

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

**AND REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2026**

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

**Condensed consolidated interim financial statements (unaudited) and
report on review of condensed consolidated interim financial statements
For the three-month period ended 31 March 2026**

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Report on review of condensed consolidated interim financial statements

To the shareholders of Red Sea International Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Red Sea International Company (the “Company”) and its subsidiaries (together the “Group”) as at 31 March 2026 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379

May 18, 2026



Branch of PricewaterhouseCoopers Public Accountants (professional limited liability company), Jameel square, floor 5
T: +966 (12) 610-4400, F: +966 (12) 610-4411

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of profit or loss

For the three-month period ended 31 March 2026

	Note	For the three-month period ended 31 March	
		2026 SR'000 (Unaudited)	2025* SR'000 (Unaudited)
Continuing operations			
Revenues	5	631,223	700,663
Cost of revenues		(555,000)	(608,172)
Gross profit		76,223	92,491
Expenses			
General and administration		(29,530)	(37,458)
Selling and distribution		(26,470)	(27,586)
Allowance for expected credit losses		(5,768)	(8,332)
Operating profit		14,455	19,115
Other (expenses) / income, net		(1,078)	118
Finance costs		(9,612)	(12,050)
Finance income		504	23
Profit before zakat and income tax		4,269	7,206
Income tax	9	(255)	(434)
Zakat	9	(5,502)	(6,368)
(Loss) / profit for the period from continuing operations		(1,488)	404
Discontinued operations			
Loss after zakat and tax for the period from discontinued operations	16	(536)	(4,929)
Loss for the period		(2,024)	(4,525)
Attributable to:			
Equity holders of the Parent Company		2,543	(11,227)
Non-controlling interests		(4,567)	6,702
		(2,024)	(4,525)
Earnings / (loss) per share:			
Basic and diluted earnings / (loss) per share attributable to the equity holders of the Parent Company	10	0.05	(0.37)

* Refer to note 19 for details regarding changes to comparative information.



Chairman of the Board



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of comprehensive income

For the three-month period ended 31 March 2026

	<i>For the three-month period ended 31 March</i>	
	2026	2025
	SR'000	SR'000
	(Unaudited)	(Unaudited)
Loss for the period	(2,024)	(4,525)
<i>Other comprehensive income not to be reclassified to the condensed consolidated interim statement of profit or loss in subsequent periods</i>		
Actuarial gain on defined benefit obligations	4,870	-
Total comprehensive income / (loss)	2,846	(4,525)
Attributable to:		
Equity holders of the Parent Company	5,027	(11,227)
Non-controlling interests	(2,181)	6,702
	2,846	(4,525)



Chairman of the Board



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of financial position

As at 31 March 2026

		31 March 2026 SR'000 (Unaudited)	31 December 2025 SR'000 (Audited)
	<i>Note</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		87,634	92,757
Investment properties		115,324	150,570
Goodwill and intangible assets	6	368,733	393,138
Right-of-use assets		33,202	38,942
Retention receivables		462,835	406,905
Deferred tax assets		1,854	1,763
TOTAL NON-CURRENT ASSETS		1,069,582	1,084,075
CURRENT ASSETS			
Inventories		89,251	95,337
Contract assets	5.1	875,015	797,175
Trade receivables	5.1	441,586	390,018
Retention receivables - current portion	5.1	255,799	286,628
Advances to suppliers		253,086	277,977
Prepayments and other receivables		50,450	48,320
Cash and cash equivalents	7	39,529	61,723
TOTAL CURRENT ASSETS		2,004,716	1,957,178
Assets held for sale	16	-	5,089
TOTAL ASSETS		3,074,298	3,046,342
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	482,674	482,674
Share premium	8	-	295,694
Accumulated losses		(35,857)	(336,578)
Foreign currency translation reserve		(11,779)	(11,779)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		435,038	430,011
NON-CONTROLLING INTERESTS		522,267	502,082
TOTAL EQUITY		957,305	932,093
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	13	165,301	166,441
Employees' defined benefit liabilities		99,594	97,211
Non-current portion of lease liabilities		11,928	15,590
Non-current portion of retention payable		23,950	22,184
Provisions		31,310	30,902
TOTAL NON-CURRENT LIABILITIES		332,083	332,328

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of financial position (continued)

