

التاريخ: 2025/05/13

السادة بورصة فلسطين المحترمين،

الموضوع: الإفصاح عن القوائم المالية المرحلية الموحدة المختصرة (الغير مدققة) للربع الأول من العام 2025  
لشركة أركان العقارية ش.م.ع ("الشركة")

تحية طيبة وبعد،

بالإشارة إلى الموضوع أعلاه، مرفق إلى حضرتكم الملفات التالية:

1. البيانات المالية المرحلية الموحدة المختصرة للربع الأول من العام 2025.
2. البيانات المطلوبة في المادة (2/37) من نظام الإفصاح.
3. الإيضاحات الضرورية.

وتفضلوا بقبول فائق الاحترام والتقدير،،،

محمد البرغوثي

رئيس الإدارة المالية

محمد البرغوثي

شركة أركان العقارية ش.م.ع

Arkaan Real Estate P.L.C



**أركان**  
ARKAAN

2025/05/13

ملخص أداء الشركة والبيانات المالية المرحلية الموحدة المختصرة  
للربع الأول من العام 2025

Financial Disclosure  
Q1 2025

### Consolidated performance

The net profit attributable to the shareholders of ARKAAN amounted to U.S. \$ 13.7 million in the first quarter of 2025 compared with U.S. \$ 8.6 million for the same period of last year, reporting an increase by %60 due to the dividend's income on ARKAAN's financial investment portfolio. The earnings per share amounted to U.S. \$ 0.104 compared to U.S. \$ 0.065 for the same period of year 2024.

The operating profit for the first quarter of 2025 amounted to U.S. \$ 13 million compared to U.S. \$ 9.5 million for the first quarter of 2024, thus recording an increase by %37.



As for investment activities, profits from this segment amounted to U.S. \$ 14.6 million for the first quarter of 2025 compared to U.S. \$ 7.8 million at the end of the first quarter of 2024.

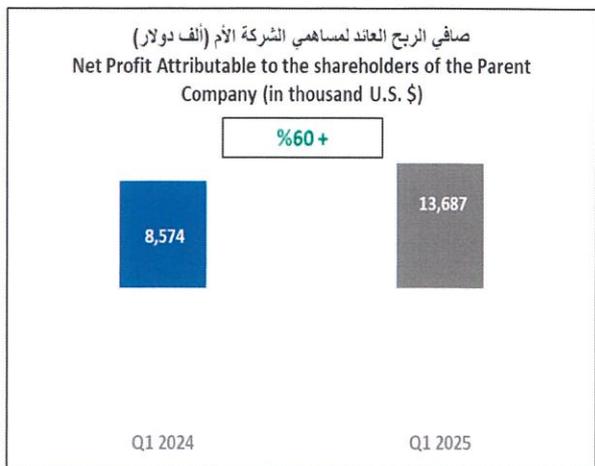
### Assets

Total assets at the end of the first quarter of year 2025 amounted to U.S. \$ 466.8 million and were distributed amongst the following groups as shown in the diagram:

### ملخص أداء أركان

بلغ الربح العائد إلى مساهمي الشركة للربع الأول من العام 2025 ما مقداره 13.7 مليون دولار مقارنة بـ 8.6 للربع الأول من العام 2024، بنسبة زيادة بلغت %60، ويرجع ذلك بشكل رئيسي لعوائد توزيعات الأرباح على المحفظة الاستثمارية للشركة. وبلغ نصيب السهم من الأرباح 0.104 دولار مقارنة بـ 0.065 دولار خلال الربع الأول من العام 2024.

على مستوى الربح التشغيلي، بلغ الربح التشغيلي للربع الأول من العام 2025 ما قيمته 13 مليون دولار مقارنة بـ 9.5 مليون دولار للربع الأول من العام 2024، مسجلاً بذلك ارتفاعاً بنسبة %37.

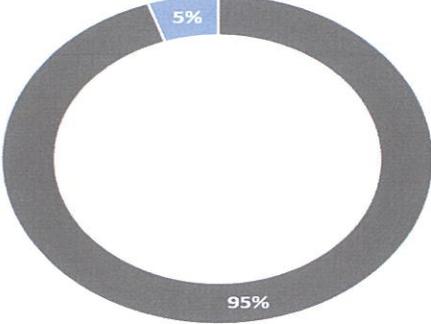


على صعيد الأرباح من الأنشطة الاستثمارية، فقد بلغت هذه الأرباح للربع الأول من العام 2025 ما قيمته 14.6 مليون دولار مقارنة مع ما قيمته 7.8 مليون دولار كما في نهاية الربع الأول للعام 2024.

