RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2025

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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Independent auditor's report to the shareholders of Red Sea International Company

Report on the audit of the consolidated financial statements

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Red Sea International Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for qualified opinion

As set out in Note 37 to the consolidated financial statements, the Company entered into a shareholders' agreement ("SHA") on 1 October 2023 in connection with the acquisition of a 51% stake in a subsidiary. The SHA included put and call options in relation to the non-controlling interest in the subsidiary that were exercisable subject to certain terms and conditions to be met over a period of time. In accordance with the requirements of International Accounting Standard 32 "Financial instruments: Presentation" that is endorsed in the Kingdom of Saudi Arabia, the Group was required to recognise a financial liability at the date of the acquisition of the subsidiary measured at the present value of the redemption amount as at that date. However, this financial liability was not measured and, accordingly, was not recognised on the acquisition date and consequently, impacted the reported equity at 1 January 2024 and 31 December 2024; and the consolidated statement of financial position as at 31 December 2024. The consequent charges arising on the unwinding of the discount on the liability together with any remeasurements that might have been required for the year ended 31 December 2024, were also not recognised.

On 9 April 2025, the Company and the non-controlling interest shareholders of the subsidiary entered into an agreement that terminated the put and call options and as a result there were no put and call options as at 31 December 2025. This termination should have resulted in the derecognition of the above-mentioned financial liability at the date of termination. As management had not recognised the liability in the first instance, the impact of the subsequent derecognition of the financial liability in the consolidated financial statements has also not been recognised during the year ended 31 December 2025.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Basis for qualified opinion (continued)

As the liability was never measured, we were unable to determine the impact of its omission on (i) the consolidated statement of financial position as at 31 December 2024; (ii) the consolidated statement of changes in equity for the years ended 31 December 2025 and 31 December 2024 as well as opening accumulated losses and equity as of 1 January 2024; and (iii) the consolidated statements of profit or loss and comprehensive income for the years ended 31 December 2025 and 31 December 2024.
We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matters	• Allowance for expected credit losses for financial assets and contract assets • Revenue recognition on construction and general work contracts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Allowance for expected credit losses for financial assets and contract assets As at 31 December 2025, the Group reported gross trade receivables of Saudi Riyals 542.5 million, contract assets of Saudi Riyals 834.6 million, and retention receivables of Saudi Riyals 720.5 million, against which an expected credit loss (ECL) allowance of Saudi Riyals 216.9 million was recognised using the simplified expected credit loss approach under IFRS 9 "Financial instruments", as endorsed in the Kingdom of Saudi Arabia. The determination of expected credit losses involves significant judgement, including customer segmentation, the evaluation of historical loss experience, customer credit risk, project specific factors, and the incorporation of forward-looking macroeconomic assumptions. Given the magnitude of the balances, the degree of estimation and subjectivity in applying the inputs to the ECL model, and the potential impact on the consolidated financial statements, we considered this area to be a key audit matter. Refer to Notes 3.2, 4.10, 4.12, 4.13, 4.26 and 18 to the consolidated financial statements for the Group's accounting policies, judgements, estimates and related disclosures.	Our audit procedures included, among others: • Evaluated key controls over credit risk assessment, ageing, monitoring and approval of ECL estimates; • Assessed the appropriateness of the ECL methodology, including the application of lifetime ECL to trade receivables, contract assets and retentions; • Tested the accuracy and completeness of underlying data such as ageing reports, project certification status and retention schedules; • Tested key assumptions, including probability of default, loss rates, expected timing of certification and management overlays; • Involved our internal ECL experts to evaluate the reasonableness of the modelling approach, the use of forward-looking macroeconomic factors, and the robustness of the Group's customer segmentation and assumptions; and • Assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition on construction and general work contracts During the year ended 31 December 2025, the Group recognised total revenue of Saudi Riyals 3,375 million. The majority of the Group's revenue is derived from construction and general work contracts, amounting to Saudi Riyals 2,723 million. Revenue from construction and general work contracts is recognised over time on the basis of the percentage of completion method, which requires the use of estimates. Management prepares estimates for the costs to complete the contracts which are in progress as at the reporting date keeping in view the costs incurred to date, variation to initial estimates and the stage of completion of the individual contracts. These estimates are used in the determination of the percentage of completion of the contracts, based on which revenue is recognised for the year. Revenue recognition on construction and general work contracts is considered a key audit matter due to the significance of the amount and management's use of estimates towards determining the revenue recognized for the year on these contracts. Refer to Note 4.6 for the revenue recognition accounting policy and Note 6 for the relevant revenue disclosures.	Our audit procedures included, among others: • Obtained an understanding of management's process for the recognition of revenue over time on construction and general work contracts and the determination of revenue using the percentage of completion method; • Evaluated a sample of construction and general work contracts to understand key terms, variation to initial estimates, and performance obligations; • Involved our internal construction contract experts to evaluate, on a sample basis, the reasonableness of key cost-to-complete estimates; • Further assessed the reasonableness of management's estimates of costs to complete by, for example, comparing a sample of past estimates to actual results and obtaining explanations from the project teams; • Recalculated the percentage of completion for selected projects and compared our results with management's calculations; and • Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2025 Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion, thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for qualified opinion* section above, we were unable to obtain sufficient appropriate evidence about recognition and measurement of the put and call options included in the SHA at the acquisition date up to the subsequent derecognition date. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of Red Sea International Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Ali Alotaibi
License No. 379

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ١/٢٥/١١/٣٢٣
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PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
Lic No. 323/11/25/1
C.R. 4030289002

8 April 2026

Consolidated statement of profit or loss

For the year ended 31 December 2025

	Note	***2025*** ***SR'000***	*2024** *SR'000*
Continuing operations			
Revenues	6	**3,374,971**	2,984,238
Cost of revenues	7	**(3,077,939)**	(2,637,193)
Gross profit		**297,032**	347,045
Expenses			
Selling and distribution	8	**(107,336)**	(110,261)
General and administration	9	**(139,727)**	(128,644)
Allowance for expected credit losses		**(24,676)**	(38,008)
Operating profit		**25,293**	70,132
Other income, net	10	**869**	2,365
Finance costs	11	**(43,433)**	(29,341)
Finance income		**506**	161
(Loss) / profit before zakat and income tax		**(16,765)**	43,317
Income tax	29	**(1,481)**	(2,495)
Zakat	29	**(13,891)**	(23,892)
(Loss) / profit for the year from continuing operations		**(32,137)**	16,930
Discontinued operations			
Loss after zakat and tax for the year from discontinued operations	38	**(10,801)**	(12,869)
(Loss) / profit for the year		**(42,938)**	4,061
Attributable to:			
Equity holders of the Parent Company		**(55,021)**	(62,365)
Non-controlling interests		**12,083**	66,426
		(42,938)	4,061
Loss per share:			
Basic and diluted losses per share attributable to the equity holders of the Parent Company	12	**(1.70)**	(2.06)

*Refer to note 39 for details regarding changes to comparative information

Chairman of the Board	Chief Financial Officer	Chief Executive Officer

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	Note	***2025 SR'000***	*2024 SR'000*
(Loss) / profit for the year		**(42,938)**	4,061
Other comprehensive income not to be reclassified to the consolidated statement of profit or loss in subsequent periods:			
Actuarial gain / (loss) on defined benefit liabilities	25.2	**4,847**	(227)
Deferred tax (charge) / credit on remeasurement of employee benefit obligations	29	**(35)**	9
Net other comprehensive income / (loss) not to be reclassified to consolidated statement of profit or loss in subsequent periods		**4,812**	(218)
Other comprehensive income / (loss)		**4,812**	(218)
Other comprehensive loss from discontinued operations		**(274)**	-
Total comprehensive (loss) / income		**(38,400)**	3,843
Attributable to:			
Equity holders of the Parent Company		**(53,284)**	(63,561)
Non-controlling interests		**14,884**	67,404
		(38,400)	3,843

Chairman of the Board | Chief Financial Officer | Chief Executive Officer

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2025

	Note	*2025* SR'000	*2024** SR'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**92,757**	103,956
Investment properties	14	**150,570**	195,590
Goodwill and intangible assets	15	**393,138**	491,064
Right-of-use assets	16	**38,942**	49,969
Retention receivables	18	**406,905**	263,200
Deferred tax assets	29	**1,763**	1,460
TOTAL NON-CURRENT ASSETS		**1,084,075**	1,105,239
CURRENT ASSETS			
Inventories	17	**95,337**	60,914
Contract assets	18	**797,175**	681,857
Trade receivables	18	**390,018**	308,770
Retention receivables - current portion	18	**286,628**	220,719
Advances to suppliers	19	**277,977**	391,713
Prepayments and other receivables	20	**48,320**	88,051
Cash and cash equivalents	21	**61,723**	26,190
TOTAL CURRENT ASSETS		**1,957,178**	1,778,214
Assets held for sale	38	**5,089**	4,107
TOTAL ASSETS		**3,046,342**	2,887,560
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	**482,674**	302,344
Share premium	22	**295,694**	-
Accumulated losses		**(336,578)**	(283,294)
Foreign currency translation reserve		**(11,779)**	(11,779)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**430,011**	7,271
NON-CONTROLLING INTERESTS		**502,082**	487,198
TOTAL EQUITY		**932,093**	494,469
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	24	**166,441**	215,767
Employees' defined benefit liabilities	25	**97,211**	75,952
Non-current portion of lease liabilities	16	**15,590**	28,137
Non-current portion of retention payable	27.2	**22,184**	9,685
Provisions	26	**30,902**	30,493
TOTAL NON-CURRENT LIABILITIES		**332,328**	360,034

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

As at 31 December 2025

	Note	***2025*** *SR'000*	*2024** *SR'000*
CURRENT LIABILITIES			
Deferred consideration	37	-	394,799
Trade payables	27	**770,002**	558,058
Retention payables - current portion	27.2	**19,964**	30,712
Accruals and other current liabilities	28	**528,171**	420,828
Short-term interest bearing loans and borrowings	24	**127,755**	60,162
Current portion of interest bearing loans and borrowings	24	**107,358**	48,167
Current portion of lease liabilities	16	**25,372**	26,772
Amount due to a shareholder	30	-	81,225
Contract liabilities	18	**138,550**	346,598
Zakat and income tax payable	29	**39,862**	42,961
TOTAL CURRENT LIABILITIES		**1,757,034**	2,010,282
Liabilities directly associated with assets held for sale	38	**24,887**	22,775
TOTAL LIABILITIES		**2,114,249**	2,393,091
TOTAL EQUITY AND LIABILITIES		**3,046,342**	2,887,560

*Refer to note 39 for details regarding changes to comparative information

Chairman of the Board	Chief Financial Officer	Chief Executive Officer

The attached notes 1 to 40 form part of these consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Consolidated statement of changes in equity
For the year ended 31 December 2025

	Attributed to shareholders of the parent Company						
	Share capital	***Share premium***	***Accumulated losses***	***Foreign currency translation reserve***	***Total***	***Non-controlling interests***	***Total equity***
	SR '000	***SR '000***	***SR '000***	***SR '000***	***SR '000***	***SR '000***	***SR '000***
As at 1 January 2024	302,344	-	(219,733)	(11,779)	70,832	419,794	490,626
(Loss) / profit for the year	-	-	(62,365)	-	(62,365)	66,426	4,061
Other comprehensive income / (loss)	-	-	(1,196)	-	(1,196)	978	(218)
Total comprehensive (loss) / income	-	-	(63,561)	-	(63,561)	67,404	3,843
Balance at 31 December 2024	302,344	-	(283,294)	(11,779)	7,271	487,198	494,469
Additions due to debt conversion (note 22)	180,330	295,694			476,024	-	476,024
(Loss) / profit for the year	-	-	(55,021)	-	(55,021)	12,083	(42,938)
Other comprehensive income	-	-	1,737	-	1,737	2,801	4,538
Total comprehensive (loss) / income	-	-	(53,284)	-	(53,284)	14,884	(38,400)
Balance at 31 December 2025	**482,674**	**295,694**	**(336,578)**	**(11,779)**	**430,011**	**502,082**	**932,093**

Chairman of the Board

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 40 form part of these consolidated financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Consolidated statement of cash flows

For the year ended 31 December 2025

	Note	***2025*** ***SR'000***	*2024** *SR'000*
OPERATING ACTIVITIES			
(Loss) / profit before zakat and income tax from continuing operations		**(16,765)**	43,317
Loss before zakat and income tax from discontinued operations		**(10,572)**	(12,650)
		(27,337)	30,667
Adjustments to reconcile (loss) / profit before zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment	13	**29,908**	23,767
Depreciation of investment properties	14	**28,938**	37,314
Amortization of intangible assets	15	**97,926**	98,200
Depreciation of right-of-use assets	16	**26,327**	24,950
Provision for slow moving inventory	17	**17,894**	4,874
Provision for employees' defined benefit liabilities	25	**35,194**	27,479
Finance costs	11 & 39	**47,178**	35,701
Allowance for expected credit losses		**24,676**	38,008
Impairment loss on property, plant and equipment and investment properties	13 & 14	**58,926**	5,953
Impairment of right of use assets		**-**	2,666
Finance income		**(506)**	(161)
Gain on disposal of property, plant and equipment and investment properties		**(16)**	(992)
Gain on modification of lease liabilities	16	**(3,824)**	(202)
		335,284	328,224
Working capital adjustments:			
Inventories		**(52,317)**	(20,457)
Contract assets		**(125,884)**	(371,676)
Trade receivables		**(89,679)**	(35,005)
Retention receivables		**(215,220)**	(130,064)
Advances to suppliers		**113,721**	95,704
Prepayment and other receivables		**37,845**	(31,430)
Trade payables		**211,492**	116,109
Retention payables		**1,751**	(19,051)
Accruals and other current liabilities		**108,021**	104,661
Provisions		**409**	1,938
Contract liabilities		**(207,963)**	(4,071)
Cash generated from operations		**117,460**	34,882
Finance cost paid		**(40,292)**	(35,211)
Employees' defined benefit liabilities paid		**(7,432)**	(9,060)
Zakat and income tax paid		**(19,315)**	(26,871)
Net cash generated from / (used in) operating activities		**50,421**	(36,260)

