156,314,087** | 155,888,318 |
| | | |
| Accumulated depreciation and impairment: | | |
| At beginning of the period/year | **150,247,116** | 148,587,458 |
| Charge for the period/year | **1,340,470** | 1,858,357 |
| Disposals | **-** | (198,699) |
| At end of the period/year | **151,587,586** | 150,247,116 |
| Net book amount as at the end of the period/year | **4,726,501** | 5,641,202 |

The property and equipment include fully depreciated assets that are still in use by the Company and recorded in the accounting records. The cost of these assets as of 30 September 2026 amounted to ﷼ 32.6 million (31 December 2025: ﷼ 32.6 million).

## 6. INVESTMENT PROPERTIES

| | **30 September 2026 (Unaudited)** | 31 December 2025 (Audited) |
|---|---|---|
| Cost: | | |
| At the beginning and end of the period/year | **10,312,035** | 10,312,035 |
| | | |
| Accumulated depreciation: | | |
| At the beginning of the period/year | **4,618,514** | 4,411,569 |
| Charge for the period/year | **154,640** | 206,945 |
| At the end of the period/year | **4,773,154** | 4,618,514 |
| Net book amount at the end of the period/year | **5,538,881** | 5,693,521 |

Investment properties represent an owned plot of land and building located in Al Khobar, Kingdom of Saudi Arabia. The cost model is used to measure investment properties, and the disclosure relating to the fair value of investment properties is made in the Company's annual financial statements.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

During 2024, the Company invested ﷼ 243,800,000 in a closed private equity fund licensed by the Capital Market Authority and managed by SEDCO Capital ("Fund Manager"). The fund is dedicated to developing a five-star hotel along the Al Khobar corniche, to be operated under the "Fairmont" brand. The Company owns 2,438 units at a price of ﷼ 100,000 per unit. The transaction costs incurred on this transaction amounting to ﷼ 5.6 million have been included in the investment carrying value.

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| At the beginning of the period/year | **233,699,086** | 240,277,123 |
| Net loss from fair value remeasurement | **-** | (6,578,037) |
| At the end of the period/year | **233,699,086** | 233,699,086 |

There were no transactions incurred with the real estate fund during the period and the management believes that there are no material fair value changes during the three-month periods ended 30 September 2026.

The accumulated fair value reserve relating to investment in the real estate fund amounted to ﷼ 15,708,314 as of 30 September 2026 (31 December 2025: ﷼ 15,708,314).

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company classifies those equity investments at FVTPL for which it has not elected to recognize fair value gains and losses through other comprehensive income at initial recognition. As at 30 September 2026, FVTPL investments consist of a portfolio of quoted shares managed by a local investment bank (31 December 2025: same). The movement in investments measured at FVTPL is set out below:

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| At the beginning of the period/year | **20,049,000** | 22,707,089 |
| Proceeds from sales during the period/year | **(16,855,954)** | - |
| Additions during the period/year | **16,848,325** | - |
| Realized losses during the period/year | **(3,193,046)** | - |
| Unrealized loss during the period/year | **(280,914)** | (2,658,089) |
| At the end of the period/year | **16,567,411** | 20,049,000 |

## 9. CASH AND CASH EQUIVALENTS

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| Time deposits (note 9.1) | **220,620,124** | 249,000,000 |
| Bank balances | **9,878,621** | 89,314 |
| Cash in hand | **1,000** | 1,000 |
| | **230,499,745** | 249,090,314 |

**9.1** Bank balances represent cash held with local banks and are denominated mainly in Saudi Riyal. Time deposits earn interest income at an average rate of 5.4% and are renewed on average for a period of 90 days (2025: earn interest income at an average rate of 5.9% and are renewed on average for a period of 65 days).

## 10. SHARE CAPITAL AND RESERVE

### 10.1 Share Capital

The share capital of the Company is divided into 57,823,623 ordinary shares with a nominal value of ﷼ 10 each as at 30 September 2026 (31 December 2025: 57,823,623 ordinary shares of ﷼ 10 each).

On 2 Safar 1447 (corresponding to 27 July 2025), the Board of Directors recommended to the Extraordinary General Assembly to change the nominal value of the Company's shares from ﷼ 0.5 per share to ﷼ 10 per share.
On 24 Rabi' II 1447 (corresponding to 16 October 2025), the Extraordinary General Assembly approved the change in nominal value and consequently, the number of shares has been adjusted from 1,156,472,460 shares to 57,823,623 shares.

### 10.2 Reserve

During the year 2023, the Company amended its by-laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve. Accordingly, the reserve appropriated during the prior years will be subject to shareholders' resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

## 11. ZAKAT

**Charge for the period**

The charge for the interim period is calculated based on the estimated zakat charge for the whole year.

**Movements in provision during the period/year**

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| At the beginning of the period/year | **18,779,742** | 19,047,477 |
| Charge for the period/year | **6,750,000** | 9,752,513 |
| Paid during the period/year | **(18,119,622)** | (10,020,248) |
| At the end of the period/year | **7,410,120** | 18,779,742 |

**Status of assessments**

The Company has submitted its zakat returns for all years from inception up to the year ended 31 December 2025 and obtained the required certificates. The Company has agreed its zakat position with ZATCA for all years up to 2024.