### الموجودات

مع نهاية الربع الأول من العام 2025، بلغ مجموع موجودات أركان ما مقداره 466.8 مليون دولار موزعة بحسب البنود الموضحة في الرسم البياني التالي:

	<ul style="list-style-type: none"> <li><span style="color: #8B4513;">■</span> استثمارات مالية Financial investments</li> <li><span style="color: #696969;">■</span> استثمارات عقارية وممتلكات قيد التطوير Investment properties and properties under development</li> <li><span style="color: #2E8B57;">■</span> ذمم وأرصدة مدينة Receivables and other current assets</li> <li><span style="color: #ADD8E6;">■</span> النقد والنقد المعادل Cash and cash equivalent</li> <li><span style="color: #00008B;">■</span> موجودات أخرى Other assets</li> </ul>
<p><b>Liabilities</b></p> <p>Liabilities amounted to U.S. \$ 24.4 million at the end of the first quarter of year 2025 compared to U.S. \$ 27.1 million at the end of 2024, i.e., decrease of %9.9.</p> <p>The following chart shows the distribution of liabilities at the end of the first quarter of the year 2025:</p>	<p><b>المطلوبات</b></p> <p>بلغت المطلوبات 24.4 مليون دولار نهاية الربع الأول من العام 2025 مقارنة مع 27.1 مليون دولار نهاية العام 2024، أي بنسبة انخفاض 9.9%.</p> <p>يوضح الرسم البياني التالي توزيع المطلوبات كما في نهاية الربع الأول من العام 2025:</p>
	<ul style="list-style-type: none"> <li><span style="color: #696969;">■</span> تسهيلات ائتمانية وقروض Borrowings</li> <li><span style="color: #ADD8E6;">■</span> إيرادات مؤجلة Unearned revenues</li> <li><span style="color: #00008B;">■</span> مطلوبات ضريبية مؤجلة Deferred tax liabilities</li> <li><span style="color: #FF8C00;">■</span> مطلوبات غير متداولة أخرى Other non-current liabilities</li> <li><span style="color: #8B4513;">■</span> ذمم دائنة Accounts payable</li> <li><span style="color: #2E8B57;">■</span> مطلوبات متداولة أخرى Other current liabilities</li> </ul>

Equity	حقوق الملكية
<p>Equity amounted to U.S. \$ 442.3 million at the end of the first quarter of year 2025 compared to U.S. \$ 423.3 million at the end of 2024.</p> <p>The following chart shows the distribution of equity at the end of the first quarter of the year 2025:</p>	<p>بلغت حقوق الملكية 442.3 مليون دولار نهاية الربع الأول من العام 2024 مقارنة مع 423.3 مليون دولار نهاية العام 2024.</p> <p>يوضح الرسم البياني التالي توزيع حقوق الملكية كما في نهاية الربع الأول من العام 2025:</p>
	<p>حق ملكية الأسهم لمساهمي الشركة الأم Equity attributable to equity holders of the parent</p> <p>حقوق ملكية جهات غير مسيطرة Non-controlling interests</p>

## Other information

## بيانات أخرى

### Members of the Board of Directors

### أولاً: أعضاء مجلس الإدارة

<p><b>Mr. Reyad Nazzal</b> Chairman - GMS Ventures and Investments Holdings</p>	<p>1. السيد رياض نزال رئيس مجلس الإدارة - شركة جي ام اس فينشرز اند انفيستمنس القابضة</p>
<p><b>Mrs. Reem Alsheikh</b> Vice Chairman - Massar International</p>	<p>2. السيدة ريم الشيخ نائب رئيس مجلس الإدارة - شركة مسار العالمية للاستثمار م. خ</p>
<p><b>Mr. Abdul Majeed Melhem</b> Siraj Fund Management Company</p>	<p>3. السيد عبد المجيد ملحم شركة سراج لإدارة صناديق الاستثمار</p>
<p><b>Mr. Salah Hidmi</b> Palestine Development and Investment Co. Ltd (PADICO)</p>	<p>4. السيد صلاح هدي شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)</p>
<p><b>Mr. Seif Al Deen Sadeddin</b> Al Maseera International Co.</p>	<p>5. السيد سيف الدين سعد الدين شركة المسيرة الدولية ش. م. ب. م</p>
<p><b>Mr. Jamal Barahmeh</b> Aswaq Portfolio Investments Co. (Palestine Investment Fund)</p>	<p>6. السيد جمال براهمه شركة أسواق للمحافظ الاستثمارية (صندوق الاستثمار الفلسطيني)</p>
<p><b>Mrs. Amal Moughrabi</b> Palestine Development and Investment Co. Ltd (PADICO)</p>	<p>7. السيدة أمل مغربي شركة فلسطين للتنمية والاستثمار المحدودة (باديكو)</p>
<p><b>Mr. Ibrahim Al Natour</b> Independent board member Palestine Development and Investment Co. Ltd (PADICO)</p>	<p>8. السيد إبراهيم الناطور عضو مستقل</p>
<p><b>Mr. Samir Othman Mahmoud</b> Hulileh representation of Palestine Development and Investment Company (PADICO) on the Board of Directors of Arkaan Real Estate Company has ended, noting that Mr. Samir was the company Chairman.</p>	<p>9. عضو شاغر</p>

\* On 02/03/2025, Mr. Samir Othman Mahmoud Hulileh representation of Palestine Development and Investment Company (PADICO) on the Board of Directors of Arkaan Real Estate Company has ended, noting that Mr. Samir was the company Chairman.

\* اعتباراً من تاريخ 02/03/2025، انتهى تمثيل السيد سمير عثمان محمود حليله لشركة فلسطين للتنمية والاستثمار المحدودة (باديكو) في مجلس إدارة شركة أركان العقارية والذي كان يشغل منصب رئيس مجلس الإدارة.

Executive Management

ثانياً: الإدارة التنفيذية

Mr. Mohammad Barghouthi  
Chief Financial Officer

1. السيد محمد البرغوثي  
رئيس الإدارة المالية

External auditor

ثالثاً: مدققي الحسابات

Ernst & Young.

شركة ارنست ويونغ.