The attached notes 1 to 40 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

For the year ended 31 December 2025

	Note	*2025* *SR'000*	*2024** *SR'000*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	**(29,140)**	(45,814)
Purchase of investment properties	14	**(34,925)**	(14,574)
Purchase of intangible assets	15	**-**	(73)
Deferred consideration		**-**	(5,000)
Finance income received		**506**	161
Proceeds from disposal of property, plant and equipment and investment properties		**3,034**	1,587
Net cash used in investing activities		**(60,525)**	(63,713)
FINANCING ACTIVITIES			
Proceeds from the interest bearing loans and borrowings		**1,282,529**	267,395
Repayment of interest bearing loans and borrowings		**(1,211,768)**	(273,127)
Payment of lease liabilities		**(25,412)**	(25,727)
Net cash generated from / (used in) financing activities		**45,349**	(31,459)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**35,245**	(131,432)
Cash and cash equivalents at the beginning of the year		**26,624**	158,056
Movement in foreign currency translation reserve, net		**-**	-
Cash and cash equivalents related to disposed off subsidiary		**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	**61,869**	26,624
SIGNIFICANT NON-CASH TRANSACTIONS:			
Remeasurement (gain) loss on employees' defined benefit liabilities	25	**(4,538)**	227
Additional shares issued on debt conversion	22	**180,330**	-
Share premium recognised on debt conversion	22	**295,694**	-
Liabilities converted into equity on debt conversion	22	**(476,024)**	-
Transfers between capital work in progress and buildings	14	**(21,000)**	-
Reclassification from employees' defined benefit liabilities to other liabilities	25.2	**1,450**	-

*Refer to note 39 for details regarding changes to comparative information

Chairman of the Board	Chief Financial Officer	Chief Executive Officer

The attached notes 1 to 40 form part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1 CORPORATE INFORMATION

Red Sea International Company (the "Company") ("Parent Company") and its subsidiaries (collectively the "Group") consist of the Company, a Saudi joint stock company, and its Saudi Arabian and foreign subsidiaries and branches. The Company was registered in Jeddah, Kingdom of Saudi Arabia under commercial registration number 4030286984 pursuant to Ministerial Resolution No. 2532 dated 2 Ramadan 1427H (September 25, 2006). During 2021, the Company has changed its registered address to Riyadh, Kingdom of Saudi Arabia and converted a branch commercial registration number 1010566349 into Company's main commercial registration. The registered address of the Company is P.O. Box 13316, Al Thumamah Road, Ar-Rabie District, Riyadh, Kingdom of Saudi Arabia. The Company have the following branches in the Kingdom of Saudi Arabia:

Branch	*Commercial registration*	*Location*
Red Sea International Company	2055003672	Jubail
Red Sea International Company	2055006105	Jubail
Red Sea International Company	2055006105	Jubail
Red Sea International Company	4030286984	Jeddah
Red Sea Housing Services Company	4030263716	Jeddah

The Group is controlled by its Ultimate Parent Company Al Dabbagh Group Holding Company Limited ("ADG"), (including through its subsidiaries), which owns 50.22% (effective holding) of the Company's shares. The Ultimate Parent Company is registered in Jeddah, Kingdom of Saudi Arabia. The following is the list of principal operating subsidiaries and a joint operation included in the Group:

	Country of incorporation	*Effective ownership percentage*	
		2025	*2024*
Subsidiaries			
The Fundamental Installation for Electric Work Company Limited ("First Fix") (refer note 1.1)	Saudi Arabia	**51%**	51%
Red Sea Housing Services (Ghana) Limited ("RSG")	Ghana	**100%**	100%
SARL Red Sea Housing Services Algeria Limited ("RSA")	Algeria	**98%**	98%
Red Sea Housing Services Company Dubai FZE ("RSD")	UAE	**100%**	100%
Red Sea Building Materials and Equipment Trading Company ("RSBM")	Saudi Arabia	**100%**	100%
Premier Paints Company ("PPC") (refer note 39)	Saudi Arabia	**81%**	81%
Red Sea Housing Services (Mozambique), LDA ("RSM")	Mozambique	**100%**	100%
Red Sea Housing Services LLC ("RSO")	Oman	**100%**	100%
Red Sea Modular Rentals LLC ("RSMR")	UAE	**100%**	100%
Red Sea Construction LLC ("RSC")	UAE	**100%**	100%
Joint Operation			
Red Sea Hanchi ("RSHC")	Algeria	**49%**	49%

1.1 On 9 June 2023, corresponding to 20 Dhul-Qi'dah 1444H, the Company entered into an agreement for the purchase of 51% shares in First Fix, a limited liability company registered in Jeddah, Kingdom of Saudi Arabia. Completion of the acquisition was subject to related regulatory and corporate approval as well as meeting certain conditions under the agreement signed with the partners of First Fix. The Company obtained the related regulatory approval and met the conditions with respect of the acquisition of First Fix. Accordingly, effective 1 October 2023, First Fix was recognised as a subsidiary of the Company. The total purchase consideration for the acquisition of First Fix amounted to SR 644.8 million of which SR 250 million was payable in cash and the balance amounting to SR 394.8 million is payable either in cash or in-kind by way of newly issued shares of the Parent Company (refer Note 2.1).

During the year ended 31 December 2025, the Company announced its intention to conduct an initial public offering ("IPO") for its subsidiary, First Fix. The Board of Directors of the Company approved this significant transaction on 24 June 2025 (corresponding to 28 Dhul-Hijjah 1446H). The Company is not selling any of its shares in First Fix in connection with the IPO.

1 CORPORATE INFORMATION (continued)

In addition to the above, the Group owns other subsidiaries and associate, registered in Kuwait, Libya, Nigeria, Egypt, Malaysia, Saudi Arabia and also has licenses to operate branches in Papua New Guinea and Abu Dhabi which are consolidated in these consolidated financial statements. These other subsidiaries, associates and branches are either in early stages of operations or have not commenced any commercial operations at the reporting date.

The principal activities of the Group are to purchase land and real estate for the purpose of developing them and to build residential and commercial buildings thereon, and to ultimately sell or lease them. Construction, general construction, electrical works, power generation, lighting, telecommunications, electronic, fiber optic, information technology, maintenance and repair of electrical installations, and telephone networks. The Group's activities also includes manufacturing non-concrete residential units, general contracting, maintenance, construction of utilities and civil work, supply of food, provision of food services and trade of food products. In addition, the Group is also involved in manufacturing and sale of paints and providing related services.

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorised for issuance in accordance with the Board of Directors resolution dated 31 March 2026 (12 Shawwal 1447).

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The consolidated financial statements are prepared using the historical cost convention except when otherwise stated in the policy notes below and on the basis that it will continue to operate as going concern.

These consolidated financial statements are presented in Saudi Riyals (“SR”). All values are rounded to the nearest thousands (“SR ‘000”), except when otherwise indicated.

2.1 Going concern basis of accounting

As of December 31, 2025, the accumulated losses of the Company amounted to SR 332.24 million (31 December 2024: SR 283.3 million), representing 69.7% of the share capital (31 December 2024: 93.7%). The percentage of accumulated losses to share capital has been reduced during the year on account of completion of a debt conversion to equity during the year which resulted in increase in share capital by SR 180.3 million and the creation of a share premium of SR 295.7 million and a reduction of liabilities amounting to SR 394.7 million of deferred consideration and SR 81.2 million of shareholder loans respectively resulting from shareholder resolutions in an Extra Ordinary General Meeting dated 12 November 2025 , please refer note 22 of the consolidated financial statements for further details. Additionally, as of 31 December, 2025, on account of reduction in liabilities and increase in equity balances, the Group has excess of current assets of SR 180.3 million over it's current liabilities, whereas as at 31 December 2024, the Group’s current liabilities exceeded its current assets by SR 250.7 million. Consequently, the Group was in compliance with the covenants related to the current ratio at 31 December 2025, unlike in the year ended 31 December 2024.

The Group has a robust order backlog and pipeline of projects lined up which contribute to the Group's profitability in the next year. The current geopolitical condition in the region is not expected to have a material impact on the operations of the Group as major operations are based in KSA and has a local supply chain. Further, the Group has adequate standby facilities which can help it in easing any liquidity crunch, if such a situation arises.

2 BASIS OF PREPARATION (continued)

2.1 Going concern basis of accounting (continued)

Subsequent to the year end, on 4 January 2026, the shareholders of the Company have resolved to use the full share premium balance of SR 295.7 million to offset the accumulated losses of an equivalent amount. This transaction will result in accumulated losses being just 8.5 % of the share capital. Refer to note 40 of the consolidated financial statements for further details.

These events and conditions, do not indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Based on the Group's financial projections and steps taken above, the Group's management has assessed its ability to continue as a going concern and is satisfied that the Group's operations shall continue for a foreseeable future under the normal course of business. Accordingly, these consolidated financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Group is not able to continue as a going concern.

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

2 BASIS OF PREPARATION (continued)

2.2 Basis of consolidation (continued)

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of financial position and within shareholders' equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the Parent Company.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities 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.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognised in the consolidated financial statements) includes:

3.1 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Property lease classification - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Consolidation of subsidiaries
The Group has evaluated all the investee entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 Consolidated Financial Statements. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Significant judgements (continued)

Going Concern

The Group's management has made an assessment of its ability to continue as a going concern as disclose in note 2.1 to the consolidated financial statements and discloses all of the matters of which the management is aware that are relevant to the Group's ability to continue as a going concern, including significant conditions and events, the management's plans for future action, and the feasibility of those plans and satisfied that the Group's operations shall continue for a foreseeable future under the normal course of business. Accordingly, these consolidated financial statements have been prepared on the going concern basis.

3.2 Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Performance obligation satisfied over the time and costs to complete the projects

Revenue on certain long-term construction contracts is recognized on the basis of percentage of completion when management can reliably estimate the outcome of the said contracts. The management prepares estimates for the costs to complete the contracts which are in progress as of the reporting date keeping in view the costs incurred to date, variation in initial estimates and stage of completion of the contracts. These estimates are used in the determination of the percentage of completion of the contracts based on which revenues and profits are recognized on such contracts. Subsequent changes in circumstances could result in actual cost differing from the initial estimates.

Revenue from long-term construction contracts with customers is recognised over time by measuring progress toward complete satisfaction of the performance obligation using an input method based on costs incurred to date relative to total expected costs. Costs incurred that do not depict the transfer of control to the customer are excluded from the measure of progress. These estimates include, amongst other items, the manpower costs, material and subcontracting costs, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the business plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. During the year impairment was recorded against property plant and equipment and investment properties, please refer note 13 and 14.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimations and assumptions (continued)

Provision for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 34.

Defined benefit plans
The cost of the defined benefit plan and other post-employment medical benefits and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. Further details about defined benefit obligations are provided in note 25.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete or subject to technological changes, an estimate is made of their net realizable value. Factors considered in determination of realizable value includes current and anticipated demand and age of inventories. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Provision for decommissioning
The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met. The Group periodically reassesses the expectation and estimation for the decommissioning liability. Further details about provision for decommissioning are provided in note 26.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimations and assumptions (continued)

Useful lives of property, plant and equipment and investment properties

The Group's management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management annually reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as when the Group do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the last year, except for the adoption of new standards effective as of 1 January 2025 as disclosed in note 5. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

4.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Business combination and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.2 Interest in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The Group's joint arrangement is as follows:

Joint operations Red Sea Hanchi ("RSHC")

A joint operation (JO) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. In relation to its interests in RSHC, the consolidated financial statements of the Group includes:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Group's interest that is 49% in each asset and liability, income and expense of the RSHC.

4.3 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

In the consolidated profit or loss of the reporting period, and of the comparable period of the previous year income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in the consolidated statement of profit or loss.

4.4 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.5 Fair value measurement

The Group measures financial instruments at fair value at each statement of financial position date. 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Fair value measurement (continued)

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.6 Revenue recognition

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1. Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

(ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Revenue recognition (continued)

Revenue from contracts with customers (continued)

Revenue from contracts with customers for sale of properties

The Group's contracts with customers for the sale of properties (porta cabins) generally include one or more performance obligations. Revenue is measured at the transaction price Group expects to be entitled to, taking into account contractually defined terms of payment. The Company assesses its contracts with customers and concludes that the sale of porta cabins and the subsequent installation services represent two distinct performance obligations, as the porta cabins are capable of being distinct and are separately identifiable from the installation services. Revenue from the sale of porta cabins is recognised at a point in time, being when control transfers to the customer upon delivery of the porta cabin to the customer's site.

Revenue from Mechanical, Electrical and Plumbing (MEP) installation services is recognised over time, as the customer simultaneously receives and consumes the benefits of the services performed.

Revenue from construction and general work contracts

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has concluded that for all of its arrangements for construction and general work contracts, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognize revenue over time and measures progress of its projects through the input method, which best depicts the transfer of control of products and services under each performance obligation.

Revenue from short term construction and general work related contracts is recognised over time as the Group satisfies its performance obligations, as the customer simultaneously receives and consumes the benefits of the services performed. For contracts where the Group has an enforceable right to invoice consideration that corresponds directly with the value of performance completed to date (such as fixed rates per hour, unit, or work performed), the Group applies the right to invoice practical expedient and recognises revenue in the amount to which it has a right to invoice, in accordance with IFRS 15 paragraph B16.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Variations in contract work, claims and incentive payments are included in revenue from contracts with customers to the extent that they might have been agreed with the customer and are capable of being reliably measured.

A loss is recognized in profit or loss when the expected contract cost exceeds the anticipated contract revenue. Revenue is recognized in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group's construction contracts are recognized over time based on costs incurred as a proportion of total expected contract costs. The Group believes that this input method approach is most appropriate because engineering percentages of completion are not readily available.

Sale of goods - Building materials

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. However, when the instances where the customer simultaneously received and consumes the benefits provided by the Company, the revenue is recognized over the time.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.6 Revenue recognition (continued)

Revenue from contracts with customers (continued)

Sale of goods - Building materials (continued)

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Group.

The Group provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue from maintenance and installation services

Revenue from maintenance and installation services is recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Rental income

Revenue from investment properties is generally recognized in the accounting period in which the services are rendered, using straight-line basis, over the term of the lease contract. Such leases are classified as other than finance lease.