As at 31 March 2026

		31 March	31 December
		2026	2025
		SR'000	SR'000
	<i>Note</i>	(Unaudited)	<i>(Audited)</i>
CURRENT LIABILITIES			
Trade payables		674,211	770,002
Retention payables - current portion		21,525	19,964
Accruals and other current liabilities		610,718	528,171
Short-term interest bearing loans and borrowings	13	266,213	127,755
Current portion of interest bearing loans and borrowings	13	104,704	107,358
Current portion of lease liabilities		21,005	25,372
Contract liabilities	5.1	41,660	138,550
Zakat and income tax payable	9	44,874	39,862
TOTAL CURRENT LIABILITIES		1,784,910	1,757,034
Liabilities directly associated with assets held for sale	16	-	24,887
TOTAL LIABILITIES		2,116,993	2,114,249
TOTAL EQUITY AND LIABILITIES		3,074,298	3,046,342



Chairman of the Board



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Condensed consolidated interim statement of changes in equity

For the three-month period ended 31 March 2026

	<i>Attributed to shareholders of the Parent Company</i>						
	<i>Share capital</i>	<i>Share premium</i>	<i>Accumulated losses</i>	<i>Foreign currency translation reserve</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Balance at 1 January 2025 - <i>(Audited)</i>	302,344	-	(283,294)	(11,779)	7,271	487,198	494,469
Loss for the period	-	-	(11,227)	-	(11,227)	6,702	(4,525)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss) / income	-	-	(11,227)	-	(11,227)	6,702	(4,525)
Balance at 31 March 2025 - <i>(Unaudited)</i>	302,344	-	(294,521)	(11,779)	(3,956)	493,900	489,944
Balance at 1 January 2026 - <i>(Audited)</i>	482,674	295,694	(336,578)	(11,779)	430,011	502,082	932,093
Loss for the period	-	-	2,543	-	2,543	(4,567)	(2,024)
Other comprehensive income	-	-	2,484	-	2,484	2,386	4,870
Total comprehensive (loss) / income	-	-	5,027	-	5,027	(2,181)	2,846
Set-off of share premium against accumulated losses (note 8)	-	(295,694)	295,694	-	-	-	-
Disposal of subsidiary (note 16)	-	-	-	-	-	22,366	22,366
Balance at 31 March 2026 - (Unaudited)	482,674	-	(35,857)	(11,779)	435,038	522,267	957,305



Chairman of the Board



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of cash flows

For the three-month period ended 31 March 2026

	Note	<i>For the three-month period ended 31 March</i>	
		2026 SR'000 (Unaudited)	2025 SR'000 (Unaudited)
OPERATING ACTIVITIES			
Profit before zakat and income tax from continuing operations		4,269	7,206
Loss before zakat and income tax from discontinued operations	16	(536)	(4,700)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment		6,953	6,835
Depreciation of investment properties		5,245	8,607
Amortization of intangible assets		24,411	24,552
Depreciation of right-of-use assets		6,049	6,854
Provision for employees' defined benefit liabilities		9,751	7,321
Finance costs		9,612	13,872
Finance income		(504)	(23)
Loss on disposal of property, plant and equipment and investment properties		-	1
Loss on disposal of a subsidiary		1,234	-
		66,484	70,525
Working capital adjustments:			
Inventories		6,086	(34,625)
Contract assets		(77,840)	(22,301)
Trade receivables		(49,239)	52,732
Retention receivables		(25,101)	(143,206)
Advances to suppliers		24,906	30,142
Prepayment and other receivables		2,510	25,303
Trade payables		(108,593)	100,159
Retention payables		3,327	(4,244)
Accruals and other current liabilities		76,495	31,300
Provisions		408	98
Contract liabilities		(96,975)	(53,412)
Cash (used in) / generated from operations		(177,532)	52,471
Finance cost paid		(2,578)	(13,872)
Employees' defined benefit liabilities paid		(1,139)	(1,535)
Zakat and income tax paid		-	(722)
Net cash (used in) / generated from operating activities		(181,249)	36,342
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties		(1,785)	(12,611)
Finance income received		504	23
Proceeds from disposal of property, plant and equipment and investment properties		30,000	2,178
Cash and cash equivalents in disposed subsidiary		(121)	-
Net cash generated from / (used in) investing activities		28,598	(10,410)

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of cash flows (continued)