Paid up capital

رابعاً: رأس المال المكتتب

1. Outstanding shares = 131,625,000
2. Par value per share = U.S. \$ 1.00

1. عدد الأسهم المكتتب بها = 131,625,000
2. القيمة الإسمية للسهم = 1.00 دولار أمريكي

Legal procedures and issues

خامساً: الاجراءات القانونية

There are no issues or significant lawsuits held against ARKAAN or held by ARKAAN against others which could affect the ARKAAN's operations or the trading price of its stock.

لا يوجد أية قضايا أو اجراءات قانونية جوهرية على أركان أو لأركان على الغير والتي من الممكن أن تؤثر على أعمال أركان أو سعر تداول السهم.

Note:

ملاحظة:

Except for what was disclosed in the financial statements, no significant change or event occurred during the first quarter of the year 2025 and until the date of disclosure of the financial statements other than what was disclosed in the financial statements that would influence ARKAAN's business or the trading price of its stock.

باستثناء ما تم الإفصاح عنه في البيانات المالية وهذا التقرير، لم يطرأ أي تغيير أو حدث مهم خلال الربع الأول من العام 2025 وحتى تاريخ الإفصاح عن البيانات المالية غير ما تم الإفصاح عنه والذي من شأنه أن يؤثر على أعمال أركان أو سعر تداول السهم.

محمد البرغوثي

Mohammad Barghouthi

رئيس الإدارة المالية

Chief Financial Officer

محمد البرغوثي

Arkaan Real Estate P.L.C

Unaudited Interim Condensed Consolidated Financial  
Statements

March 31, 2025



**Shape the future  
with confidence**

**ERNST & YOUNG – MIDDLE EAST  
(PALESTINE BRANCH)**  
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C.R. No. 562201038

**Report on review of interim financial information  
To the chairman and board of directors of Arkaan Real Estate P.L.C**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Arkaan Real Estate and its subsidiaries (ARKAAN) as at March 31, 2025, which comprise the interim condensed consolidated statement of financial position as at March 31, 2025 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended and notes to the interim condensed consolidated statement. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards (IAS 34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS 34).

**Emphasis of matter- War on the Gaza Strip**

We draw attention to Note (20) to the accompanying condensed consolidated financial statements, which relates to the war on the Gaza Strip and the management's decision to fully provide for its exposures in the Gaza Strip. This matter does not modify the conclusion on the interim condensed consolidated financial statements.

**Ernst & Young - Middle East**  
License # 206/2012

*Saeed Abdallah*

*Ernst + Young*

**Sa'ed Abdallah**  
License # 105/2003

May 13, 2025  
Ramallah - Palestine

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at March 31, 2025

		March 31, 2025	December 31, 2024
		Unaudited	Audited
	Notes	U.S. \$ (000's)	U.S. \$ (000's)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment		447	487
Investment properties	4	42,326	42,013
Properties under development	5	72,311	68,703
Financial assets at fair value through other comprehensive income	6	218,021	212,228
Long-term accounts receivable	7	15,593	20,312
		<u>348,698</u>	<u>343,743</u>
<b>Current assets</b>			
Land held for sale		6,948	6,549
Short-term accounts receivable	7	21,546	24,510
Other current assets	8	37,367	20,537
Financial assets at amortized cost.	9	-	9,694
Financial assets at fair value through profit or loss	6	23,109	22,879
Cash and deposits at banks	10	29,093	22,544
		<u>118,063</u>	<u>106,713</u>
<b>Total assets</b>		<u>466,761</u>	<u>450,456</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Paid-in share capital	1	131,625	131,625
Share premium	1	253,461	253,461
Statutory reserve	11	726	726
Fair value reserve	6	28,035	22,242
Retained earnings (accumulated losses)		4,983	(8,704)
<b>Equity attributable to equity holders of the parent</b>		<u>418,830</u>	<u>399,350</u>
Non-controlling interests		23,491	23,983
<b>Total equity</b>		<u>442,321</u>	<u>423,333</u>
<b>Non-current liabilities</b>			
Long-term loans		1,059	1,341
Long-term unearned revenues		7,624	10,308
Deferred tax liabilities	12	3,822	3,761
Provision for employees' indemnity		373	350
Other non-current liabilities		1,048	1,065
		<u>13,926</u>	<u>16,825</u>
<b>Current liabilities</b>			
Accounts payable		2,169	1,982
Credit facilities and short-term loans		4,754	4,222
Other current liabilities		3,591	4,094
		<u>10,514</u>	<u>10,298</u>
<b>Total liabilities</b>		<u>24,440</u>	<u>27,123</u>
<b>Total equity and liabilities</b>		<u>466,761</u>	<u>450,456</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

For the three-months period ended March 31, 2025

	Notes	For the three-months period ended March 31	
		2025	2024
		Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)
Revenues from sale of land and development rights		-	2,667
Cost of land and development rights		-	(1,111)
Sales returns, net	14	(1,656)	-
Gain from sale of investments properties		80	-
<b>Profits from real estate activities</b>		<u>(1,576)</u>	<u>1,556</u>
Gains (Losses) from valuation of financial assets at fair value through profit or loss		230	(627)
Dividends income from financial assets		14,314	8,463
Investment income		98	-
<b>Profits from investment activities</b>		<u>14,642</u>	<u>7,836</u>
Interest revenues		779	728
Operating and administrative expenses		(805)	(581)
<b>Operating profit</b>		<u>13,040</u>	<u>9,539</u>
Expected credit loss recovery (provision)	7,9	306	(350)
Other expenses, net		(27)	(118)
<b>Profit for the period before income tax</b>		<u>13,319</u>	<u>9,071</u>
Income tax expense	13	(124)	(305)
<b>Profit for the period</b>		<u><u>13,195</u></u>	<u><u>8,766</u></u>
Attributable to:			
Shareholders of the parent		13,687	8,574
Non-controlling interests		(492)	192
		<u>13,195</u>	<u>8,766</u>
<b>Basic and diluted earnings per share for the period</b>		<u>0.104</u>	<u>0.065</u>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three-month period ended March 31, 2025