Financing Component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

4.7 Property plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except assets under construction which are carried at cost less accumulated impairment losses, if any. Historical cost consists of the purchase cost, together with any incidental expenses on acquisition.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Group shall recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Subsequent costs, if any, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such item will flow to the Group and the cost can be reliably measured. Land is not depreciated as it is deemed to have an indefinite life. Depreciation is calculated on property, plant and equipment so as to allocate its cost, less estimated residual value, using the straight-line method over the estimated useful life of the assets concerned. Depreciation is charged to the consolidated statement of profits or loss.

Buildings and residential houses	10 to 40 years
Machinery and equipment	4 to 15 years
Furniture, fixtures and office equipment	4 to 5 years
Vehicles	4 to 8 years

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated statement of profit or loss as and when incurred. Major renewals and improvements, if any are capitalized and the assets so replaced are retired. The assets‘ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at each reporting date for possible reversal of impairment loss. Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Investment properties

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of 4 to 25 years.

No depreciation is charged on land and capital work-in-progress.

The useful lives and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds its recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount is the higher of the investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property less related costs while value in use is the present value of estimated future cash flows expected to arise from continuing use of the investment property and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

4.9 Intangible assets /amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Costs which have a long term future benefit are treated as other intangible assets and are amortized over the estimated period of benefit.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Intangible assets with finite useful lives are amortized using straight-line method over their estimated useful lives as follows:

Computer software	4 to 10 years
Customer relationship	6.5
Order backlog	3.3

The amortization is recorded under general and administration & selling and distribution expenses.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Retention receivables

Retention receivables are amounts deducted from the interim billings made to the customers against works completed as a performance guarantee, to be collected from the customer after completion of the agreed retention period in the contract. The percentage of deduction is determined according to the contract terms. If settlement of the contract is expected in one year or less, they are classified as current. If not, they are presented as non-current.

4.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition and is calculated on the following basis:

Raw materials	- purchase cost on a weighted average basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.
Goods in transit	- cost of direct materials which are under shipment and for which risks and rewards have been passed to the Group and are stated at cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.12 Contract assets and contract liabilities

Contract assets represent the Group's right to consideration in exchange for goods or services transferred to the customer when that right is conditional on something other than the passage of time. Contract assets are initially measured at the amount of consideration expected to be received in accordance with IFRS 15. Subsequently, contract assets are assessed for impairment and measured in accordance with the expected credit loss requirements of IFRS 9.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group satisfies the performance obligation and recognises the revenues. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related assets or services to the customer).

4.13 Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Collection of trade receivables is expected in one year or less and therefore are classified as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. When the Group satisfies a performance obligation by delivering the promised services, it transfers the amounts from contract asset to trade receivables (unbilled). Once the entity has an unconditional right, such as when all performance obligations have been satisfied and payment is due, the contract asset is reclassified to a receivable.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and time deposits with original maturity of three-months or less from the acquisition date which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

Assurance type warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Decommissioning costs

Provision for decommissioning obligation is recognized when the Group has a liability for restoration work or land rehabilitation. The extent of decommissioning required and the associated costs are dependent on the requirements of current laws and regulations.

Costs included in the provision includes all decommissioning obligations expected to occur over the life of the asset. The provision for decommissioning is discounted to its present value and capitalized as part of the asset under property, plant and equipment and then depreciated as an expense over the expected life of that asset.

Adjustments to the estimated amount and timing of future decommissioning cash flows are a normal occurrence in light of the significant judgments and estimates involved. Such adjustments are recorded as an increase in liability and a corresponding increase in the related asset. Factors influencing those adjustments include:

- developments in technology;
- regulatory requirements and environmental management strategies;
- changes in the estimated extent and costs of anticipated activities, including the effects of inflation; and
- changes in economic sustainability.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.16 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

4.17 Expenses

Expenses are recognised when incurred based on the accrual basis of accounting. Selling and distribution expenses are those that specifically relate to salesmen, sales department, warranties, warehousing, delivery vehicles. All other expenses related to main operations are allocated on a consistent basis to cost of revenues and general and administration expenses in accordance with allocation factors determined as appropriate by the Group.

4.18 Zakat and taxes

Zakat and income tax

Zakat is provided for the Company and for subsidiaries operating inside the Kingdom of Saudi Arabia in accordance with Regulations of the Zakat, Tax and Customs Authority ("the ZATCA") prevailing in the Kingdom of Saudi Arabia. Income tax is provided for in accordance with fiscal authorities in which the Company's subsidiaries operate outside the Kingdom of Saudi Arabia. Provision for zakat and income tax based on management's best estimate is charged to the consolidated statement of profit or loss for the year.

A provision for Zakat open assessment is recognised when it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. The provision is measured at the best estimate of the amount expected to be paid to the Zakat authority at the reporting date, taking into account management's assessment of open assessments and related uncertainties.

Foreign subsidiaries and foreign branches are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.18 Zakat and taxes (continued)

Deferred tax (continued)
Following the amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, the Group does not apply the initial recognition exception to transactions that, on initial recognition, give rise to equal and opposite temporary differences. Accordingly, the Group recognises both a deferred tax asset and a deferred tax liability at initial recognition for such transactions, provided the recognition criteria are met. This applies in particular to:

- lease transactions, where a right-of-use asset and a lease liability are recognised; and
- decommissioning, restoration and similar obligations, where a provision is recognised together with a corresponding asset.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.19 Segment reporting

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments:

- Construction, general construction, electrical works, telecommunications and other related contracts (“General construction");
- Manufacturing and sale of non-concrete residential and commercial buildings ("Non-concrete residential and commercial buildings") in the Kingdom of Saudi Arabia;
- Manufacturing and sale of non-concrete residential and commercial buildings ("Non-concrete residential and commercial buildings") in the United Arab Emirates; and
- Facility management and rentals of investment properties.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.19 Segment reporting (continued)

The Group CEO uses a measure of profit before zakat and income tax to assess the performance of the operating segments.

4.20 Earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the profit or loss attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

4.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	2 - 39 years
Equipment	4 years
Buildings	2 - 5 years

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.21 Leases (continued)

Group as a lessee (continued)

i) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.22 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of other comprehensive income reflects the amount that arises from using this method.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.22 Foreign currencies (continued)

Transaction and balances (continued)

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in consolidated statement of other comprehensive income until the disposal of the net investment, at which time they are reclassified to consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in the fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income relating to that particular foreign operation is reclassified to the consolidated statement of profit or loss.

4.23 Employee benefit obligations

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

The present value of the defined benefit obligation for end-of-service benefits is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in consolidated other comprehensive income and are transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

The calculation of defined benefit obligations is performed periodically using the projected unit credit method.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that Group incurs in connection with the borrowing of funds.

4.25 Cash dividend

Dividends distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

4.26 Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The category most relevant to the Group is financial assets measured at amortized cost.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial asset at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').This category includes the Group's trade receivable, other receivables and retention receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  (a) the Group has transferred substantially all the risks and rewards of the asset, or
  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment of financial assets

IFRS 9 requires the Group to record an allowance for expected credit losses ("ECL") for all financial assets not held at FVPL and contract assets.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.26 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset is in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The financial liabilities are subsequently measured at amortized costs.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.27 Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.27 Impairment of non financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in consolidated statement of other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.Please refer note 13 and note 14 in the consolidated financial statements for the impairments recorded during the year.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5 STANDARDS ISSUED BUT NOT EFFECTIVE AND NEW STANDARDS

a) New and amended standards adopted by the Group

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Group as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards and interpretations did not have any effect on the Group's financial position, financial performance or disclosures.

Lack of exchangeability – Amendment to IAS 21

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendments had no impact on the Group's consolidated financial statements.

5 STANDARDS ISSUED BUT NOT EFFECTIVE AND NEW STANDARDS (continued)

b) Standards, interpretations and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group, but are not yet effective are disclosed below.

Title	Key requirements	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: · clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; · clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; · add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and · make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1-Jan-26
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as ‘contracts referencing nature-dependent electricity’.	1-Jan-26
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: · IFRS 1 First-time Adoption of International Financial Reporting Standards; · IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; · IFRS 9 Financial Instruments; · IFRS 10 Consolidated Financial Statements; and · IAS 7 Statement of Cash Flows.	1-Jan-26

5 STANDARDS ISSUED BUT NOT EFFECTIVE AND NEW STANDARDS (continued)

b) Standards, interpretations and amendments issued but not yet effective (continued)

Title	Key requirements	Effective date
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 - Disclosures about Uncertainties in the Financial Statements	The amendments set out guidance accompanying several IFRS Accounting Standards, including IFRS 18 Presentation and Disclosure in Financial Statements and IAS 1 Presentation of Financial Statements. These amendments add to that guidance examples that illustrate how an entity applies the requirements in the Standards to report the effects of uncertainties in its financial statements.	1-Jan-27
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	These amendments clarify how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. These narrow-scope amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.	1-Jan-27
IFRS 18 - Presentation and Disclosure in Financial Statements	The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: - the structure of the statement of profit or loss; - 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); and - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1-Jan-27
IFRS 19 - Subsidiaries without Public Accountability	This new standard applies to eligible subsidiaries that elect to adopt the standard in their consolidated, separate or individual financial statements. Eligible subsidiaries are those that are not publicly accountable and whose ultimate or intermediate parent prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1-Jan-27
Amendments to IFRS 19	The newly issued amendments to IFRS 19 help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024.	1-Jan-27

6 REVENUES

	2025 *SR'000*	*2024* *SR'000*
Type of goods or service		
Revenue from the contract with customers:		
Revenue from construction and general work contracts	**2,723,212**	2,626,200
Revenue from sale of non-concrete buildings	**479,635**	228,517
	3,202,847	2,854,717
Other revenue:		
Facility management and rental revenue from investment properties	**172,124**	129,521
	3,374,971	2,984,238
Timing of revenue recognition		
Over time	**2,723,212**	2,755,721
At a point in time	**479,635**	228,517
	3,202,847	2,984,238
Geographical markets		
Kingdom of Saudi Arabia	**3,181,290**	2,957,497
Out of the Kingdom of Saudi Arabia	**21,557**	26,741
	3,202,847	2,984,238

6.1 Contract balances

Trade receivables (note 18)	**390,018**	529,489
Retention receivables (note 18)	**693,533**	483,919
Contract assets (note 18)	**797,175**	681,857
Contract liabilities (note 18)	**138,550**	346,598

(a) The decrease in trade receivables is primarily driven by the increased billings during the year. There has been no significant change in the credit risk profile of the customers during the year ended 31 December 2025.

(b) Contract assets are initially recognised based on the value of work executed or delivered to the customers. The balances of this account vary and depend on the number of ongoing contracts at the end of the year. The significant increase in contract assets relate to the revenue recognized during the year which was not billed as of reporting date. Upon acceptance by the customer and when the rights to payment is unconditional, the amounts recognised as contract assets are reclassified to trade receivables. During year ended 31 December 2025, SR 10.6 million (2024: SR 18.4 million) was recognised as provision for expected credit losses on contract assets..

At 31 December 2025, SR 37.5 million (31 December 2024: SR 33.9 million) was recognised as provision for expected credit losses on contract assets.

The significant increase in contract assets relate to the revenue recognized during the year which was not billed as of reporting date.

Contract liabilities represent billings in excess of value of work executed for ongoing contracts and advances received from customers with respect to the services to be delivered in the future. Revenue recognised during the year that was included in the opening contract liability balance amounted to SR 346.6 million (2024: SR 350.7 million).

6 REVENUES (continued)

6.2 Performance obligation

Revenue from construction and general work contracts

The performance obligation is satisfied over the time where the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation. The payment is generally due within 30 to 90 days from the date of billings.

Revenue from sale of buildings

The performance obligation is satisfied upon delivery of the building unit and payment is generally due within 30 to 90 days from delivery.

Rental revenue from investment properties

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term or based on occupancy and provision of services as applicable. The payment is generally due within 30 to 90 days from the date of billings.

Unsatisfied long-term contracts

As at 31 December 2025, the aggregate amount of the transaction price that is partially or fully unsatisfied is SR 2,114 million (2024: SR 3,710 million). Management estimates that approximately SR 2,060 million of the transaction price allocated to the unsatisfied contracts as at 31 December 2025 is expected to be recognised as revenue during 2026.

7 COST OF REVENUES

	2025	*2024*
	SR'000	*SR'000*
Materials, subcontracting and other direct costs	**2,530,337**	2,199,347
Employee salaries and benefits	**201,515**	148,776
Depreciation and amortisation	**77,436**	79,603
Impairment loss (note 13 & 14)	**58,926**	5,952
Provision for slow moving inventory	**17,894**	4,874
Others	**191,831**	198,641
	3,077,939	2,637,193

8 SELLING AND DISTRIBUTION EXPENSES

	2025	*2024*
	SR'000	*SR'000*
Employee salaries and benefits	**8,916**	10,571
Depreciation and amortization	**97,641**	97,917
Visa and license expenses	**188**	222
Travelling	**102**	187
Marketing fees	**5**	56
Rent	**31**	47
Others	**453**	1,261
	107,336	110,261

9 GENERAL AND ADMINISTRATION EXPENSES

	2025 ***SR'000***	*2024* *SR'000*
Amortization of intangible assets	**449**	723
Employee salaries and benefits	**72,654**	72,635
Professional fees	**37,784**	18,320
Depreciation and amortization	**7,018**	5,029
Rent	**1,206**	4,057
Impairment of right of use assets	**-**	2,666
Travelling	**1,031**	2,076
Insurance	**189**	1,852
Utilities	**547**	642
Others	**18,849**	20,644
	139,727	128,644

Auditor's fee for the statutory audit and review of the Group's consolidated financial statements (including financial statements of certain subsidiaries) for the year ended 31 December 2025 amounted to SR 7.0 million (2024: SR 3.6 million). Auditors' fees for the provision of other services for the year ended 31 December 2025 amounted to SR 1.1 million (2024: SR 0.2 million).