For the three-month period ended 31 March 2026

	<i>For the three-month period ended 31 March</i>	
	2026 SR'000 (Unaudited)	2025 SR'000 (Unaudited)
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	304,412	82,641
Repayment of interest bearing loans and borrowings	(169,748)	(82,561)
Payment of principal portion of lease liabilities	(4,353)	(2,601)
Net cash generated from / (used in) financing activities	130,311	(2,521)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	61,869	26,624
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,529	50,035

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SIGNIFICANT NON-CASH TRANSACTIONS:

Remeasurement gain on employees' defined benefit liabilities	4,870	-
Disposal of subsidiary - consideration receivable	(2,754)	-
Lease liabilities transferred to other liabilities	(3,982)	-
Employees' defined benefit liabilities in disposed subsidiary	(2,313)	-
Zakat liability in disposed subsidiary	(1,007)	-
Reclassification from employees' defined benefit liabilities to other liabilities	(958)	-



Chairman of the Board



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 20 form part of these condensed consolidated interim financial statements.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

1 CORPORATE INFORMATION

Red Sea International Company (the "Company") ("Parent Company") ("RSI") 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 changed its registered address to Riyadh, Kingdom of Saudi Arabia and converted a branch commercial registration number 1010566349 into the 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 has the following branches in the Kingdom of Saudi Arabia:

<i>Branch</i>	<i>Commercial registration</i>	<i>Location</i>
Red Sea International Company	2055003672	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:

	<i>Country of incorporation</i>	<i>Effective ownership percentage</i>	
		31 March 2026 <i>(Unaudited)</i>	<i>31 December 2025</i> <i>(Audited)</i>
<u>Subsidiaries</u>			
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 Equipments Trading Company ("RSBM")	Saudi Arabia	100%	100%
Premier Paints Company ("PPC") (refer Note 16)	Saudi Arabia	-	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%
<u>Joint Operation</u>			
Red Sea Hanchi ("RSHC")	Algeria	49%	49%

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 was payable either in cash or in-kind by way of newly issued shares of the Parent Company (refer Note 2.1). The Parent Company issued its shares during the year ended 31 December 2025 to settle the deferred consideration.

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

1 CORPORATE INFORMATION (continued)

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. Further, during the period ended 31 March 2026, the Company concluded the transfer of its shareholding in its subsidiary Premier Paints Company (PPC). Please refer note 16 of the condensed consolidated interim financial statements for further details.

In addition to the above, the Group owns other subsidiaries, registered in Kuwait, Libya, Nigeria, Saudi Arabia and also has licenses to operate a branch in Abu Dhabi, which are consolidated in these condensed consolidated interim financial statements. These other subsidiaries 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. The Group is also involved in 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 include 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 condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2026 were authorised for issuance in accordance with the Board of Directors resolution dated 10 May 2026 (corresponding to 23 Dhul Qaddah 1447H).

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in compliance with IAS 34 "Interim Financial Reporting" ("IAS 34"), that is endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, these condensed consolidated interim financial statements are to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025. IAS 34 states that the condensed interim financial statements are intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosures in interim financial statements than International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, require in annual financial statements.

These condensed consolidated interim financial statements are prepared using the historical cost convention.

These condensed consolidated interim 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 at 31 March 2026, the accumulated losses of the Group amounted to SR 35.9 million (31 December 2025: SR 332.2 million), representing 7.4% of the Company's share capital as at that date (31 December 2025: 69.7%). The percentage of accumulated losses to share capital has been reduced during the period on account of set-off of the whole share premium balance amounting to SR 295.7 million against the accumulated losses in accordance with the shareholders' resolution passed in an extraordinary general meeting dated 4 January 2026. The Company has excess of current assets over current liabilities at 31 March 2026 amounting to SR 219.8 million (31 December 2025: SR 180.3 million). Consequently, the Group was in compliance with the covenants related to the current ratio at 31 March 2026 and 31 December 2025 and there were no breaches of the borrowing covenants.

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

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

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

2 BASIS OF PREPARATION (continued)

2.1 Going concern basis of accounting (continued)

Based on the Group's financial projections and actions as described 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 condensed consolidated interim financial statements have been prepared on the going concern basis.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures, including disclosures of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. There were no changes to the judgements, estimates, assumptions, risk management policies and procedures including market risk, credit risk and liquidity risk as presented in the Group's audited consolidated financial statements for the year end 31 December 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new amendments effective as of 1 January 2026, as disclosed below.