	<u>Notes</u>	For the three-months period ended March 31	
		2025	2024
		Unaudited U.S. \$ (000's)	Unaudited U.S. \$ (000's)
<b>Profit for the period</b>		13,195	8,766
<b>Other Comprehensive Income items:</b>			
Items that will not be reclassified to the consolidated income statement in subsequent periods:			
Gains (Losses) from valuation of financial assets at fair value through other comprehensive income	6	5,793	(4,298)
<b>Total other comprehensive income for the period</b>		5,793	(4,298)
<b>Net comprehensive income for the period</b>		18,988	4,468
<b>Attributable to:</b>			
Shareholders of the parent		19,480	4,276
Non-controlling interests		(492)	192
		18,988	4,468

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three-month period ended March 31, 2025

	Equity attributable to equity holders of the parent							
	Paid-in share capital	Share premium	Statutory reserve	Fair value reserve	(Accumulat ed losses) Retained earnings	Total	Non- controlling interests	Total equity
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b>March 31, 2025</b>								
<b>Balance as at January 1, 2025</b>	131,625	253,461	726	22,242	(8,704)	399,350	23,983	423,333
Profit for the period	-	-	-	-	13,687	13,687	(492)	13,195
Other comprehensive income items	-	-	-	5,793	-	5,793	-	5,793
Net comprehensive income for the period	-	-	-	5,793	13,687	19,480	(492)	18,988
<b>Balance as at March 31, 2025 (Unaudited)</b>	<b>131,625</b>	<b>253,461</b>	<b>726</b>	<b>28,035</b>	<b>4,983</b>	<b>418,830</b>	<b>23,491</b>	<b>442,321</b>

	Equity attributable to equity holders of the parent							
	Paid-in share capital	Share premium	Statutory reserve	Fair value reserve	Retained earnings	Total	Non- controlling interests	Total equity
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b>March 31, 2024</b>								
<b>Balance as at January 1, 2024</b>	131,625	253,461	726	10,664	(1,633)	394,843	23,500	418,343
Profit for the period	-	-	-	-	8,574	8,574	192	8,766
Other comprehensive income items	-	-	-	(4,298)	-	(4,298)	-	(4,298)
Net comprehensive income for the period	-	-	-	(4,298)	8,574	4,276	192	4,468
<b>Balance as at March 31, 2024 (Unaudited)</b>	<b>131,625</b>	<b>253,461</b>	<b>726</b>	<b>6,366</b>	<b>6,941</b>	<b>399,119</b>	<b>23,692</b>	<b>422,811</b>

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three-month period ended March 31, 2025

		For the three months period ended March 31	
		2025	2024
		Unaudited	Unaudited
Note		U.S. \$ (000's)	U.S. \$ (000's)
<b>Operating Activities</b>			
	Profit for the period before income tax	13,319	9,071
<b>Adjustments:</b>			
	Depreciation and amortization	40	50
	(Profits) Losses from valuation and sale of investment	(230)	627
	Interest revenues and investment returns	(877)	(728)
	Distributed cash dividends from financial assets	(14,314)	(8,463)
	Provision for employees' indemnity	26	59
	Gains from sale of investments properties	(80)	-
	(Recovery) Provision for expected credit losses	(306)	350
	Other non-cash items	(404)	187
		<u>(2,826)</u>	<u>1,153</u>
<b>Working capital adjustments:</b>			
	Accounts receivable	3,408	17
	Other current assets	(2,549)	387
	Accounts payable	187	536
	Properties under development	-	764
	Unearned revenues	-	(2,666)
	Other current liabilities	(503)	(728)
	Other non-current liabilities	(17)	(38)
	Income tax paid	(68)	(51)
	Payments of end of service	(7)	(70)
	<b>Net cash flows used in operating activities</b>	<u>(2,375)</u>	<u>(696)</u>
<b>Investing Activities</b>			
	Purchase of financial assets	-	(397)
	Purchase of investments properties	(328)	(1,152)
	Sale of investments properties	95	-
	Properties under development	(1,685)	(2,540)
	Change in deposits in banks maturing after 3 months	1,799	(34)
	Received Interest revenues	592	322
	Investment in financial assets at amortized cost	10,000	-
	<b>Net cash flows from (used in) investing activities</b>	<u>10,473</u>	<u>(3,801)</u>
<b>Financing activities</b>			
	Long-term loans	270	1,172
	<b>Cash flows from financing activities</b>	<u>270</u>	<u>1,172</u>
	<b>Increase (Decrease) in cash and cash equivalents</b>	8,368	(3,325)
	Cash and cash equivalents, beginning of the period	4,695	5,433
	<b>Cash and cash equivalents, end of the period</b>	<u>13,063</u>	<u>2,108</u>
	10		

The attached notes from 1 to 20 are part of these interim condensed consolidated financial statements

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at March 31, 2025

**1. Corporate and its Activities**

Asas Al-Ard for Investment and real estate development Co. was incorporated in Ramallah, Palestine on February 21, 2022, and registered with the Ministry of National Economy as a private limited shareholding company under registration no. (562764050). On March 22, 2022, the extra-ordinary general assembly of Palestinian Telecommunication Company (PALTEL) took the decision to distribute shares for PALTEL shareholders in a newly created entity (Arkaan Real Estate), with the aim of transferring real estate assets and investment portfolio to it. The distribution was on the basis of 1:1, wherein PALTEL shareholder would get one share in ARKAAN for each share in PALTEL.