10 OTHER INCOME, NET

	2025 ***SR'000***	*2024* *SR'000*
Net gains on disposal of property, plant and equipment and investment properties	**16**	992
Scrap sales	**753**	692
Net foreign currency exchange losses	**(467)**	(526)
Others, net	**567**	1,207
	869	2,365

11 FINANCE COSTS

	2025 ***SR'000***	*2024* *SR'000*
Non-conventional borrowings	**20,381**	21,725
Conventional borrowings	**9,937**	3,380
Interest expense on lease liabilities	**2,772**	2,538
Unwinding of discount for provision for decommissioning (note 26)	**409**	607
Bank charges and other costs	**9,934**	1,091
	43,433	29,341

12 LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares during the year as follows:

	2025 ***SR'000***	*2024* *SR'000*
Loss for the year attributable to the shareholders of the parent Company	**(55,021)**	(62,365)
Adjusted weighted average number of outstanding shares during the year (share '000)	**32,458**	30,234
Basic and diluted loss per share attributable to the shareholders of the Parent Company	**(1.70)**	(2.06)

Notes to the consolidated financial statements (continued)

For the year ended December 2025

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings and residential houses (note 13.1)	*Machinery and equipment*	*Furniture, fixtures and office equipment*	*Vehicles*	*Capital work-in-progress*	*Total*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Cost:						
At 1 January 2024	146,140	89,399	36,526	40,405	43,972	356,442
Additions	-	22,104	5,903	16,215	1,685	45,907
Disposals	(930)	-	-	-	-	(930)
At 31 December 2024	145,210	111,503	42,429	56,620	45,657	401,419
Accumulated depreciation and impairment:						
At 1 January 2024	98,952	80,532	25,818	26,879	42,758	274,939
Charge for the year	4,676	7,623	4,621	5,939	-	22,859
Disposals	(335)	-	-	-	-	(335)
At 31 December 2024	103,293	88,155	30,439	32,818	42,758	297,463
Net book amounts:						
At 31 December 2024	41,917	23,348	11,990	23,802	2,899	103,956

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and residential houses (note 13.1)	*Machinery and equipment*	*Furniture, fixtures and office equipment*	*Vehicles*	*Capital work-in-progress*	***Total***
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*	***SR '000***
Cost:						
At 1 January 2025	145,210	111,503	42,429	56,620	45,657	401,419
Additions	105	11,912	3,984	13,139	-	29,140
Transfers	298	-	-	-	(298)	-
Disposals	(182)	(17)	(426)	(203)	-	(828)
At 31 December 2025	**145,431**	**123,398**	**45,987**	**69,556**	**45,359**	**429,731**
Accumulated depreciation and impairment:						
At 1 January 2025	103,293	88,155	30,439	32,818	42,758	297,463
Charge for the year	3,947	11,269	4,827	9,359	-	29,402
Impairment	8,958	1,193	319	345	-	10,815
Disposals	(130)	(17)	(373)	(186)	-	(706)
At 31 December 2025	**116,068**	**100,600**	**35,212**	**42,336**	**42,758**	**336,974**
Net book amounts:						
At 31 December 2025	**29,363**	**22,798**	**10,775**	**27,220**	**2,601**	**92,757**

13 PROPERTY, PLANT AND EQUIPMENT (continued)

13.1 The Group production facilities are located on plots of land leased under various lease arrangements (note 16).

13.2 The accumulated impairment losses on property, plant and equipment as of 31 December 2025 amounts to SR 74.9 million (31 December 2024: SR 63 million). The assets were impaired during the year based on their expected revenue generation and recoverable value.

13.3 During the year, the Group assessed its property, plant and equipment in the UAE for impairment in accordance with IAS 36. These assets comprise factory buildings, machinery and equipment, and furniture and office equipment, and are considered to form a single cash-generating unit (CGU). In the comparative period, the CGU was supported by ongoing construction and manufacturing projects, which expired during the current period. At that time, management expected to secure new manufacturing and construction projects to sustain operations beyond the current period, and discussions and negotiations with potential customers were ongoing.

During the last quarter of the current reporting period, management became aware that the potential projects would not materialise. Consequently, management concluded that there was no realistic prospect of obtaining new projects requiring the use of these assets, and that the assets had no alternative use within the Group nor the ability to generate independent cash inflows. The assets were also assessed to have no recoverable value other than scrap. Accordingly, the recoverable amount of the CGU was determined to be nil, and an impairment loss of SAR 10.8 million was recognised, reducing the carrying amount of the assets to zero as at 31 December 2025.

The Group continues to hold certain employee accommodation properties in the UAE, which were assessed separately and determined to have fair values in excess of their carrying amounts. Accordingly, no impairment has been recognised in respect of these assets.

13 PROPERTY, PLANT AND EQUIPMENT (continued)

13.3 Depreciation for the years has been allocated as follows:

	2025 ***SR'000***	*2024* *SR'000*
Cost of revenue	**26,623**	19,983
General and administration expenses	**2,617**	2,584
Selling and distribution expenses	**162**	292
	29,402	22,859

14 INVESTMENT PROPERTIES

	Freehold land *SR '000*	*Buildings and residential houses* *SR '000*	*Capital work-in-progress* *SR '000*	*Total* *SR '000*
Cost:				
At 1 January 2024	4,228	933,166	422	937,816
Additions	-	22	14,552	14,574
At 31 December 2024	4,228	933,188	14,974	952,390
Additions	-	27,364	7,561	34,925
Disposal	-	(87,145)	-	(87,145)
Transfers from capital work in progress	-	21,000	(21,000)	-
At 31 December 2025	**4,228**	**894,407**	**1,535**	**900,170**
Accumulated depreciation and impairment:				
At 1 January 2024	-	713,111	422	713,533
Charge for the year	-	37,314	-	37,314
Impairment (note 14.2)	-	5,953	-	5,953
At 31 December 2024	-	756,378	422	756,800
Charge for the year	-	28,938	-	28,938
Disposal	-	(84,249)		(84,249)
Impairment (note 14.2)	-	48,111	-	48,111
At 31 December 2025	**-**	**749,178**	**422**	**749,600**
Net book amounts:				
At 31 December 2025	**4,228**	**145,229**	**1,113**	**150,570**
At 31 December 2024	4,228	176,810	14,552	195,590

During the year, the Group assessed investment properties which comprises of camp assets located across various locations in the Kingdom of Saudi Arabia for impairment in accordance with IAS 36. These camps are individually assessed as a cash generating units (CGUs) which were used for accommodation and facility management projects, including both specific and general use customer projects. In prior years, the camps continued to generate economic benefits and were expected to be redeployed to new projects.

14 INVESTMENT PROPERTIES (continued)

14.1 Direct operating expenses in respect of investment properties generating rental income for the year amounts to SR 51.8 million (2024: SR 40.9 million).

14.2 In 2025, after discussions with several potential customers, the Group was unable to secure any new projects and concluded that there is no realistic prospect of obtaining new contracts against these camps giving that significant refurbishments would have been required in order to lease or sell these camps, at costs exceeding the economic benefits expected from the new projects and therefore, management has determined that these camps have no realizable value other than scrap, due to their age, condition and dismantling costs. Accordingly, the recoverable amount of the CGUs was assessed as nil, and an impairment loss of SAR 48.1 million (SR 5.95 million) has been recognised in the consolidated statement of profit or loss.

14.3 At the reporting date, the fair value of the Group's investment property has been arrived on the basis of the valuation exercise carried out by following independent valuers, who are not related to the Group. Fair value of investment properties are as follows:

Location	***Independent valuers***	***Valuer's qualification***	***Fair Value SR '000***
2025			
KSA	Land Sterling Property Consultants	Registered valuers with Saudi Authority for Accredited Valuers (Taqeem Saudi Arabia) and Member of Royal Institute of Chartered Surveyors	**322,469**
Oman			**829**
			323,298
2024			
KSA	Land Sterling Property Consultants	Registered valuers with Saudi Authority for Accredited Valuers (Taqeem Saudi Arabia) and Member of Royal Institute of Chartered Surveyors	213,631
UAE			185
Oman			1,130
			214,946

14.4 To determine the fair value of the properties, the valuer used net income method whereby the market rentals of all lettable properties are assessed by reference to the rentals achieved for the same properties as well as similar properties in the neighborhood, except for the properties at Dubai and Oman which were valued using cost approach - depreciated replacement cost method (DRC). The capitalization rate is adopted by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. DRC is based on an estimate of the current gross replacement costs of improvements less allowance for physical deterioration and all relevant forms of obsolescences and optimisation. Above fair value does not include assets under construction.

14.5 The Group uses the following hierarchy for determining and disclosing the fair values of its investment properties by valuation techniques:

	Level 1 SR '000	*Level 2 SR '000*	*Level 3 SR '000*	*Total SR '000*
2025	-	-	**323,298**	**323,298**
2024	-	-	214,946	214,946

For the level 3 fair value measurement, the quantitative information about the significant unobservable inputs used in the fair value measurement include discount rate of 22%, yield of 50%, the occupancy rate of 65% to 75%.

14.6 Any significant movement in the assumptions used for fair valuation of investment properties such as discount rate, yield, rental growth etc. would result in significantly lower / higher fair value of these assets.

15 GOODWILL AND INTANGIBLE ASSETS

	Goodwill	*Customer relationships*	*Order backlog*	*Computer software*	*Total*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Cost:					
At 1 January 2024	214,020	174,800	229,400	9,921	628,141
Additions	-	-	-	73	73
Reclassification to expenses	-	-	-	(93)	(93)
At 31 December 2024	214,020	174,800	229,400	9,901	628,121
Additions	-	-	-	-	-
At 31 December 2025	**214,020**	**174,800**	**229,400**	**9,901**	**628,121**
Accumulated amortisation and impairment:					
At 1 January 2024	6,365	6,723	17,646	8,123	38,857
Charge for the year	-	26,892	70,585	723	98,200
At 31 December 2024	6,365	33,615	88,231	8,846	137,057
Charge for the year	-	26,892	70,585	449	97,926
At 31 December 2025	**6,365**	**60,507**	**158,816**	**9,295**	**234,983**
Net carrying value					
At 31 December 2025	**207,655**	**114,293**	**70,584**	**606**	**393,138**
At 31 December 2024	207,655	141,185	141,169	1,055	491,064

Intangible assets include goodwill, customer relationship and orders backlog related to the acquisition of a subsidiary, The Fundamental Installation for Electric Work Company “First Fix” during 2023 and assigned with the general construction segment.

The Group performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. As at 31 December 2025, an impairment assessment of goodwill was conducted to determine whether the carrying values exceed the recoverable amounts and was concluded that goodwill was not impaired. The recoverable amount of the general construction segment of SR 1,481 million as at 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 12.50% and cash flows beyond the five-year period are extrapolated using a 2% growth rate. As a result of the analysis, the management did not identify an impairment for this CGU. The calculation of value in use for general construction segment is most sensitive to the assumption of gross margins of the projects which is in the range of 13% to 14%, discount rate and growth rates used to extrapolate cash flows beyond the forecast period.

A 1.5% increase in discount rate would result in impairment of SR 53 million. A 0.2% decrease in terminal growth rate would result in an impairment of SR 3.5 million.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The group leases various lands, buildings for offices and equipment. Lease contracts have durations ranging from 1 to 39 years. Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

16.1 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Land	*Building*	*Total*
	SR'000	*SR'000*	*SR'000*
Cost:			
Amount as of 1 January 2024	81,543	18,557	100,100
Additions	-	28,698	28,698
Modification / reassessment	-	(127)	(127)
At 31 December 2024	81,543	47,128	128,671
Additions	-	5,076	5,076
Modification	-	10,173	10,173
At 31 December 2025	**81,543**	**62,377**	**143,920**
Accumulated amortisation:			
At 1 January 2024	48,151	2,985	51,136
Depreciation expense	11,052	13,848	24,900
Impairment	2,666	-	2,666
At 31 December 2024	61,869	16,833	78,702
Depreciation expense	9,595	16,681	26,276
At 31 December 2025	**71,464**	**33,514**	**104,978**
Net carrying value			
At 31 December 2025	**10,079**	**28,863**	**38,942**
At 31 December 2024	19,674	30,295	49,969

During the year certain leases were modified due to change in lease term and a decrease in scope of the lease which resulted in modification of right of use assets and lease liabilities.

16.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Lease liabilities	
	2025	*2024*
	SR'000	*SR'000*
At 1 January	**54,909**	52,229
Additions to lease liabilities	**5,076**	28,698
Interest expense	**2,772**	2,538
Modification	**6,349**	(329)
Payments	**(28,144)**	(28,227)
At 31 December	**40,962**	54,909
Current portion of lease liabilities	**25,372**	26,772
Non-current portion of lease liabilities	**15,590**	28,137

Maturity analysis of lease liabilities have been disclosed in the note 35 of these consolidated financial statements.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

16.3 The following are the amounts recognised related to leases in the consolidated statement of profit or loss:

	2025 SR'000	*2024 SR'000*
Expense relating to short-term leases and low value assets	**4,947**	49,519
Depreciation expense of right-of-use assets	**26,276**	24,900
Interest expense on lease liabilities	**2,772**	2,538
	33,995	76,957

17 INVENTORIES

	2025 SR'000	*2024 SR'000*
Raw materials	**104,366**	51,378
Work in progress	**16,586**	16,665
Finished goods	**45,484**	46,076
	166,436	114,119
Less: provision for obsolete inventory	**(71,099)**	(53,205)
	95,337	60,914

Inventories recognised as an expense during the year ended 31 December 2025 amounted to SR 1,751 million (2024: SR 1,430 million). These were included in cost of goods sold.

17.1 During the year, movement in the provision for obsolescent inventory is as follows:

	2025 SR'000	*2024 SR'000*
At the beginning of the year	**53,205**	48,331
Provision for the year	**17,894**	4,874
	71,099	53,205

At the reporting date, the Group re-assessed the realisable value of inventories and as a result, provision of SR 17.9 million was recognized (2024: provision of SR 4.9 million was recognized) in the consolidated statement of profit or loss by taking into consideration the age and condition of these inventories.

During the year, the Group recognised a specific provision of SR 11.8 million against finished goods due to the deterioration in the condition of these assets. Management also assessed that the refurbishment and storage costs required to make these items saleable would reduce their net realisable value below their carrying amount therefore a specific provision was recorded.