4.1 New standards, interpretations, and amendments

Certain amendments to existing standards became applicable for the current reporting period. The amendments did not have an impact on the consolidated condensed interim financial statements of the Group and accordingly the Group did not have to change its accounting policies or make any retrospective adjustments.

Title	Key requirements	Effective Date
Classification and Measurement of Financial Instruments- Amendment to IFRS 9 and IFRS 7	These amendments: <ul style="list-style-type: none"> • 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
Contracts Referencing Nature-dependent Electricity- Amendment to IFRS 9 and IFRS 7	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

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

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

4.2 Accounting standards amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2026 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.

The Group intends to adopt these standards, if applicable, when they become effective. Management is assessing the impact these new pronouncements may have on future financial reporting of the Group.

Title	Key requirements	Effective Date
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	<p>These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:</p> <ul style="list-style-type: none"> • its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary • it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. <p>The 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.</p>	1-Jan-27
IFRS 18 – Presentation and Disclosure in Financial Statements	<p>The new standard on presentation and disclosure in financial statements, requires more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> • 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: Disclosures’	<p>IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS. A subsidiary may elect to apply this Standard in its financial statements if it does not have public accountability and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS.</p>	1-Jan-27

RED SEA INTERNATIONAL COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

5 REVENUES

	<i>For the three-month period ended 31 March</i>	
	<i>2026</i>	<i>2025</i>
	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Revenue from contracts with customers:</i>		
Revenue from construction and general work contracts	501,364	600,113
Revenue from sale of non-concrete buildings	53,906	59,756
	555,270	659,869
<i>Other revenue:</i>		
Facility management and rental revenue from investment properties	75,953	40,794
	631,223	700,663
Timing of revenue recognition		
Over time	501,364	600,113
At a point in time	53,906	59,756
	555,270	659,869

5.1 Trade receivables and contract balances

	<i>31 March</i>	<i>31 December</i>
	<i>2026</i>	<i>2025</i>
	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables (a)	441,586	390,018
Retention receivables (b)	718,634	693,533
Contract assets (c)	875,015	797,175
Contract liabilities (d)	41,660	138,550

(a) The increase in trade receivables is primarily driven by the increase in unbilled receivables from a customer, due to administrative delays in billing. There has been no significant change in the credit risk profile of the customers during the three-month period ended 31 March 2026.

(b) The increase in retention receivables is primarily driven by the billings made during the period. There has been no significant change in the credit risk profile of the customers during the three-month period ended 31 March 2026.

(c) Contract assets are initially recognised based on the value of work executed or delivered to the customers. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract assets as at 31 March 2026 represent balances from customers, with no significant change in the credit risk profile during the three month period ended 31 March 2026.

At 31 March 2026, SR 37.9 million (31 December 2025: SR 37.4 million) was recognised as provision for expected credit losses on contract assets.

	<i>31 March</i>	<i>31 December</i>
	<i>2026</i>	<i>2025</i>
	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Value of work executed in excess of billings	837,994	797,727
Sale of non-concrete buildings - work executed pending approval	44,705	19,584
Facility management and rental revenue - accrued	30,310	17,313
	913,009	834,624
Allowance for expected credit losses	(37,994)	(37,449)
	875,015	797,175

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

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

5 REVENUES (continued)

5.1 Trade receivables and contract balances (continued)

Movements in allowance for expected credit losses are as follows:

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
At the beginning of the period / year	37,449	33,957
Write off during the period/ year	-	(7,074)
Provision for the period / year	545	10,566
	<u>37,994</u>	<u>37,449</u>

As at 31 March 2026, approximately 76%, 68% and 63% of the Group's total trade receivables, retention receivables and contract assets, respectively, were due from a related party, Modern Building Leaders Company ("MBL") (refer to Note 14) (31 December 2025: approximately 68%, 67% and 67% trade receivables, retention receivables and contract assets, respectively, were due from MBL).

- (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 period that was included in the opening contract liability balance amounted to SR 84.5 million (2025: SR 346.6 million).