On May 17, 2022, Asas Al-Ard for Investment and real estate development Co. name was changed to "Arkaan Real Estate Public Limited Company" (ARKAAN). And ARKAAN's legal status changed from a private limited shareholding company to a public limited shareholding company under registration number (562601575). Later, on July 3, 2022, ARKAAN's shares were listed on the Palestine Exchange.

ARKAAN's issued and paid-in capital comprises 131,625,000 at par value of U.S. \$ 1 per share. Net assets in an amount of U.S. \$ 385,086,000 were transferred in exchange for a capital contribution, which resulted in share premium in an amount of U.S. \$ 253,461,000.

ARKAAN's main activities are concentrated in financial investments sector and real estate development and investment sector.

The interim condensed consolidated financial statements of ARKAAN as of March 31, 2025, were authorized for issuance in accordance with a resolution of the Board of Directors on May 13, 2025.

**2. Interim Condensed Consolidated Financial Statements**

The interim condensed consolidated financial statements comprise the financial statements of ARKAAN Real Estate P.L.C and its subsidiaries (ARKAAN) as at March 31, 2025.

ARKAAN's ownership in its subsidiaries' subscribed capital was as follows:

	Nature of business	Ownership Percentage		Capital (U.S. \$)	
		%		2025	
		2025	2024	Subscribed	Paid
Jericho Gate for real estate investment	Real estate investment	75	75	49,365,000	49,365,000
Jerusal for real estate investment	Real estate investment	100	100	1,500,000	1,500,000
Arcadia W.L. L	Financial investment	100	100	132,983	132,983

ARKAAN's subsidiaries operate in the Palestinian National Authority territories, except for Arcadia W.L.L which operates in Bahrain.

The financial period of the subsidiaries is the same as the financial period of ARKAAN, and where necessary, ARKAAN makes adjustments to align the policies of the subsidiaries with the accounting policies of ARKAAN.

### 3. Basis of preparation of interim condensed consolidated financial statements and accounting policies

#### Basis of preparation

The interim condensed consolidated financial statements of ARKAAN for the three-month period ended March 31, 2025 have been prepared in accordance with International Accounting Standard (IAS 34) "Interim financial reporting".

The interim condensed consolidated financial statements have been presented in U.S. Dollars, which is the functional currency of ARKAAN, and all values, except when otherwise indicated, are rounded to the nearest thousand (U.S. \$ 000's).

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss and other comprehensive income that are measured at fair value as at the interim condensed consolidated financial statements date.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. It should be reviewed with ARKAAN's consolidated financial statements as of December 31, 2024. The results for the three-month period ended March 31, 2025, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

#### Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2024, except that ARKAAN has implemented the following amendments as of January 1, 2025. The application of these amendments did not result in any material effect on the condensed interim consolidated financial statements of ARKAAN. ARKAAN has not early adopted any standards, amendments, or interpretations issued that are not yet effective.

#### Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

These amendments had no material impact on ARKAAN's consolidated financial statements.

### 4. Investment properties

This item represents investments in lands, movement on the account was as follows:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the period/ year</b>	42,013	61,070
Additions during the period/ year	328	1,443
Investments properties sold	(15)	-
Impairment losses of investments*	-	(20,000)
Provision for land settlement**	-	(500)
<b>Balance, end of the period/ year</b>	<u>42,326</u>	<u>42,013</u>

\* As a result of the ongoing war on Gaza Strip (Note 20), during 2024 ARKAAN recorded a provision of U.S. \$ 20 million on the investments properties it owns in Gaza Strip thus the total value of exposures of ARKAAN in the Gaza Strip is fully provisioned.

\*\* The movement on provision for land settlement was as follows:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the period/year</b>	3,668	3,168
Additions during the period/ year	-	500
<b>Balance, end of the period/year</b>	<u>3,668</u>	<u>3,668</u>

## 5. Properties under development

The movement on properties under development was as follows:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the period/year</b>	68,703	50,227
Additions during the period/ year	3,222	20,626
Sales returns during the period/ year	386	-
Cost of properties under development sold	-	(2,150)
<b>Balance, end of the period/year</b>	<u>72,311</u>	<u>68,703</u>

Properties under development includes the following:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Land processing costs, road network and infrastructure work	137,090	134,084
Studies and consultations	5,635	5,575
Finance costs	1,213	1,142
Others	720	635
	<u>144,658</u>	<u>141,436</u>
Sold properties under development	<u>(72,347)</u>	<u>(72,733)</u>
	<u>72,311</u>	<u>68,703</u>