18 TRADE RECEIVABLES AND CONTRACT BALANCES

	2025 SR'000	*2024 SR'000*
Trade receivables (a)	**390,018**	308,770
Retention receivables(b)	**693,533**	483,919
Contract assets (c)	**797,175**	681,857
Contract liabilities (d)	**138,550**	346,598

18 Trade receivables and contract balances (continued)

(a) Trade receivables

	2025			2024		
	Receivables from contracts with customers	*Rental receivables*	*Total*	*Receivables from contracts with customers*	*Rental receivables*	*Total*
	SR'000			*SR'000*		
Trade receivable	**459,456**	**83,021**	**542,477**	433,085	42,547	475,632
Allowance for expected credit losses	**-**	**-**	**(152,459)**	-	-	(166,862)
	459,456	**83,021**	**390,018**	433,085	42,547	308,770

Trade receivables are non-interest bearing and the Group's credit period is 30-90 days after which trade receivables are considered to be past due. Unimpaired trade receivables are unsecured and are expected, on the basis of past experience, to be fully recoverable. Movements in allowance for expected credit losses are as follows:

	2025	*2024*
	SR'000	*SR'000*
At the beginning of the year	**166,862**	152,348
Provided during the year	**16,744**	14,514
Reversed during the year	**(8,240)**	-
Written off during the year	**(22,907)**	-
At the end of the year	**152,459**	166,862

(b) Retention receivables

	2025	*2024*
	SR'000	*SR'000*
Retentions receivable	**720,532**	505,312
Allowance for expected credit losses against retention receivables	**(26,999)**	(21,393)
	693,533	483,919
Less: current portion	**(286,628)**	(220,719)
Non current portion	**406,905**	263,200

Movement in allowance for expected credit losses relating to retention receivables are as follows:

	2025	*2024*
	SR'000	*SR'000*
At the beginning of the year	**21,393**	16,317
Provided during the year	**5,606**	5,076
At the end of the year	**26,999**	21,393

18 Trade receivables and contract balances (continued)

(c) Contract assets

	2025	*2024*
	SR'000	*SR'000*
Value of work executed in excess of billing	**797,727**	641,889
Sale of non-concrete building - work executed pending approval	**19,584**	54,826
Facility management and rental revenue - accrued	**17,313**	19,099
	834,624	715,814
Allowance for expected credit losses	**(37,449)**	(33,957)
	797,175	681,857

Movements in allowance for expected credit losses are as follows:

	2025	*2024*
	SR'000	*SR'000*
At the beginning of the year	**33,957**	15,539
Write off during the year	**(7,074)**	-
Provision for the year	**10,566**	18,418
	37,449	33,957

(d) Contract liabilities represent billings in excess of value of work executed for ongoing contracts and advances received from customers with respect to the services to be delivered in the future. Revenue recognised during the year that was included in the opening contract liability balance amounted to SR 346.6 million (2024: SR 350.7 million).

	2025	*2024*
	SR'000	*SR'000*
Customer advances and deposits	**138,550**	329,371
Billings in excess of value of work executed	**-**	17,227
	138,550	346,598

(e) The net movement for contract balances is as follows:

	2025	*2024*
	SR'000	*SR'000*
Net contract positions at the beginning of the year	**369,216**	(13,328)
Recongnized as revenue during the year	**3,374,971**	2,984,238
Movement due to cash received and billings during the year	**(3,048,113)**	(2,601,694)
	696,074	369,216
Less: allowance for ECL	**(37,449)**	(33,957)
Net contract positions at the end of the year	**658,625**	335,259
Reported as:		
Contract assets	**797,175**	681,857
Contract liabilities	**(138,550)**	(346,598)
	658,625	335,259

19 ADVANCES TO SUPPLIERS

	2025	*2024*
	SR'000	*SR'000*
Advances to suppliers	**213,962**	300,387
Advances to subcontractors	**64,015**	91,326
	277,977	391,713

Advances to suppliers include related party balances amounting to SR 14.4 million (2024: Nil) and are disclosed under note 30 of these consolidated financial statements.

20 PREPAYMENTS AND OTHER RECEIVABLES

	2025	*2024*
	SR'000	*SR'000*
Margin deposits	**34,324**	55,871
Prepaid expenses and deposits	**10,409**	20,110
Amounts due from related parties (note 30)	**-**	1,900
Advances to employees	**523**	2,066
Others	**3,064**	8,104
	48,320	88,051

Terms and conditions for related party transactions and balances are disclosed under note 30 of these consolidated financial statements.

21 CASH AND CASH EQUIVALENTS

	2025	*2024*
	SR'000	*SR'000*
Bank balances - current accounts	**60,736**	25,000
Cash in hand	**987**	1,190
	61,723	26,190

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2025	*2024*
	SR'000	*SR'000*
Bank balances - current accounts	**60,736**	25,000
Cash in hand	**987**	1,190
Cash at banks and in hand attributable to discontinued operations (note 38)	**146**	434
	61,869	26,624

22 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Company as at 31 December 2025 amounted to SR 482,673,830 (31 December 2024: SR 302,344,000) consisting of 48,267,383 shares (31 December 2024: 30,234,400 shares) fully paid and issued shares at a value of SR 10 per share. The increase was on account of debt conversion exercise carried out effective 12 November 2025 wherein liabilities of SR 476.07 million were converted into equity at SR 26.4 per share i.e 18,032,983 additional shares were issued at a nominal value of SR 10 per share and share premium of SR 16.4 per share was recorded, resulting in recognising share premium of SR 295.7 million at (18,032,983 shares at SR 16.4 per share).

23 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	*Principal activities*	*Country of incorporation*	***2025***	*2024*
The Fundamental Installation for Electric Work Company Limited ("First Fix")	Construction and general work contracts	Saudi Arabia	**49%**	49%
Premier Paints Company ("PPC")	Manufacturing and trading paints	Saudi Arabia	**19%**	19%

The summarised financial information of the above subsidiaries provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss and other comprehensive income:

	31 December 2025 SR'000		*31 December 2024 SR'000*	
	First Fix	***PPC***	*First Fix*	*PPC*
Revenues	**2,723,212**	**1,682**	2,626,200	1,800
Profit / (loss) for the year	**120,771**	**(10,801)**	238,141	(12,869)
Total comprehensive income (loss)	**126,596**	**(10,801)**	240,386	(13,592)
controlling interests	**62,032**	**(2,052)**	117,789	(2,582)

Summarised statement of financial position:

	31 December 2025 SR'000		*31 December 2024 SR'000*	
	First Fix	***PPC***	*First Fix*	*PPC*
Current assets	**1,721,455**	**4,376**	1,474,211	2,836
Current liabilities	**(1,212,043)**	**(21,953)**	(986,880)	(20,931)
Net current assets/(liabilities)	**509,412**	**(17,577)**	487,331	(18,095)
Non-current assets	**502,825**	**713**	365,183	1,271
Non-current liabilities	**(104,095)**	**(2,285)**	(79,510)	(1,844)
Net non-current assets	**398,730**	**(1,572)**	285,673	(573)

24 INTEREST BEARING LOANS AND BORROWINGS

	2025	*2024*
	SR'000	*SR'000*
Bai Al Ajel Islamic facility (24.1)	**200,466**	225,000
Medium term loans from commercial banks (24.2 and 24.3)	**74,593**	53,750
Short term loans from a financial institution (24.5 and 24.6)	**-**	4,000
Short term loans from a commercial bank (24.7)	**127,756**	42,662
	402,815	325,412
Less: unamortised transaction cost	**(1,261)**	(1,316)
Total borrowings	**401,554**	324,096

The interest-bearing loans and borrowings are presented in the consolidated statement of financial position as follows:

	2025	*2024*
	SR'000	*SR'000*
Long term borrowings	**166,441**	215,767
Current portion of long-term borrowings	**107,358**	48,167
Short term borrowings	**127,755**	60,162
	401,554	324,096

The movement in the interest-bearing loans and borrowings is as follows:

	2025	*2024*
	SR'000	*SR'000*
At 1 January	**324,096**	327,425
Proceeds from short-term and medium-term loans	**1,282,529**	267,395
Repayment of short-term and medium-term loans	**(1,182,608)**	(248,127)
Repayment of Islamic facility	**(29,160)**	(25,000)
Interest expense during the year	**34,025**	21,852
Interest paid during the year	**(27,328)**	(19,449)
At 31 December	**401,554**	324,096

24.1 During 2023, the Company entered into a facility agreement of SR 330 million with a local commercial bank, of which SR 300 million is for the acquisition of First Fix (refer Note 17) and SR 30 million is related to other treasury products. These borrowings are denominated in Saudi Riyal. The Company has withdrawn SR 275.5 million of the facility. Total unused credit facilities available to the Group under the facility at 31 December 2025 were SR 24.5 million (31 December 2024: SR 27.5 million) principally representing term loans and letters of credit. The loan is repayable in seven variable installments with the last installment due in 2030. The loan bears finance costs based on Saudi inter-bank offered rates (SAIBOR) plus fixed margin of 2.5% and due in semi-annual basis. The borrowing is secured by pledge of the Company's shares in First Fix, promissory note issued by the Company, assignment of contract proceeds and pledge of shares of a sister company by a related party. There are no financial covenants required to be met as part of this borrowing agreement.

The maturity profile of the Bai Al Ajel Islamic facility is as follows:

	2025	*2024*
	SR'000	*SR'000*
2025	**-**	29,167
2026	**37,965**	33,332
2027	**37,500**	37,500
2028	**41,667**	41,667
2029	**41,667**	41,667
2030	**41,667**	41,667
	200,466	225,000

24 INTEREST BEARING LOANS AND BORROWINGS (continued)

24.2 The Group obtained various short-term facilities from a local commercial bank in the prior years. In May 2023, the short-term facilities were rescheduled to a medium-term loan of SR 76 million by the bank, which is repayable in 16 equal quarterly installments of SR 4.75 million each with the last instalment due in March 2027. Therefore, SR 19 million is current portion and SR 7.5 million is non-current portion at 31 December 2025. The loan bears finance cost based on SAIBOR plus a fixed margin of 3%. The facilities are secured by order note signed by the Group. These borrowings are denominated in Saudi Riyal. The facility agreement contains the following financial covenants to be met:

- Minimum current ratio to be maintained at 1:1.
- Maximum leverage ratio to be 2.5:1.

The Group is in compliance with the above covenants as of 31 December 2025 but was not in compliance as at 31 December 2024, which was an event of default as per the borrowing agreements. Accordingly, on 31 December 2024, the entire outstanding loan balance amounting to SR 26.5 million i.e. SR 19 million of current portion and SR 7.5 million of non-current portion was classified under current liabilities in the consolidated financial statements.

24.3 Medium-term borrowings represent loans obtained from a local commercial bank and bear financial charges at SAIBOR plus fixed margin of 1%. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility on 31 December 2025 were nil (31 December 2024: SR 18.1 million) principally representing medium-term loans repayable in 2027 and letters of credit. The borrowings are secured by promissory notes and assignment of contract proceeds. The facility agreement contains the following financial covenants to be met:

- Minimum tangible net worth 150 million.
- Maximum gearing ratio to be 3:1.

The Group was in compliance with the above covenants as of 31 December 2025 but not on 31 December 2024, which was an event of default as per the borrowing agreements. Accordingly, on 31 December 2024, the entire outstanding loan balance amounting to SR 49 million i.e. SR 44.5 million of current portion and SR 4.5 million of non-current portion was classified under current liabilities in the consolidated financial statements.

24.4 During the year, the Group had obtained short term loans from a commercial bank, which bears financial charges at SAIBOR plus fixed margin of 2.5%. These borrowings are denominated in Saudi Riyal.The borrowings were secured by promissory notes and assignment of contract proceeds. The facility was fully repaid as at 31 December 2025.

24.5 The Group obtained short term borrowing from a financial institution which beared financial charges at fixed rate of 15%. These borrowings are denominated in Saudi Riyal. The short-term borrowings were secured by promissory notes and were fully repaid during the year.

24.6 During the year, the Group obtained Murabaha Sukuk based borrowing from a financial institution which bears financial charges at fixed rate of 13.5%. These borrowings are denominated in Saudi Riyal. Total unused credit facilities available to the Group under the facility at 31 December 2025 were SR 25 million. There are no financial covenants required to be met as part of this borrowing agreement. The facilities were fully repaid during the year.

24.7 As of 31 December 2025, a subsidiary has entered into agreements with local commercial banks to provide financing facilities amounting to a total of SR 1.51 billion, including SR 338 million for letters of credit, SR 500.7 million for guarantees, SR 617.5 million for general working capital, and SR 50 million for payroll financing which is a revolving facility repayable within 60 days from the date of drawing the facility. The total unutilised credit facilities available to the subsidiary as at 31 December 2025, amounts to SR 572 million. The facilities are subject to certain financial covenants that are required to be maintained at the subsidiary level and it has not breached any of the financial covenants. The facilities are secured by promissory notes provided by the Group. As of 31 December 2025, the subsidiary has outstanding short-term borrowings of SR 127.8 million consisting of SR 50 million for payroll financing and SR 77.8 million letters of credit post finance. The overall current market interest rates charged on these facilities during the year ranged from 8.3% to 9%.

24 INTEREST BEARING LOANS AND BORROWINGS (continued)

Following are the major categories of the borrowings of the Parent Company and its subsidiaries at the reporting date:

	Red Sea International Company	***First Fix***	***Total***
		SR ' 000	
Conventional borrowings	**74,593**	**127,756**	**202,349**
Tawarruq	**199,205**	**-**	**199,205**
At 31 December 2025	**273,798**	**127,756**	**401,554**
Conventional borrowings	57,750	42,662	100,412
Tawarruq	223,684	-	223,684
At 31 December 2024	281,434	42,662	324,096

First Fix

Please refer note 24.7 above for the details of the conventional short-term facilities of First Fix.