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
Customer advances and deposits	40,274	138,550
Billings in excess of value of work executed	1,386	-
	<u>41,660</u>	<u>138,550</u>

The net movement for contract balances is as follows:

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
Net contract positions at the beginning of the period / year	658,625	369,216
Recognized as revenue during the period / year	631,223	3,374,971
Movement due to cash received and billings during the period / year	(418,499)	(3,048,113)
	871,349	696,074
Less: allowance for ECL	(37,508)	(37,449)
Net contract positions at the end of the period / year	<u>833,841</u>	<u>658,625</u>
Reported as:		
Contract assets	875,015	797,175
Contract liabilities	(41,660)	(138,550)
	<u>833,355</u>	<u>658,625</u>

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

6 GOODWILL AND INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Customer relationships</i>	<i>Order backlog</i>	<i>Computer software</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<i>Cost:</i>					
At 1 January 2025	214,020	174,800	229,400	9,901	628,121
At 31 December 2025 (Audited)	<u>214,020</u>	<u>174,800</u>	<u>229,400</u>	<u>9,901</u>	<u>628,121</u>
Additions	-	-	-	6	6
At 31 March 2026 (Unaudited)	<u>214,020</u>	<u>174,800</u>	<u>229,400</u>	<u>9,907</u>	<u>628,127</u>
<i>Accumulated amortisation and impairment:</i>					
At 1 January 2025	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 (Audited)	<u>6,365</u>	<u>60,507</u>	<u>158,816</u>	<u>9,295</u>	<u>234,983</u>
Charge for the period	-	6,723	17,646	42	24,411
At 31 March 2026 (Unaudited)	<u>6,365</u>	<u>67,230</u>	<u>176,462</u>	<u>9,337</u>	<u>259,394</u>
<i>Net carrying value</i>					
At 31 March 2026 (Unaudited)	<u>207,655</u>	<u>107,570</u>	<u>52,938</u>	<u>570</u>	<u>368,733</u>
At 31 December 2025 (Audited)	<u>207,655</u>	<u>114,293</u>	<u>70,584</u>	<u>606</u>	<u>393,138</u>

Intangible assets include goodwill, customer relationship and orders backlog related to the acquisition of a subsidiary, First Fix during 2023 and assigned with the construction segment.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations with the Group being the acquirer and First Fix being the acquiree. The Group completed the purchase price allocation (“PPA”) to the net identifiable assets acquired within the measurement period of one year after the date of acquisition in which the Group identified and measured the identifiable assets acquired and liabilities assumed as of the acquisition date in accordance with the requirements of IFRS 3 and recognised a goodwill of SR 207.6 million (Note 17).

7 CASH AND CASH EQUIVALENTS

	31 March 2026 SR'000 (Unaudited)	31 December 2025 SR'000 (Audited)
Bank balances - current accounts	37,696	60,736
Cash in hand	1,833	987
	<u>39,529</u>	<u>61,723</u>

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2026 SR'000 (Unaudited)	31 December 2025 SR'000 (Audited)
Bank balances - current accounts	37,696	60,736
Cash in hand	1,833	987
Cash at banks and in hand attributable to discontinued operations (Note 16)	-	146
	<u>39,529</u>	<u>61,869</u>

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Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2026

8 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Company as at 31 March 2026 amounted to SR 482,673,830 (31 December 2025: SR 482,673,830) consisting of 48,267,383 shares (31 December 2025: 48,267,383 shares) fully paid and issued shares at a value of SR 10 per share. The share premium balance as at 31 December 2025 was SR 295.7 million which was set off during the period ended 31 March 2026 against the accumulated losses based on the shareholders' resolution passed in an EGM dated 4 January 2026.

9 ZAKAT AND INCOME TAX

a) Zakat

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 2025 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. ZATCA has issued a revised assessment applying the said resolution. The Company is currently assessing if any appeal is required.

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 2025 have not yet been raised by ZATCA.

b) Partially owned subsidiaries

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 2025 and no assessment have been raised by ZATCA yet.

Management, based on its best estimate, the management believes that the provision recognised as of 31 March 2026 with respect to the assessments raised is appropriate and no additional provision is required.

c) Income tax

Income tax provision is provided for in accordance with tax 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.

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 the 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 assessment years 2017-2020 and as of 31 March 2026 the assessments have not been finalised.

10 EARNINGS / (LOSS) PER SHARE

Basic and diluted loss per share is calculated by dividing the earnings / (loss) for the period attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares during the period.