## 12. EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and ordinary shares outstanding data used in the basic and diluted earnings per share calculation of the shareholders of the Company:

| | Three-month period ended | | Nine-month period ended | |
|---|---|---|---|---|
| | **30 September 2026** | 30 September 2025 | **30 September 2026** | 30 September 2025 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| (Loss)/profit before zakat attributable to equity holders of the Company | **(1,351,794)** | 2,236,170 | **(3,387,221)** | 1,603,910 |
| Net loss attributable to equity holders of the Company | **(3,601,794)** | (363,830) | **(10,137,221)** | (3,405,011) |
| Weighted average number of ordinary shares outstanding during the period | **57,823,623** | 57,823,623 | **57,823,623** | 57,823,623 |
| **Basic and diluted earnings per share from (loss)/profit before zakat for the period** | **(0.023)** | 0.039 | **(0.059)** | 0.028 |
| **Basic and diluted earnings per share from net loss for the period** | **(0.062)** | (0.006) | **(0.175)** | (0.059) |

The weighted average number of shares outstanding has been adjusted to reflect the reverse share split that took place during the year ended 31 December 2025 (note 10) and consequently, earnings per share for the current and comparative periods have been adjusted as required by the relevant accounting standards (IAS 33).

## 13. REVENUE

Below is the disaggregation of the Company's revenue:

| | Three-month period ended | | Nine-month period ended | |
|---|---|---|---|---|
| | **30 September 2026** | 30 September 2025 | **30 September 2026** | 30 September 2025 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| **Type of services** | | | | |
| Revenue from rooms | **1,424,359** | 1,056,337 | **3,737,183** | 3,988,243 |
| Services fee and other revenue | **1,253,796** | 438,136 | **1,911,969** | 983,924 |
| Revenue from food and beverages | **98,160** | 84,502 | **1,179,713** | 1,490,988 |
| **Total revenue** | **2,776,315** | 1,578,975 | **6,828,865** | 6,463,155 |
| **Geographical markets** | | | | |
| Saudi Arabia | **2,776,315** | 1,578,975 | **6,828,865** | 6,463,155 |
| **Timing of revenue recognition** | | | | |
| Recognised at a point in time | **1,522,519** | 1,140,839 | **4,916,896** | 5,479,231 |
| Recognised over time | **1,253,796** | 438,136 | **1,911,969** | 983,924 |
| **Total revenue from contracts with customers** | **2,776,315** | 1,578,975 | **6,828,865** | 6,463,155 |

## 14. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

**14.1** Amounts due to related parties presented under accrued expenses and other current liabilities in the statement of financial position comprise the following:

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| Board of directors/committee members | **1,755,559** | 1,225,580 |

**14.2** The significant related party transactions were as follows:

| | **Three-month period ended** | | **Nine-month period ended** | |
|---|---|---|---|---|
| | **30 September 2026** | 30 September 2025 | **30 September 2026** | 30 September 2025 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Salaries and allowances of executives | **1,198,161** | 792,002 | **2,782,165** | 2,422,006 |
| Board of directors/committee members' remunerations | **556,979** | 82,000 | **1,935,979** | 1,287,000 |
| | **1,755,140** | 874,002 | **4,718,144** | 3,709,006 |

## 15. SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in managing Palm Beach Resort (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Board of Directors of the Company monitor the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as a whole. The various expenses which are included in the measurement of the net result for the Company are disclosed in the respective notes to the interim condensed financial statements.

The Company's activities are limited to managing Palm Beach Resort. The Company analyses the financial information of its operations as a whole. Accordingly, segmental analysis of the interim condensed statement of profit or loss and other comprehensive income and interim condensed statement of financial position is not presented. The CODM considers the Company to be a single operating segment based on the nature of its operations and services as all of the Company's operations relate to one operating sector. In addition, all of the Company's activities are concentrated in the Kingdom of Saudi Arabia. Consequently, the Company does not disclose business segments or geographical segments.

## 16. COMMITMENTS AND CONTINGENCIES

The Company has various legal cases raised by various parties against the Company. The management believes that there is no significant exposure on the Company to incur additional losses as a result of the resolution of these cases beyond the provisions booked already by the Company in the past.

## 17. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio.

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 September 2026.

## 18. 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Company 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 between Levels 1, 2 or 3 during the nine-month period ended 30 September 2026 (31 December 2025: same).

**Financial instruments by categories**

| | **30 September 2026** | 31 December 2025 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| **Financial assets measured at amortized cost** | | |
| Accounts receivable | **368,745** | 31,575 |
| Cash and cash equivalents | **230,498,745** | 249,089,314 |
| | **230,867,490** | 249,120,889 |
| **Financial liabilities measured at amortized cost** | | |
| Accounts payable | **374,050** | 344,616 |
| Accrued expenses and other current liabilities | **2,987,116** | 3,818,698 |
| Lease liability | **-** | 125,238 |
| | **3,361,166** | 4,288,552 |

## 19. EVENTS AFTER THE REPORTING DATE

Subsequent to 30 September 2026, the Company entered into a 10-year lease agreement for a hotel at annual lease rent of ﷼ 2.8 million to ﷼ 3.3 million as part of its hospitality expansion strategy. The Company has also submitted a proposal to secure another hotel under a long-term lease arrangement at annual lease rent of ﷼ 5 million and is currently awaiting the hotel owner's response. This initiative is intended to support the Company's growth objectives, expand its hospitality portfolio, and further strengthen its position in hotel operations.

There have been no other significant subsequent events since the period ended 30 September 2026 which would require either a disclosure or have a material impact on the Company's interim condensed financial statements.

## 20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issuance by the board of directors on 21 Jumada I 1448H (corresponding to 2 November 2026).