25 EMPLOYEES' DEFINED BENEFIT LIABILITIES

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2025 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The main actuarial assumptions used to calculate the defined unfunded benefit obligation are as follows:

	2025	*2024*
Discount rate	**4.86% - 5.15%**	5.26% - 5.55%
Expected rate of salary increase	**2.5% - 4%**	3% - 4%
Retirement period	**60 years**	60 years

25.1 The break up of net benefit costs charged to consolidated statement of profit or loss is as follows:

	2025	*2024*
	SR'000	*SR'000*
Current service cost	**31,003**	25,389
Interest cost on benefit obligation	**3,933**	2,623
Net benefit expense	**34,936**	28,012

25.2 Changes in the present value of defined unfunded benefit obligation is as follows:

	2025	*2024*
	SR'000	*SR'000*
At the beginning of the year	**75,952**	57,496
Net benefit expense	**34,936**	28,012
Benefits paid	**(7,380)**	(9,060)
Reclassed to other liabilities	**(1,450)**	-
Remeasurement loss (gain) on employees' defined benefit liabilities	**(4,847)**	227
Liabilities directly associated with the assets held for sale (note 39)	**-**	(723)
	97,211	75,952

25.3 Remeasurement (gain) / loss on employees' defined benefit liabilities arose due to the followings:

	2025	*2024*
	SR'000	*SR'000*
Actuarial losses arising from changes in financial assumptions	**(706)**	2,495
Experience adjustments	**(3,866)**	(2,268)
	(4,572)	227

25 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

25.4 Breakup of the employee benefit obligations by geographic segment:

	Saudi Arabia SR'000	*UAE SR'000*	*Ghana SR'000*	*Other SR'000*	*Total SR'000*
2025	**89,822**	**7,192**	**93**	**104**	**97,211**
2024	67,756	7,921	186	89	75,952

25.5 The quantitative sensitivity analysis for significant assumptions as at the reporting date is as follows:

	Increase/ (decrease)	***2025 SR '000***	*2024 SR '000*
Discount rate	**1.00%**	**(6,412)**	(5,957)
	(1.00%)	**7,332**	6,975
Expected rate of salary increase	**1.00%**	**7,817**	7,295
	(1.00%)	**(6,921)**	(6,310)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefits obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

25.6 The following payments are expected contributions to the defined benefit plan in future years:

	2025 SR '000	*2024 SR '000*
Within the next 12 months (next annual reporting period)	**18,559**	13,202
Between 2 and 5 years	**32,156**	22,468
Between 6 and 10 years	**36,690**	86,171
Over 10 years	**70,909**	6,412
Total expected payments	**158,314**	128,253

The average duration of the defined benefit plan obligation at the end of the reporting period is 2.5 to 8.2 years (31 December 2024: 2.5 to 9.5 years).

During the year, the Group have contributed SR 15.8 million (2024: SR 15.8 million) into the general organisation of social insurance ("GOSI") for its Saudi national staff.

26 PROVISIONS

Provisions represents the provision for decommissioning costs related to liabilities for restoration work or land restoration required for dismantling of investment properties used to generate rental revenue. The provision has been recognized for the present value of the restoration costs. The expected dates for usage of the provision are spread in years 2026 through 2032. Movement in the provision for decommissioning costs was as follows:

	2025 SR'000	*2024 SR'000*
At the beginning of the year	**30,810**	28,872
Additions during the year	**1**	1,331
Unwinding of discount charge for the year (note 11)	**409**	607
At the end of the year	**31,220**	30,810
Less: current portion (note 28)	**(318)**	(317)
	30,902	30,493

27 TRADE PAYABLES

	2025	*2024*
	SR'000	*SR'000*
Trade accounts payables	**725,479**	545,883
Due to related parties (note 30)	**44,523**	12,175
	770,002	558,058

27.1 Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 30-60 day terms
- For terms and conditions with related parties, refer to note 30.

27.2 RETENTION PAYABLE

	2025	*2024*
	SR'000	*SR'000*
Retention payable	**42,148**	40,397
Less: retention payable- non current portion	**(22,184)**	(9,685)
Retention payable- current portion	**19,964**	30,712

Retention payable include related party balances amounting to SR 9.5 million (2024: Nil) and are disclosed under note 30 of these consolidated financial statements.

28 ACCRUALS AND OTHER LIABILITIES

	2025	*2024*
	SR'000	*SR'000*
Accrual for project operation and catering costs	**292,614**	203,826
Employee salaries and benefits	**114,304**	117,872
Valued added tax payable	**81,018**	51,542
Accrued professional and consultancy charges	**14,884**	9,635
Deposits from customers	**8,408**	9,006
Provision for assurance type warranties	**3,650**	5,588
Unearned rental revenue	**678**	662
Provision for decommissioning costs (note 26)	**318**	317
Accrued indirect taxes	**449**	477
Other accrued expenses	**11,848**	21,903
	528,171	420,828

29 ZAKAT AND INCOME TAX

The major components of zakat and income tax expense for the year ended 31 December 2025 and 2024 are:

Consolidated statement of profit or loss

	2025	*2024*
	SR'000	*SR'000*
Zakat	**13,891**	23,892
Income tax expense	**1,481**	2,761
	15,372	26,653

29 ZAKAT AND INCOME TAX (continued)

29.1 Movement in zakat and income tax for the year was as follows:

	Zakat	***Current tax***	***Total***	*Zakat*	*Current tax*	*Total*
	31 December 2025			*31 December 2024*		
	SR '000			*SR '000*		
At 1 January	**39,544**	**3,417**	**42,961**	36,127	6,560	42,687
Charge for the year	**13,891**	**1,449**	**15,340**	23,892	2,761	26,653
Payments	**(16,987)**	**(2,278)**	**(19,265)**	(20,475)	(6,396)	(26,871)
Reclassification to advance tax	**113**	**713**	**826**	-	492	492
At 31 December	**36,561**	**3,301**	**39,862**	39,544	3,417	42,961

29.2 ***Zakat***

(i) Zakat charge for the year consist of :

	2025	*2024*
	SR'000	*SR'000*
Charge for the year	**13,891**	23,892

The provision for the year is based on zakat base of the Parent Company and its wholly owned Saudi subsidiaries as a whole and individual zakat base of other Saudi subsidiaries.

The significant components of the Company's zakat base are comprised of shareholders' equity at the beginning of the year, provisions at the beginning of the year, long-term borrowings and adjusted net profit or loss, less deductions for the net book value of property, plant and equipment and investment properties and certain other items.

(ii) ***Status of assessments***

The status of assessments of the Company including its wholly owned subsidiaries and major partially owned subsidiaries are as follows:

a) The Parent Company and its wholly owned subsidiary

The zakat assessments of the Company and its wholly owned Saudi subsidiaries have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2010. The zakat declarations until the year 2024 have been filed with the ZATCA.

ZATCA has issued assessments for the years 2014 through 2017 and for the years 2019 and 2020. The assessments for the years 2014, 2019 and 2020 have been finalised without any additional Zakat payment.

For the years 2015 to 2017, the Company has agreed with ZATCA to apply the ministerial resolution no. 1007 which allows the application of the new Zakat regulations issued in 1445H for the years before 1 January 2024. The discussion with ZATCA is still ongoing on the application. However, the Company maintains sufficient provision in the books to account for any liability arising upon the ultimate resolution of these issued assessments.

The Zakat assessments of the Company and its wholly owned Saudi subsidiaries for the years 2011 to 2013 and for the years 2018 and 2021 to 2024 have not yet been raised by ZATCA.

29 ZAKAT AND INCOME TAX (continued)

b) Partially owned subsidiaries

Premier Paints Company

Premier Paints Company ("PPC") has filed its zakat and income tax returns with the ZATCA up to the year ended 2024. During the year, PPC settled the total outstanding WHT liability and has submitted an installment plan to settle SR 0.9 million of zakat liability on installments basis under the amnesty scheme, which is currently awaiting ZATCA approval. PPC maintains sufficient provision in the books to account for any liability arising upon the ultimate resolution of the issued assessments.

Based on management's best estimate, the management believes that the provision recognised as of 31 December 2025 with respect to the assessments raised is appropriate and no additional provision is required.

OECD Pillar Two rules

The Group has assessed the potential impact of the OECD Pillar Two rules on the Parent entity in the Kingdom of Saudi Arabia, which holds subsidiaries operating in multiple foreign jurisdictions. Under the Undertaxed Profits Rule (UTPR), additional top-up tax may be imposed on entities within a group where low-taxed income of other group entities is not subject to a qualified domestic minimum top-up tax or an Income Inclusion Rule in the relevant jurisdictions. The UTPR operates as a secondary mechanism to allocate residual top-up tax to jurisdictions that have enacted the rule, based on a formulary allocation. Management has assessed the jurisdictions in which the Group operates and notes that none of the foreign jurisdictions in which the Group's subsidiaries operate have enacted the UTPR as at the reporting date. Accordingly, management does not expect the application of the UTPR to give rise to any additional current or deferred tax exposure for the Group.

29.3 ***Income Tax***

(i) The income tax for the year consist of:

	2025	*2024*
	SR '000	*SR '000*
Provision for the year	**1,819**	3,027
Deferred tax credit	**(338)**	(266)
Charge for the year	**1,481**	2,761

Income tax provision is provided for in accordance with authorities in which the Group's subsidiaries operate outside the Kingdom of Saudi Arabia and for non-Saudi shareholding. Income tax has been computed based on the managements' understanding of the income tax regulations enforced in their respective countries. The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective company.

(ii) ***Status of assessments for zakat and tax***

The status of assessments of the major subsidiaries are as follows:

The Fundamental Installation for Electric Work Company Limited ("First Fix")

The assessments for the years 2015 to 2018 of First Fix have been agreed with ZATCA. For 2019, ZATCA issued the zakat assessment with the additional liability of SR 0.6 million. First Fix filed an objection against the assessment which was rejected by ZATCA. First Fix after paying SR 0.1 million escalated the said objection to Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). CRTVD's decision reduced the zakat liability thereby resulting in a refund of SR 0.3 million which will be used to settle upcoming Zakat installments. First Fix has filed the zakat and tax returns for the years from 2020 to 2024 and no assessment have been raised by ZATCA yet. Based on management's best estimate, the management believes that the provision recognised as of 31 December 2025 with respect to the assessments raised is appropriate and no additional provision is required.

29 ZAKAT AND INCOME TAX (continued)

(ii) Status of assessments (continued)

Red Sea Housing Services (Ghana) Limited ("RSG")

Income tax assessments have been agreed with the Ghana Revenue Authority ("the GRA") up to the year ended 31 December 2010. RSG received tax assessment for years from 2011 to 2016 amounting to SR 4.7 million. RSG filed an appeal against this amount and settled SR 1.5 million in 2018, however the assessment is yet to be finalised. RSG is currently under a tax audit for the 2017-2020 years of assessment and as of 31 December 2025 the assessments have not been finalised.

29.4 ***Deferred Tax***

Deferred tax asset

Deferred tax asset comprises of deductible temporary differences in respect of the following:

	2025	*2024*
	SR'000	*SR'000*
Provisions	**120**	47
Employee defined benefit obligation	**747**	554
Loss allowance for contract and financial assets	**793**	802
Accelerated tax depreciation	**103**	57
	1,763	1,460
Movement in deferred tax assets		
Opening balance	**1,460**	1,185
Charge to profit and loss	**338**	266
Charge to other comprehensive income	**(35)**	9
	1,763	1,460

30 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties principally comprise of Al Dabbagh Group Holding Company Limited and its related entities (collectively the “Dabbagh Group“), majority shareholder of the Parent Company, the Group's minority shareholders and their affiliated entities, MSB Holding Company a shareholder of the Parent Company with significant influence and it's group entities (other related party), which were added during the year after debt conversion. The new related party relationships from MSB Holding Company and its group entities were not related party relationships in 2024, the corresponding amounts for the year ended 31 December 2024 and balances as at that date are shown as nil.

The Group in the normal course of business carries out transactions with various related parties. Amounts due from/to related parties are shown under accounts receivable and account payable, respectively. Pricing policies and terms of these transactions are approved by the Board of Directors/ Group’s management. Amounts due from and due to related parties are unsecured and settled in cash between the parties.

Name of related party	*Nature of relationship*
Al Dabbagh Group Holding Company Limited	Ultimate parent company
MSB Holding Company	Entity with significant influence
Signals Control for communication & Technology	Group entity with significant influence
Modern Building Leaders Company Limited	Group entity with significant influence
Rock Solid Group	Group entity with significant influence
Al-Tahseen International Company Limited	Group entity with significant influence
Al Rahala International Travel & Tourism Co.	Group entity with significant influence
The Innovative Facility Management & Services	Group entity with significant influence

30 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

30.1 Significant transactions with related parties' included in the consolidated statement of profit and loss are as follows:

Related party	***Nature of transactions***	***Amount of transactions***	
		2025	*2024*
		SR'000	*SR'000*
Al Dabbagh Group Holding Company Limited	Interest free funds received from a shareholder	**47,727**	-
	Payment for land rentals	**-**	-
	Conversion of debt into equity	**81,225**	-
	Expenses paid on behalf of the Company	**-**	6
	Expenses paid on behalf of the Group	**-**	7
Board of directors	Expenses paid by the Group	**-**	140
Modern Building Leaders Company	Revenue generated	**1,838,381**	-
The Innovative Facility Management & Services	Revenue generated	**3,395**	-
Al Rahala International Travel & Tourism Co.	Purchases, shared services charges, and other charges	**1,607**	-
MSB Holdings Company	Purchases, shared services charges, and other charges	**2,907**	-
Signals Control for communication & Technology	Purchases, shared services charges, and other charges	**51,436**	-
Rock Solid Group	Purchases, shared services charges, and other charges	**6,613**	-

30.2 The breakdown of the amounts due from and due to related parties are as follows:

Amount due from related parties presented under prepayments and other receivables and advance to suppliers:

	2025	*2024*
	SR'000	*SR'000*
Al Dabbagh Group Holding Company Limited	**-**	1,900
Signals Control for Communication & Technology	**11,523**	-
The Innovative Facility Management & Services	**1,738**	-
Modern Building Leaders Company	**388**	-
Al-Tahseen International Company Limited	**743**	-
	14,392	1,900

Amount due from related parties presented under trade receivables and retention receivables

	2025	*2024*
	SR'000	*SR'000*
Modern Building Leaders Company	**743,612**	-
The Innovative Facility Management & Services	**3,310**	-
	763,339	-

30 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances presented under contract assets

	2025 SR'000	2024 SR'000
Modern Building Leaders Company	**537,447**	-
The Innovative Facility Management & Services	**5,760**	-
	543,207	-

Related party balances presented under contract liabilities

	2025 SR'000	2024 SR'000
Modern Building Leaders Company	**116,650**	-
The Innovative Facility Management & Services	**454**	-
	117,104	-

Amount due to a shareholder

	2025 SR'000	2024 SR'000
Al Dabbagh Group Holding Company Limited	**-**	81,225

Amount due to related parties presented under trade payables and retention payable

	2025 SR'000	2024 SR'000
Al Dabbagh Group Holding Company Limited	**29,354**	12,175
Rock Solid Group	**11,844**	-
Al-Tahseen International Company Limited	**4,223**	-
MSB Holding Company	**3,095**	-
Signals Control for communication & Technology	**5,339**	-
Al Rahala International Travel & Tourism Co.	**157**	-
	54,012	12,175

Pricing policies and terms of payments of transactions with related parties are based on mutually agreed terms and are approved by the Board of Directors/ Group's management. Outstanding balances at the year-end are unsecured, interest free and to be settled in cash.