	For the three-month period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Profit / (loss) for the period attributable to the shareholders of the Parent Company (SR '000)	2,543	(11,227)
Adjusted number of outstanding shares during the period (share '000)	48,267	30,234
Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company (SR)	0.05	(0.37)

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For the three-month period ended 31 March 2026

11 CONTINGENCIES

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

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
Letters of guarantee	610,912	576,726
Letters of credit	79,656	130,991

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 condensed consolidated interim financial statements.

12 COMMITMENTS

At the reporting date, the Group had commitments of SR 1.68 billion (31 December 2025: SR 1.85 billion) relating to estimated costs for the projects to be delivered in future.

13 INTEREST BEARING LOANS AND BORROWINGS

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
Bai Al Ajel Islamic facility (13.1)	203,825	200,466
Medium term loans from commercial banks (13.2 and 13.3)	67,343	74,594
Short term loans from a commercial bank (13.4)	266,213	127,755
	537,381	402,815
Less: unamortised transaction costs	(1,163)	(1,261)
Total borrowings	536,218	401,554

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

	31 March 2026 SR'000 (Unaudited)	<i>31 December 2025 SR'000 (Audited)</i>
Long-term borrowings	165,301	166,441
Current portion of long-term and medium-term borrowings	104,704	107,358
Short term borrowings	266,213	127,755
	536,218	401,554

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For the three-month period ended 31 March 2026

13 INTEREST BEARING LOANS AND BORROWINGS (continued)

13.1 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 March 2026 were SR 24.5 million (31 December 2025: SR 24.5 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.

13.2 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 2.75 million is non-current portion at 31 March 2026. 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 on consolidated basis:

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

The Group was in compliance with the above covenants as of 31 March 2026 and 31 December 2025 and hence there was no breach of borrowing covenants.

13.3 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. The borrowings are secured by promissory notes and assignment of contract proceeds. The facility agreement contains the following financial covenants to be met on consolidated basis:

- 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 March 2026 and 31 December 2025 and hence there was no breach of borrowing covenants.

13.4 As of 31 March 2026, a subsidiary has entered into agreements with local commercial banks to provide financing facilities amounting to a total of SR 1.69 billion, including SR 335 million for letters of credit, SR 538 million for guarantees, SR 762 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 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 March 2026, the subsidiary has outstanding short-term borrowings of SR 266.2 million consisting of SR 50 million for payroll financing, SR 30 million for working capital requirements and SR 186.3 million letters of credit post finance. The overall current market interest rates charged on these facilities during the year ranged from 6.1% to 9.7%. The total unutilised credit facilities available to the subsidiary as at 31 March 2026, amounts to SR 672 million (31 December 2025:SR 572 million) representing SR 671 million for letters of credit and guarantees, and SR 1 million for general working capital.

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14 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"), the majority shareholder of the Parent Company, the Group's minority shareholders, MSB Holding Company (a shareholder of the Parent Company, that has significant influence over the Group) and its group entities (in turn classified as "group entity with significant influence"), which were added in November 2025 after Parent Company's shares were issued to MSB Holding Company as part of a debt to equity conversion. The new related party relationships from MSB Holding Company and its group entities were not related party relationships during the period ended 31 March 2025, accordingly the corresponding transaction amounts for the period ended 31 March 2025 are shown as N/A.

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.

<i>Name of related party</i>	<i>Nature of relationship</i>
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 ("MBL")	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

Name of related party	Nature of transactions	<i>For the three-month period ended 31 March</i>	
		<i>2026</i>	<i>2025</i>
		<i>SR'000</i>	<i>SR'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Al Dabbagh Group Holding Company Limited	Interest free funds received	16,750	-
	Expenses paid on behalf of the Company	186	-
Modern Building Leaders Company	Revenue generated	374,891	N/A
The Innovative Facility Management & Services	Revenue generated	20	N/A

Remuneration and compensation for members of Board of Directors and Executives are as follows:

	<i>Key Management Personnel</i>			
	<i>Members of the Board of Directors</i>		<i>Executives</i>	
	<i>For the three-month period ended 31 March</i>			
	<i>2026</i>	<i>2025</i>	<i>2026</i>	<i>2025</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and benefits - short term	-	-	4,098	2,393
Employees' end-of-service benefits - long term	-	-	238	71
Board of directors' remuneration - short term	1,311	729	-	-
	1,311	729	4,336	2,464

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14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

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

	31 March 2026	<i>31 December 2025</i>
	SR'000	<i>SR'000</i>
	(Unaudited)	<i>(Audited)</i>
Modern Building Leaders Company	841,916	743,612
The Innovative Facility Management & Services	2,310	3,310
	844,226	746,922

An expected credit loss of SR 18.5 million as at 31 March 2026 (31 December 2025: SR 12.1 million) has been provided against the above balances.