## 6. Investments in financial securities

### A) Financial assets at fair value through other comprehensive income

ARKAAN perceives these investments as strategic investments, accordingly, these investments were classified as financial assets at fair value through other comprehensive income items. Financial assets at fair value through other comprehensive income includes the following:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Quoted shares in regional financial markets	183,597	183,294
Quoted shares in local financial markets	32,577	27,087
Un-Quoted shares in financial markets	1,847	1,847
	<u>218,021</u>	<u>212,228</u>

Movement on Financial assets at fair value through other comprehensive income account was as follows:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the period/ year</b>	212,228	199,828
Additions during the period/ year	-	822
Change in fair value	5,793	11,578
<b>Balance, end of the period/ year</b>	<u>218,021</u>	<u>212,228</u>

Movement on the fair value reserve was as follows:

	March 31, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
<b>Balance, beginning of the period/ year</b>	22,242	10,664
Gains from valuation of financial assets at fair value through other comprehensive income	5,793	11,578
<b>Balance, end of the period/ year</b>	<u>28,035</u>	<u>22,242</u>

## B) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent the following:

	March 31, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Quoted shares in regional financial markets	22,844	22,628
Quoted shares in local financial markets	265	251
	<u>23,109</u>	<u>22,879</u>

## 7. Accounts receivable

	March 31, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
Trade receivables	351	198
Checks under collection	52,994	60,830
	53,345	61,028
Provision for expected credit losses*	(16,206)	(16,206)
	37,139	44,822
Short-term accounts receivable	21,546	24,510
Long-term accounts receivable	<u>15,593</u>	<u>20,312</u>

\* The movement on the provision for expected credit losses was as follows:

	March 31, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)
<b>Balance, beginning of the period/ year</b>	16,206	14,516
Additions during the period/ year	-	1,690
<b>Balance, end of the period/ year</b>	<u>16,206</u>	<u>16,206</u>

## 8. Other current assets

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Due from PALTEL	15,593	15,673
Accrued interest revenues and investment income	14,744	659
Advances to suppliers	3,653	1,419
Due from Value Added Tax department	2,314	1,846
Loan for Al-Mashtal company	187	187
Income tax advances (Note 13)	17	16
Others	1,046	924
	<u>37,554</u>	<u>20,724</u>
Expected credit loss provision	(187)	(187)
	<u><u>37,367</u></u>	<u><u>20,537</u></u>

## 9. Financial assets at amortized cost

In 2024, ARKAAN has invested U.S. \$ 10 million managed through a local company and bear a minimum annual interest rate of 5.5% recalculated monthly and payable every six months based on the signed agreement between the two parties on July 9, 2024. In addition, ARKAAN recorded expected credit losses on investment amounted to U.S. \$ 306,000 as of December 31, 2024. The return on investment of U.S. \$ 98,000 and U.S. \$ 199,000 was recorded during the period ended March 31, 2025, and for the year ending December 31, 2024 under the item of Investment income.

During the period, the full invested amount was received, including the accrued investment income, and the expected credit losses on this investment were reversed.

## 10. Cash and deposits at banks

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Cash in hand and cash at banks	1,256	2,201
Deposits in banks maturing within 3 months	13,731	4,438
Deposits in banks maturing in more than 3 months	14,106	15,905
	<u>29,093</u>	<u>22,544</u>

Time deposits represent deposits in US dollars and Jordanian dinars. The interest rate on existing deposits, was 4.07% and 4.83%, respectively.

For the purpose of the interim condensed consolidated statement of cash flow, cash and cash equivalent comprise the following:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Cash in hand and current accounts at banks	29,093	22,544
Deposits in banks maturing in more than 3 months	(14,106)	(15,905)
Restricted cash	(5)	(5)
Overdraft account	(1,919)	(1,939)
Cash and cash equivalent	<u>13,063</u>	<u>4,695</u>

## 11. Statutory reserve

ARKAAN did not appropriate any amounts to the statutory reserve, as these are interim condensed consolidated financial statements.

## 12. Deferred tax liabilities

The movement on deferred tax liabilities was as follows:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the year</b>	3,761	3,761
Amortization of deferred tax liabilities (Note 13)	61	-
<b>Balance, end of the year</b>	<u>3,822</u>	<u>3,761</u>

## 13. Provision for income tax

The following is a summary of the movement on the advances for income tax:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
<b>Balance, beginning of the period/ year</b>	(16)	(930)
Additions during the period/ year	68	1,171
Discounts on advance payments	(5)	(4)
Payments of income tax	(68)	(281)
Currency difference	4	28
<b>Balance, end of the period/ year</b>	<u>(17)</u>	<u>(16)</u>
Net advances recorded in other current assets (Note 8)	<u>17</u>	<u>16</u>
	<u>-</u>	<u>-</u>

During the year 2024, ARKAAN reached a final settlement with the Income Tax Department for the results of its operations for the year 2023, it did not result in recording any additional tax provision.

During the period, Jerusal (a subsidiary) has reached a final settlement with the Income Tax Department for the results of its operations for the years from 2021 to 2023. It did not result in recording any additional tax provision.

Up until the date of these condensed consolidated financial statements, Jericho Gate Company (a subsidiary) has not reached a final settlement with the Income Tax Department regarding its results for the year 2023.

Following are the details of income tax expense shown in the interim condensed consolidated income statement:

	For the period ended March 31, 2025	For the period ended March 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Income tax expense for the period	68	309
Discount on prepaid tax advances	(5)	(4)
Amortization of deferred tax liabilities	61	-
	<u>124</u>	<u>305</u>

## 14. Sales returns, net

This item represents the net value of sales returns.