	2025 SR'000	2024 SR'000	**2025** SR'000	2024 SR'000
	Members of Board of Directors		Executives	
Salaries and benefits - short term	**-**	-	**15,043**	7,565
Employees' end-of-service benefits - long term	**-**	-	**823**	334
Board of directors' remuneration - short term	**3,558**	2,960	**-**	-
	3,558	2,960	**15,866**	7,899

31 CONTINGENCIES AND COMMITMENTS

At the reporting date, the Group had following outstanding bank guarantees and letters of credit issued in the normal course of business.

	2025	*2024*
	SR'000	*SR'000*
Letters of guarantee	**576,726**	486,609
Letters of credit	**130,991**	125,383

In the normal course of business, there are multiple legal cases raised against the Group. Management, supported by external and internal legal advisors, have assessed the possible outcomes of each case, and concluded that any unrecorded exposure arising from such matters is immaterial; and consequently, no additional provision has been recognised in these consolidated financial statements.

At the reporting date, the Group had commitments of SR 1.85 billion (31 December 2024: SR 3.19 billion) relating to estimated costs for the projects to be delivered in future.

32 OPERATING LEASES

The Group leased out various residential houses under operating lease agreements. Rental income from such leases for the year ended 31 December 2025 amounted to SR 172 million (2024: SR 129.5 million).

Operating leases for rental income with terms expiring within one year and in excess of one year are as follows:

	2025	*2024*
	SR'000	*SR'000*
Within one year	**291,702**	163,359
After one year but not more than five years	**288,262**	182,848
	579,964	346,207

33 SEGMENTAL INFORMATION

Changes in the comparative segment information:

During the year, the Group reassessed the identity of the Cheif Operating Decision Maker "CODM", and the segmental information that are regularly reviewed by the CODM to monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group determined that the Group CEO serves as the CODM. Previously, the Board of Directors (the Board) were identified as the CODM, but the Group CEO is primarily responsible for assessing performance and allocating resources.

The Group's Non-concrete residential and commercial buildings business segments operate both in KSA and UAE. Historically, the KSA and UAE segments were aggregated as a single reportable operating segment despite having different economic characteristics. The KSA and UAE Non-concrete residential and commercial buildings segments have been restated and disclosed as two separate reportable segments.

The Group has removed segmental asset and liability information from the segment information disclosure because the assets and liabilities measures are not provided nor used by the Group CEO to assess performance or allocate resources.

The information about finance cost for each reportable operating segment is provided to the CODM. Historically, finance cost was not disclosed in the segment information for each reportable operating segment. This error has been corrected by disclosing finance cost for each reportable operating segment.

33 SEGMENTAL INFORMATION

The following table presents segment information for the Group's operating segments for the years ended 31 December 2025 and 2024, respectively:

Business segments

	For the year ended 31 December 2025					For the year ended 31 December 2024				
	General construction	**Non-concrete residential and commercial buildings**		**Facility management and rental of investment properties**	**Total segments**	General construction	Non-concrete residential and commercial buildings		Facility management and rental of investment properties	Total segments
		KSA	**UAE**				KSA	UAE		
	SR'000					SR'000				
Revenue:										
Total segment revenue	**2,723,212**	**458,614**	**62,115**	**172,124**	**3,416,065**	2,626,200	202,282	102,229	129,520	3,060,231
Intersegment revenue elimination	**-**	**-**	**(41,094)**	**-**	**(41,094)**	-	-	(75,993)	-	(75,993)
Revenue from external customers	**2,723,212**	**458,614**	**21,021**	**172,124**	**3,374,971**	2,626,200	202,282	26,236	129,520	2,984,238
Timing of revenue recognition:										
At a point in time	**-**	**458,614**	**21,021**	**-**	**479,635**	**-**	202,282	26,235	-	228,517
Over time	**2,723,212**	**-**	**-**	**172,124**	**2,895,336**	2,626,200	-	-	129,520	2,755,720
	2,723,212	**458,614**	**21,021**	**172,124**	**3,374,971**	2,626,200	202,282	26,235	129,520	2,984,237
Finance costs	**(10,859)**	**(9,179)**	**(783)**	**(1,121)**	**(21,942)**	(4,707)	(833)	(784)	(850)	(7,174)
Segment profit/ (loss)	**51,142**	**31,451**	**(16,680)**	**(21,948)**	**43,965**	161,050	(34,956)	(1,167)	(14,025)	110,902
Unallocated expenses:										
Corporate and others					**(39,239)**					(45,416)
Finance costs on Bai Al Ajel Islamic facility (Note 13.1)					**(21,491)**					(22,167)
Profit before zakat and tax from continuing operations					**(16,765)**					43,319
Zakat and income tax					**(15,372)**					(26,388)
(Loss) / Profit after zakat and tax from continuing operations					**(32,137)**					16,931
Loss after zakat and tax for the year from discontinued operations					**(10,801)**					(12,870)
(Loss) / profit for the year					**(42,938)**					4,061

During the year ended 31 December 2025, approximately 81% of the total revenues from general construction segment were derived from 3 customers (31 December 2024: approximately 88% from 3 customers). During the year ended 31 December 2025, approximately 98% of the total revenues from non-concrete residential and commercial buildings segment were derived from 5 customers (31 December 2024: approximately 98% from 5 customers). During the year ended 31 December 2025, approximately 60% of the total revenues from rental segment were derived from 5 customers (31 December 2024: approximately 86% from 5 customers).

33 SEGMENTAL INFORMATION (continued)

	For the year ended 31 December 2025			
	Saudi Arabia	**UAE**	**Others**	**Total**
		SR '000		
Total geographical revenue	**3,355,096**	**62,268**	**383**	**3,417,747**
Inter-geographic revenue elimination	**-**	**(41,094)**	**-**	**(41,094)**
Revenue from external customers	**3,355,096**	**21,174**	**383**	**3,376,653**

	For the year ended 31 December 2024			
	Saudi Arabia	UAE	Others	Total
		SR '000		
Total geographical revenue	2,959,297	102,308	426	3,062,031
Inter-geographic revenue elimination	-	(75,993)	-	(75,993)
Revenue from external customers	2,959,297	26,315	426	2,986,038

34 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, contract assets and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

34.1 ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

34.1 (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group manages its interest rate risk by continuously monitoring movements in the interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected with all other variables held constant, the Group's profit/loss before tax is affected through the impact on floating rate borrowings, as follows:

	Increase (Decrease) in basis points	*Effect on profit (loss) before tax*
		SR '000
2025	**-100**	**7,257**
	100	**(7,257)**
2024	-100	6,482
	100	(6,482)

34 FINANCIAL RISK MANAGEMENT (continued)

34.1 ***Market risk (continued)***

34.1 (b) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices. whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group's financial assets and liabilities are not exposed to price risk.

34.1 (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries and associates. The Group did not undertake significant transactions in currencies other than Saudi Riyals (SR), US Dollars (US $), UAE Dirhams ("AED") and Omani Riyals ("OMR") during the year. As SR, AED and OMR is pegged to US $, the management of the Group believes that the currency risk for financial instruments denominated in US $, AED and OMR is not significant.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group also has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Such exposures are mainly related to exchange rate movements between SR against those respective currencies and recorded as a separate component of shareholders' equity in the accompanying consolidated financial statements. At the reporting date, there is no material operations in these locations and accordingly, no impact in the currency reserve during the year.

34.2 **Credit risk**

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

	2025 ***SR'000***	*2024* *SR'000*	Impairment model
Trade and retention receivables	**1,085,880**	792,689	Simplified
Contract assets	**797,175**	681,857	approach
Bank balances	**60,736**	25,000	General model
Other financial assets at amortised cost	**3,064**	10,004	General model
	1,946,855	1,509,550	

Trade, related party and retention receivables and contract assets

Trade receivables, retention receivables and contract assets generally relate to customers who have been assessed for creditworthiness prior to entering into construction or service arrangements. Contract assets arise from ongoing contracts with customers who have also been subject to credit evaluation.

For trade receivables, retention receivables and contract assets, the Group applies the simplified approach under IFRS 9, which requires the recognition of lifetime expected credit losses ("ECL"). To measure ECL, these balances are grouped based on shared credit risk characteristics such as product type, customer segment, credit rating, and whether balances are covered by letters of credit or other forms of credit insurance issued by reputable financial institutions. A provision matrix is used to determine ECL based on days past due and historical loss patterns, adjusted for forward looking information, probability weighted outcomes and the time value of money.

Customer credit risk is managed by each business unit in accordance with the Group's established policies, procedures and internal controls relating to credit risk management. The credit quality of customers is assessed based on an extensive credit rating scorecard, and individual credit limits are established based on this assessment. The compliance with credit limits and creditworthiness of customers is regularly monitored by the respective business units.

34 FINANCIAL RISK MANAGEMENT (continued)

34.2 **Credit risk (continued)**

Customer credit risk is further managed by ensuring that shipments to major customers are generally secured through letters of credit or credit insurance. These letters of credit and insurance arrangements are considered integral to the assessment of ECL. The Group does not hold collateral as security against its financial assets.

As at 31 December 2025, five customers (2024: five customers) owed the Group a total of SR 403.7 million, representing approximately 60% (2024: 60%) of total trade receivables and contract assets. While the Group has a concentration of receivables from a small number of customers, these customers operate in various jurisdictions and industries, which reduces the overall concentration risk. Historically, the Group had significant exposure to a single related party, Modern Building Leaders (refer to Note 30), but management continues to diversify the customer base, particularly toward semi government and government related customers, thereby reducing the concentration of credit risk over time.

The Group's exposure to credit risk is influenced primarily by the individual characteristics of each customer. Factors such as customer financial position, historical experience with the customer and current market and economic conditions are considered when assessing credit risk. The industry demographics of customers have a lesser impact on the Group's credit risk.

Financial assets are written off when there is no reasonable expectation of recovery, including situations where customers fail to engage in repayment plans or all practical recovery efforts have been exhausted. Amounts written off may be recovered in future periods, with any recoveries recognized in the consolidated statement of comprehensive income. Generally, trade receivables are written off if they are more than one year past due and not subject to ongoing enforcement activity.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The provision matrix was developed considering probability of default based on historical collection trends of the Group's customers and loss given default. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The loss rates also take into account that historically, the related party receivables take longer to settle their dues compared to third parties. The Group has identified inflation rate and gross domestic product growth rate of the respective regions to be the most relevant macro-economic factors of forward-looking information that would impact the credit risk of the customers and, accordingly, adjusts the historical loss rates based on expected changes in these factors.

The maximum exposure to credit risk at the reporting date equates to the carrying amount of each class of financial asset disclosed in this note.

Other receivables carried at amortised cost

While balances of advances to employees, margin deposits against bank guarantees and deposits are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial. Other receivables are considered to have low credit risk and, therefore, 12 months ECL model was used for impairment assessment.

Cash at banks

For banks, only independently high rated parties are accepted. The stated rating is as per the global bank ratings by Fitch's Ratings Service. Management does not expect any losses from non-performance by these counterparties.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2025

34 FINANCIAL RISK MANAGEMENT (continued)

34.2 Credit risk (continued)

Set out below is the information about the credit risk exposure at reporting date on the Group's accounts receivables for non related parties:

31 December 2025	***Expected credit loss rate***	***Gross receivables SR'000***	***Expected credit loss SR'000***
Trade receivables			
Current	**3.3%**	**41,632**	**1,381**
0-90 Days	**8.2%**	**81,429**	**6,717**
91-180 Days	**27.4%**	**6,411**	**1,758**
181-270 Days	**51.3%**	**1,008**	**517**
271-360 Days	**57.6%**	**3,876**	**2,234**
More than 365 Days	**83.8%**	**23,638**	**19,799**
		157,994	**32,406**
Specific provision on other customers	**100.0%**	**114,213**	**114,213**
Total trade receivables - non related parties		**272,207**	**146,619**
Retention receivables	**8.1%**	**246,526**	**20,043**
Specific provision on retention receivables	**100.0%**	**663**	**663**
Retention receivables - non related parties		**247,189**	**20,706**
Contract assets	**12.6%**	**291,417**	**36,784**

31 December 2025	***Expected credit loss rate***	***Gross receivables SR'000***	***Expected credit loss SR'000***
Trade receivables- related parties			
Current	**1.2%**	**181,228**	**2,250**
0-90 Days	**1.2%**	**25,607**	**318**
91-180 Days	**2.7%**	**31,192**	**838**
181-270 Days	**3.8%**	**132**	**5**
271-360 Days	**5.2%**	**1,322**	**69**
More than 365 Days	**7.7%**	**30,789**	**2,360**
Total trade receivables - related parties		**270,270**	**5,840**
Retention receivables - related parties	**1.3%**	**473,343**	**6,293**
Contract assets	**0.1%**	**543,207**	**665**

34 FINANCIAL RISK MANAGEMENT (continued)

34.2 Credit risk (continued)

	Expected credit loss rate	*Gross trade receivables*	*Expected credit loss*
31 December 2024		*SR'000*	*SR'000*
Trade receivables			
Current	4.2%	145,571	6,152
0-90 Days	2.7%	99,205	2,631
91-180 Days	8.7%	22,815	1,994
181-270 Days	12.0%	41,579	4,971
271-360 Days	56.4%	4,457	2,513
More than 365 Days	80.4%	68,362	54,958
		381,989	73,219
Specific provision on other customers	100.0%	93,643	93,643
Total trade receivables		475,632	166,862
Retention receivables	4.2%	505,312	21,393
		980,944	188,255
Contract assets	4.7%	715,814	33,957

Amounts due from related party

The Group manages its credit risk with respect to balances due from related party and the outstanding balances are reviewed by the Group's Board of Directors on regular basis to minimise the concentration of risks and therefore mitigate financial loss through a related party's potential failure to make payments.