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

	31 March 2026	<i>31 December 2025</i>
	SR'000	<i>SR'000</i>
	(Unaudited)	<i>(Audited)</i>
Signals Control for Communication & Technology	11,795	11,523
The Innovative Facility Management & Services	1,738	1,738
Modern Building Leaders Company	388	388
Al-Tahseen International Company Limited	743	743
	14,664	14,392

Related party balances presented under contract assets:

	31 March 2026	<i>31 December 2025</i>
	SR'000	<i>SR'000</i>
	(Unaudited)	<i>(Audited)</i>
Modern Building Leaders Company	556,640	537,447
The Innovative Facility Management & Services	5,760	5,760
	562,400	543,207

An expected credit loss of SR 14.4 million as at 31 March 2026 (31 December 2025: SR 12.4 million) has been provided against the above balances.

Related party balances presented under contract liabilities:

	31 March 2026	<i>31 December 2025</i>
	SR'000	<i>SR'000</i>
	(Unaudited)	<i>(Audited)</i>
Modern Building Leaders Company	23,957	116,650
The Innovative Facility Management & Services	434	454
	24,391	117,104

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14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	31 March	<i>31 December</i>
	2026	<i>2025</i>
	SR'000	<i>SR'000</i>
	(Unaudited)	<i>(Audited)</i>
Al Dabbagh Group Holding Company Limited	46,641	29,354
Rock Solid Group	12,587	11,844
Al-Tahseen International Company Limited	4,223	4,223
MSB Holding Company	1,000	3,095
Signals Control for communication & Technology	6,580	5,339
Al Rahala International Travel & Tourism Co.	296	157
	71,327	<i>54,012</i>

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/management. Outstanding balances at the period-end are unsecured, interest free and to be settled in cash.

15 SEGMENTAL INFORMATION

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 and United Arab Emirates; and
- Facility management and rentals of investment properties.

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

Changes in the comparative segment information:

During the year ended 31 December 2025, the Group reassessed the identity of the 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 CEO serves as the CODM. Previously, the Board of Directors (the Board) were identified as the CODM, but the 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's 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.

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15 SEGMENTAL INFORMATION (continued)

The following table presents segment information for the Group's operating segments for the three-month period ended 31 March 2026 and 31 March 2025, respectively:

Business segments

	For the three-month period ended 31 March 2026					For the three-month period ended 31 March 2025				
	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		
Unaudited (SR'000)					Unaudited (SR'000)					
<i>Revenue:</i>										
Total segment revenue	501,364	50,399	4,687	75,953	632,403	600,113	58,439	7,063	40,794	706,409
Intersegment revenue elimination	-	-	(1,180)	-	(1,180)	-	-	(5,746)	-	(5,746)
Revenue from external customers	501,364	50,399	3,507	75,953	631,223	600,113	58,439	1,317	40,794	700,663
<i>Timing of revenue recognition:</i>										
At a point in time	-	50,399	3,507	-	53,906	-	58,439	1,317	-	59,756
Over time	501,364	-	-	75,953	577,317	600,113	-	-	40,794	640,907
	501,364	50,399	3,507	75,953	631,223	600,113	58,439	1,317	40,794	700,663
Finance costs	(3,144)	(334)	(202)	(693)	(4,373)	(1,148)	(6,127)	(143)	(616)	(8,034)
Segment profit/ (loss)	(9,053)	935	(4,287)	25,552	13,147	15,601	(214)	(5,528)	4,287	14,146
<i>Unallocated expenses:</i>										
Corporate and others					(9,291)					(4,590)
Finance costs on Bai Al Ajel Islamic facility (Note 13.1)					(5,243)					(7,652)
(Loss) / profit before zakat and tax from continuing operations					(1,387)					1,904
Zakat					(101)					(1,500)
(Loss) / profit after zakat and tax from continuing operations					(1,488)					404
Loss after zakat and tax for the period from discontinued operations					(536)					(4,929)
Loss for the period					(2,024)					(4,525)

During the three-month period ended 31 March 2026, approximately 88% of the total revenues from the general construction segment were derived from 3 customers including a related party (refer to Note 14), MBL, that alone contributed to approximately 75% of the total revenues from the general construction segment (31 March 2025: approximately 88% from 3 customers including MBL, which contributed to approximately 65%). During the three-month period ended 31 March 2026, approximately 98% of the total revenues from non-concrete residential and commercial buildings segment were derived from 1 customer (31 March 2025: approximately 99% from 2 customers). During the three-month period ended 31 March 2026, approximately 75% of the total revenues from facility management and rental of investment properties segment were derived from 5 customers (31 March 2025: approximately 66% from 5 customers).