## 15. Related parties

Related parties represent all balances and transactions with related parties which represent major shareholders, members of Board of directors and key management personnel of ARKAAN, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by ARKAAN'S Board of Directors.

Following are the balances of related parties included in the interim condensed consolidated statement of financial position, as at March 31, 2025 and December 31, 2024:

		March 31, 2025	December 31, 2024
	Nature of relationship	U.S. \$ (000's)	U.S. \$ (000's)
Other current assets	Company invested in by major shareholders	15,593	15,673
Financial assets at amortized cost	Investment managed by a related party	-	9,694
Other current assets	Investment managed by a related party	-	199
Non-controlling interests	Major shareholder	23,491	23,983
Accounts payable	Company invested in by major shareholders	8	12
Accounts payable	Board of directors	110	175
Accounts payable	A major shareholder's subsidiaries	192	195

Following are the transactions with related parties included in the interim condensed consolidated income statement:

Key management's salaries and benefits for ARKAAN and its subsidiaries:

		For the period ended March 31, 2025	For the period ended March 31, 2024
	Nature of relationship	U.S. \$ (000's)	U.S. \$ (000's)
Interest on deposit	Company invested in by major shareholders	214	-
Investment return	Investment managed by a related party	98	-
Key management's share of salaries and related benefits		57	94
Key management's share of employees' indemnity expense		6	6
Board of Directors' compensation and expenses		114	33

## 16. Financial Instruments

### Fair value measurements

ARKAAN uses the following sequence to determine and disclose the fair values of its financial instruments:

- The first level: using trading prices (unadjusted prices) for completely similar financial instruments in active financial markets for financial instruments.
- The second level: using data other than trading prices, but which can be observed directly or indirectly.
- The third level: Using data that is not based on observable market data.

ARKAAN did not make any transfers between the levels mentioned above during the period.

The following table shows the fair value measurement hierarchy of financial assets as at March 31, 2025:

	Fair Value Measurement using			
	Total	Trading Prices	Observable	Unobservable
		in active market (The first level)	data (The second level)	data (The third level)
U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	
<b>Assets measured at fair value:</b>				
Financial assets at fair value through other comprehensive income items:				
- Quoted	216,174	216,174	-	-
- Unquoted	1,847	-	-	1,847
Financial assets at fair value through profit or loss				
- Quoted	23,109	23,109	-	-

The following table shows the fair value measurement hierarchy of financial assets as at December 31, 2024:

	Fair Value Measurement using			
	Total	Trading Prices	Observable	Unobservable
		in active market (The first level)	data (The second level)	data (The third level)
U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	
<b>Assets measured at fair value:</b>				
Financial assets at fair value through other comprehensive income items:				
- Quoted	210,381	210,381	-	-
- Unquoted	1,847	-	-	1,847
Financial assets at fair value through profit or loss				
- Quoted	22,879	22,879	-	-
Financial assets at amortized cost				
	9,694	-	-	9,694

## The fair value of financial assets and liabilities:

The following table shows a comparison between the carrying amounts and the fair value of the financial instruments according to their classification in the interim condensed consolidated financial statements:

	Carrying amount		Fair Value	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	218,021	212,228	218,021	212,228
Financial assets at fair value through profit or loss	23,109	22,879	23,109	22,879
Accounts receivable	37,139	44,822	37,139	44,822
Financial assets at amortized cost	-	9,694	-	9,694
Other financial assets	33,697	19,102	33,697	19,102
Cash and deposits at banks	29,093	22,544	29,093	22,544
	<u>341,059</u>	<u>331,269</u>	<u>341,059</u>	<u>331,269</u>
<b>Financial Liabilities</b>				
Accounts payable	2,169	1,982	2,169	1,982
Lease liabilities	188	193	188	193
Long-term loans and credit facilities	5,813	5,563	5,813	5,563
Other financial liabilities	2,449	2,569	2,449	2,569
	<u>10,619</u>	<u>10,307</u>	<u>10,619</u>	<u>10,307</u>

The fair values of financial assets and liabilities are shown according to the values at which exchanges can take place between the parties concerned, with the exception of compulsory or liquidation sales.

- The fair values of accounts receivable (except for long-term accounts receivable), other current assets, cash and deposits at banks, and accounts payable approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of long-term lease liabilities, long-term accounts receivable, credit facilities and long-term loans were estimated by discounting the expected cash flows using the same interest rates for items with similar terms and risk characteristics.
- The fair value of quoted financial assets at fair value through profit or loss and quoted financial assets at fair value through other comprehensive income is determined based on their price quotations at the date of the interim condensed consolidated financial statements.
- The fair value of unquoted financial assets at fair value is determined using appropriate valuation methods.
- The fair value of the financial assets at amortized cost is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk

## 17. Contractual commitments and contingent liabilities.

As of the interim condensed consolidated financial statements date, Jericho Gate for Real Estate Investment Company (a subsidiary) had contractual obligations resulting from contracts signed with contractors and consultants. The amount of contractual commitments represent the difference between the total contract value and the completed amount as at the date of the interim condensed consolidated financial statements.

Following is a summary of the outstanding contractual commitments, which are due in the following years:

	March 31, 2025	December 31, 2024
	<u>U.S. \$ (000's)</u>	<u>U.S. \$ (000's)</u>
Unpaid portion of the contractual contracts	9,108	10,581
Unpaid portion of the consultation contracts	178	240
	<u>9,286</u>	<u>10,821</u>

## 18. Segment information

ARKAAN presents segment reporting information in accordance with ARKAAN's nature of operations, as risks and rates of return are affected predominantly by differences in the products and services provided.