34.3 Liquidity risk

Liquidity risk represents the risk that the Group may encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages this risk through ongoing monitoring of cash flows, funding requirements, and liquidity positions, combined with the use of bank overdrafts, bank borrowings, shareholder funding and committed credit facilities to ensure a balance between continuity of funding and operational flexibility. Liquidity is assessed both at a consolidated level and on a project by project basis

The Group continuously reviews its expected future commitments alongside available and unutilized credit facilities to ensure that sufficient liquidity is maintained to meet all liabilities as they become due. The Group monitors its billings of contract assets and subsequent collection of billed trade and retention receivables to ensure sufficient funds are available to manage working capital requirements on a project basis. Monthly follow-ups are conducted on collections for all customers, with more rigorous followups for customers with long overdue balances. The Group manages cash flows on a project basis, whereby on mobilization for each project, the Group receives upfront advances, and subsequently, the Group ensures regular milestone billing and collection takes place throughout the various stages of each project. The Group arranges short-term banking facilities on individual projects at the inception of the project to manage liquidity. In cases where the Group is a sub-contractor, the liquidity on individual projects is highly dependent on the cash generation capabilities of the main contractor, that primarily is a related party.

In addition, the Group supplements the operational cashflows with short-term borrowings and letter of credit facilities to effectively manage their working capital requirements. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. As at 31 December 2025, outstanding letters of guarantee amounted to SR 576.7 million (2024: SR 486.6 million) and letters of credit amounted to SR 131.0 million (2024: SR 125.4 million). The availability of these facilities remains a key component of the Group's overall liquidity management framework.

The Group has access to undrawn borrowing facilities as disclosed in note 24 of the consolidated financial statements.

34 FINANCIAL RISK MANAGEMENT (continued)

34.3 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2025

	Less than 1 year	***1 to 5 years***	***> 5 years***	***Total***
		SR '000		
Trade and retention payables	789,966	22,184	-	**812,150**
Interest bearing loans and borrowings	246,190	200,458		**446,648**
Lease liabilities	21,006	15,556	4,789	**41,351**
	1,057,162	**238,198**	**4,789**	**1,300,149**

Year ended 31 December 2024

	Less than 1 year	*1 to 5 years*	*> 5 years*	*Total*
		SR '000		
Trade and retention payables	588,770	9,685	-	598,455
Interest bearing loans and borrowings	111,447	222,899	45,068	379,414
Lease liabilities	28,629	32,095	4,789	65,513
	728,846	264,679	49,857	1,043,382

34.4 Changes in liabilities arising from financing activities

	Short-term loans	*Medium-term loans*	*Islamic facility*	*Lease liabilities*	*Total*
			SR'000		
At 1 January 2024	500	81,490	245,435	52,998	380,423
Proceeds during the year	263,395	4,000	-	-	267,395
Repayments during the year	(216,387)	(31,740)	(25,000)		(273,127)
Lease payments	-	-	-	(25,727)	(25,727)
Addition / modification	-	-	-	28,369	28,369
Interest expense during the year	2,228	126	19,498	2,576	24,428
Interest paid during the year	(3,074)	(126)	(16,249)	(2,576)	(22,025)
31 December 2024	46,662	53,750	223,684	55,640	379,736
Net movement of short-term loans	-	-	-	-	-
Proceeds during the year	1,282,529	-	-	-	1,282,529
Repayments during the year	(1,162,358)	(20,250)	(29,160)	-	(1,211,768)
Lease payments during the year	-	-	-	(25,412)	(25,412)
Addition / modification	-	-	-	11,425	11,425
Interest expense during the year	9,936	6,706	17,382	2,809	36,834
Interest paid during the year	(9,936)	(4,691)	(12,700)	(2,809)	(30,137)
31 December 2025	**166,833**	**35,515**	**199,206**	**41,653**	**443,207**

35 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
For the purpose of the Group's capital management, capital includes share capital, and all other equity reserves attributable to the equity holders of the parent Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. Management monitors the return on capital, which the Company defines as net debt divided by total equity; net debt is total liabilities less bank balances and cash. Management also monitors the level of dividends to shareholders. The Company's net debt to capital ratio at the end of the reporting year was as follows:

	2025	*2024*
	SR	*SR*
Total Liabilities	**2,114,249**	2,393,091
Less: bank balances and cash	**(61,869)**	(26,624)
Net debt	**2,052,380**	2,366,467
Total equity	**932,093**	494,469
Equity and net debt	**2,984,473**	2,860,936
Gearing ratio	**69%**	83%

36 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets consist of cash and cash equivalents, accounts receivable, contract assets and other current assets which are measure at amortized cost. Financial liabilities consist of term loans, short term loan, advances from customers, accounts payable and some other current liabilities. Such assets and liabilities are subsequently measured using effective interest rate method. The management assessed that the fair values approximate their carrying values largely due to the short-term maturities of these financial instruments.

The management has assessed the fair value of non-current accounts receivables, other non-current assets, term loans and other non-current liabilities based on level 2 hierarchy, which is not materially different from their respective carrying values.

37 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of Fundamental Installation for Electric Work Company Limited ("First Fix")

As reported in prior year, the Company entered into a share purchase agreement (SPA) on 9 June 2023, corresponding to 20 Thul-Qi'dah 1444H, for the acquisition of 51% shareholding in The Fundamental Installation for Electric Work Company Limited ("First Fix"), a limited liability company registered in Jeddah, Kingdom of Saudi Arabia. The effective date of the acquisition was 1 October 2023 and First Fix has been consolidated as a subsidiary from that date. The total purchase consideration for the acquisition of First Fix amounted to SR 644.8 million of which SR 250 million was payable in cash and the balance amounting to SR 394.8 million is payable either in cash or in-kind by way of newly issued shares of the Parent Company within a pre-determined period.

As further reported in prior year, the Group finalised the purchase price allocation (PPA) during the year ended 31 December 2024 in accordance with the requirements of IFRS 3, Business Combinations at which point the following adjustments to the book value of net assets were recorded by the Group:

- Identified other intangible assets with defined useful lives amounting to SR 404.2 million;
- Decrease of goodwill by SR 206.1 million; and
- Increase of non-controlling interest by SR 198.1 million.

Further, on the effective date of the acquisition, 1 October 2023, RSI and the shareholders of First Fix (Original Shareholders) entered into a shareholder's agreement (SHA). The SHA included put and call options in relation to the non-controlling interest in the subsidiary that were exercisable subject to certain terms and conditions to be met over a period of time. In accordance with the requirements of International Accounting Standard 32 "Financial instruments: Presentation" as endorsed in the Kingdom of Saudi Arabia, the Group should have recognised a financial liability at the date of the acquisition of First Fix measured at the present value of the estimated redemption amount at the option exercise date. The consequent charges arising on the unwinding of the discount of the liability together with any remeasurements that might have been required for the years ended 31 December 2024 and 31 December 2025, respectively, should have been recognised.

On 9 April 2025, the Company and the Original Shareholders entered into an agreement that terminated the put and call options. Accordingly, no liability exists as at 31 December 2025.

In November 2025, the Group converted the deferred consideration of SR 394.8 million into equity of the Company. Refer to note 2.1 and 22 for details thereof. .

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2025

38 DISCONTINUED OPERATIONS

During 2023, the Board of Directors of the Company formally discussed the plan to exit the paints and related service business segment of the Group (Premier Paints Company ("PPC")). Accordingly, the management evaluated letters of intent received from buyers and a potential buyer in this respect was identified and the negotiations at 31 December 2023 were at advance stage. PPC is available for immediate sale and can be sold to the buyer in its current condition and the actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification. Accordingly, PPC was classified as a disposal group held for sale and as a discontinued operation as of 31 December 2023. With PPC being classified as discontinued operations, the paints and related services segment is no longer presented in the segment note. Subsequent to the year end, on 8 February 2026, the share transfer was completed, the closing accounts as of the date of transfer under finalisation which determines the the final sale consideration receivable. The gain or loss from the transaction will be determined on conclusion of the closing accounts. The results of PPC for years ended 31 December 2025 and 2024, respectively, are presented below:

	2025	*2024*
	SR '000	*SR '000*
Revenues	**1,682**	1,800
Cost of revenues	**(6,014)**	(6,958)
Selling and distribution	**(1,110)**	-
General and administration	**(1,429)**	(1,149)
Operating loss	**(6,871)**	(6,307)
Finance costs	**(3,745)**	(6,360)
Other income, net	**44**	17
Income tax	**-**	(1)
Zakat	**(229)**	(218)
Total comprehensive loss from discontinued operation	**(10,801)**	(12,869)

The assets and liabilities of PPC classified as held for sale as at 31 December are, as follows:

	2025	*2024*
	SR '000	*SR '000*
Assets		
Property, plant and equipment	**123**	630
Right-of-use assets	**590**	641
Trade receivables	**2,329**	2,402
Advances to suppliers	**15**	-
Prepayments and other receivables	**1,886**	-
Cash and cash equivalents	**146**	434
Assets held for sale	**5,089**	4,107
Liabilities		
Employees' defined benefit liabilities	**(2,285)**	(1,844)
Non-current portion of lease liabilities	**(649)**	-
Trade payables	**(12,802)**	(13,254)
Accruals and other current liabilities	**(8,017)**	(5,889)
Contract liabilities	**(85)**	-
Current portion of lease liabilities	**(42)**	(731)
Zakat and income tax payable	**(1,007)**	(1,057)
Liabilities directly associated with assets held for sale	**(24,887)**	(22,775)
Net liabilities directly associated with disposal group	**(19,798)**	(18,668)

	2025	*2024*
Loss per share from discontinued operations:		
Basic and diluted loss per share attributable to the equity holders of the Parent Company	**(0.33)**	(0.43)

39 RESTATEMENTS OF COMPARATIVE INFORMATION

During the year ended 31 December 2025, the Group reassessed the identity of the CODM for the purposes of segmental reporting and other aspects of the segmental disclosures. Refer to the segment information disclosure in Note 33 for the details of the corrections made.

Further, as part of management's financial statement review process, certain adjustments were identified to align with the principles of IAS 1, "Presentation of financial statements". Management has adjusted the comparatives for the following items:

1 Amortisation expense of the customer relationship and order backlog intangible assets amounting to SR 97.5 million should have been presented within "selling and distribution expenses" instead of within "general and administrative expenses" in the consolidated statement of profit or loss in line with the function of such cost which relates to obtaining sales contracts and relationships with customers.

2 Current retention receivables amounting to SR 220.7 million and current retention payables amounting to SR 30.7 million in the prior year have been disaggregated into separate retention line items on the face of the consolidated statement of financial position. Previously the current retention receivables were included within trade receivables, and the retention payables were included within accruals and other current liabilities. Separate presentation achieves consistency in presentation between current assets and current liabilities while also aligning with the Company's practice of presenting non-current retentions receivable and payable as separate line items. Consequential amendments have been made in the consolidated statement of cash flows within the presentation of changes in working capital section.

The tables below summarise the impact on the comparative period as a result of the adjustments described above:

Extract of the consolidated statement of profit and loss for the year ended 31 December 2024:

	Previous presentation SR'000	Adjustment 1 SR'000	Current presentation SR'000
Selling and distribution	(12,784)	(97,477)	(110,261)
General and administration	(226,121)	97,477	(128,644)

Extract of the consolidated statement of financial position as at 31 December 2024:

	Previous presentation SR'000	Adjustment 2 SR'000	Current presentation SR'000
Current assets			
Trade receivables	529,489	(220,719)	308,770
Retention receivables - current portion	-	220,719	220,719
Current liabilities			
Accruals and other current liabilities	451,540	(30,712)	420,828
Retention payables - current portion	-	30,712	30,712

The effects of the adjustments in the tables above have accordingly been mirrored in the comparative period's working capital adjustments section of the consolidated statement of cash flows with no impact on net cash generated from operating activities, net cash used in investing activities or net cash used in financing activities. The adjustments in the consolidated statement of financial position in the table above results solely in the disaggregation of the current portion of retention receivables from trade receivables and the current portion of retention payables from accruals and other liabilities, with no impact on the previously reported subtotals.

39 RESTATEMENTS OF COMPARATIVE INFORMATION (continued)

The table below summarises the impact on the opening consolidated statement of financial position of the comparative period, as at 1 January 2024:

	Previous presentation SR'000	Adjustment 2 SR'000	Current presentation SR'000
Current assets			
Trade receivables	389,740	(97,930)	291,810
Retention receivables - current portion	-	97,930	97,930
Current liabilities			
Accruals and other current liabilities	349,004	(5,823)	343,181
Retention payables - current portion	-	5,823	5,823

40 SUBSEQUENT EVENTS

Subsequent to the year end, on 4 January 2026 the shareholders of the Company resolved in an EGM to use the entire share premium balance of SR 295.69 million to offset the accumulated losses amounting to SR 295.69 million . The regulatory formalities for materializing the above transaction is currently under progress.

As stated in note 38 of the consolidated financial statements, subsequent to the year end on 8 February 2026, the share transfer of PPC to a buyer was completed and the final consideration receivable will be determined based on closure of accounts as at the date of transfer of shares.

The Group is constantly evaluating the potential impact of the current regional geopolitical events on the operations of the Group. Based on the initial assessment performed by the Group, there is no material impact of the current geopolitical events on the Group and its operations.

Apart from the above, in the opinion of the Group's management, there have been no further subsequent events since the year ended 31 December 2025 that would have a material impact on the consolidated financial position of the Group as reflected in these consolidated financial statements.