Business segments comprise of real estate development and investment in addition to the financial investment sector. Business operations are organised and managed separately according to the nature of the services provided by each sector, as each sector presents a strategic business unit.

The following table represents revenues, profit before tax, and other segment information regarding ARKAAN's operating segments as of March 31, 2025.

<u>March 31, 2025</u>	<u>Real estate development</u>	<u>Financial investment</u>	<u>Eliminations</u>	<u>Total</u>
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b><u>Revenues</u></b>				
Cash dividends income from financial investments	-	14,314	-	14,314
Profits from financial assets at fair value through profit or loss	-	230	-	230
Segment revenues	<u>-</u>	<u>14,544</u>	<u>-</u>	<u>14,544</u>
<b><u>Results of operations</u></b>				
Segment's (loss) profit before tax	<u>(1,333)</u>	<u>14,652</u>	<u>-</u>	<u>13,319</u>
<b><u>Other information</u></b>				
Capital expenditures	<u>(3,550)</u>	<u>-</u>	<u>-</u>	<u>(3,550)</u>
Interest revenues	<u>320</u>	<u>747</u>	<u>(288)</u>	<u>779</u>

The following table represents revenues, profit before tax, and other segment information regarding ARKAAN's operating segments as of March 31, 2024.

<b><u>March 31, 2024</u></b>	<u>Real estate development</u>	<u>Financial investment</u>	<u>Eliminations</u>	<u>Total</u>
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b><u>Revenues</u></b>				
Revenues from external parties	2,667	-	-	2,667
Cash dividends income from financial investments	-	8,463	-	8,463
Losses from financial assets at fair value through profit or loss	-	(627)	-	(627)
Segment revenues	<u>2,667</u>	<u>7,836</u>	<u>-</u>	<u>10,503</u>
<b><u>Results of operations</u></b>				
Segment's profit before tax	<u>1,106</u>	<u>7,965</u>	<u>-</u>	<u>9,071</u>
<b><u>Other information</u></b>				
Sales returns, net	<u>(1,656)</u>	<u>-</u>	<u>-</u>	<u>(1,656)</u>
Cost of land and sold development rights	<u>(1,111)</u>	<u>-</u>	<u>-</u>	<u>(1,111)</u>
Capital expenditures	<u>(3,692)</u>	<u>-</u>	<u>-</u>	<u>(3,692)</u>
Interest revenues	<u>269</u>	<u>459</u>	<u>-</u>	<u>728</u>

The following table represents the assets and liabilities of ARKAAN's business segments as at March 31, 2025 and December 31, 2024:

	<u>Real estate development</u>	<u>Financial investment</u>	<u>Eliminations</u>	<u>Total</u>
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b><u>March 31, 2025</u></b>				
Segments' assets	<u>178,425</u>	<u>641,478</u>	<u>(353,142)</u>	<u>466,761</u>
Segments' liabilities	<u>42,783</u>	<u>8,399</u>	<u>(26,742)</u>	<u>24,440</u>
	<u>Real estate development</u>	<u>Financial investment</u>	<u>Eliminations</u>	<u>Total</u>
	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)	U.S. \$ (000's)
<b><u>December 31, 2024</u></b>				
Segments' assets	<u>179,409</u>	<u>625,741</u>	<u>(354,694)</u>	<u>450,456</u>
Segments' liabilities	<u>44,114</u>	<u>8,399</u>	<u>(25,390)</u>	<u>27,123</u>

## 19. Concentration of risk in geographic area

ARKAAN is carrying out the majority of its activities in Palestine, the political and economic situation destabilization in the area increases the risk of carrying out ARKAAN business and may adversely affect its performance and its ability to recover its assets through its operations.

## 20. War on Gaza Strip

The Israeli war on Gaza Strip resulted in the destruction of numerous economic facilities in Gaza Strip. Additionally, many properties and assets suffered partial or complete destruction. Various business sectors in the West Bank were also affected due to restrictions, closures between cities, and frequent closures of external crossings.

ARKAAN's management believes that this event had an impact on the ARKAAN's operating activities, investments, revenues, business results, and some of its assets, as follows:

- The total value of ARKAAN's exposures in Gaza Strip as of March 31, 2025 amounted to U.S. \$ 27 million, while the impairment losses recorded by management against these investments in previous periods amounted to U.S. \$27 million, thus, the total value of ARKAAN's exposures in the Gaza Strip is fully provisioned. Management believes that, due to the repercussions of the war on the Gaza Strip, there are significant doubts regarding the recoverability of these investments or the realization of any future economic benefits from them. Management will continue to assess the situation based on future developments.
- Decrease in realized revenues during the period due to ARKAAN and its subsidiaries' inability to conduct their activities normally, especially revenues from the sale of lands and development rights related to Jericho Gate Company (a subsidiary).

The economic effects resulting from this war continue across all Palestinian territories, and thus the impacts of the current situation remain unclear and depend on future developments that cannot be accurately predicted at this time. ARKAAN is continuously monitoring and analyzing the situation and assessing the impact of future developments on its financial results and cash flows. Management believes that there are no significant doubts regarding the ARKAAN's ability to continue its operations in the future.