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Notes to the condensed consolidated interim financial statements (continued)

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15 SEGMENTAL INFORMATION (continued)

The Group's operations are conducted in Saudi Arabia, UAE and certain other locations. The following tables present revenue for the Group's geographical locations for the three-month period ended 31 March 2026 and 31 March 2025:

	<i>For the three-month period ended 31 March 2026</i>			
	<i>Saudi Arabia</i>	<i>UAE</i>	<i>Others</i>	<i>Total</i>
	<i>Unaudited (SR '000)</i>			
Total geographical revenue	627,575	4,732	96	632,403
Inter-geographic revenue elimination	-	(1,180)	-	(1,180)
Revenue from external customers	627,575	3,552	96	631,223
	<i>For the three-month period ended 31 March 2025</i>			
	<i>Saudi Arabia</i>	<i>UAE</i>	<i>Others</i>	<i>Total</i>
	<i>Unaudited (SR '000)</i>			
Total geographical revenue	699,346	7,087	96	706,529
Inter-geographic revenue elimination	-	(5,866)	-	(5,866)
Revenue from external customers	699,346	1,221	96	700,663

16 DISCONTINUED OPERATIONS

During 2023, the Board of Directors of the Company formalized the plan to exit the paints and related service business segment of the Group (Premier Paints Company ("PPC")). Management evaluated letters of intent and a potential buyer was identified and negotiations were at advance stage, 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 was no longer presented in the segment note.

On 8th February 2026, the entire shareholding in PPC was transferred to the buyer and the subsidiary was derecognized in these condensed consolidated interim financial statements. The final consideration receivable is subject to adjustments based on the "closing accounts" as of the date of share transfer in accordance with the mechanism specified in the agreement executed between the parties. As at the reporting date, the closing accounts are being reviewed between the buyer and the Parent Company. A consideration receivable of SR 2.7 million has been recorded based on the closing accounts, which results in a loss on disposal of SR 1.2 million. All the net assets/liabilities amounting to SR 18.4 million and the non-controlling interest in PPC amounting to SR 22.4 million have been derecognized in these condensed consolidated interim financial statements. The results of PPC up to the date of share transfer and for the three-month period ended 31 March 2025, respectively, are presented below:

	<i>For the period from 1 January 2026 to 8 February 2026 SR'000 (Unaudited)</i>	<i>For the three- month period ended 31 March 2025 SR'000 (Unaudited)</i>
Revenues	135	120
Cost of revenues	(362)	(978)
General and administration	(199)	(620)
Selling and distribution	(106)	(1,400)
Operating loss	(532)	(2,878)
Finance costs	(4)	(1,822)
Loss before zakat and income tax	(536)	(4,700)
Zakat and income tax	-	(229)
Loss after zakat and income tax	(536)	(4,929)
Total comprehensive loss from discontinued operations	(536)	(4,929)

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16 DISCONTINUED OPERATIONS (continued)

The assets and liabilities of PPC classified as held for sale are as follows:

	31 March 2026 SR '000 (Unaudited)	31 December 2025 SR '000 (Audited)
Assets		
Property, plant and equipment	-	123
Right-of-use assets	-	590
Trade receivables	-	2,329
Advances to suppliers	-	15
Prepayments and other receivables	-	1,886
Cash and cash equivalents	-	146
Assets held for sale	-	5,089
Liabilities		
Employees' defined benefit liabilities	-	(2,285)
Non-current portion of lease liabilities	-	(649)
Trade payables	-	(12,802)
Accruals and other current liabilities	-	(8,017)
Contract liabilities	-	(85)
Current portion of lease liabilities	-	(42)
Zakat and income tax payable	-	(1,007)
Liabilities directly associated with assets held for sale	-	(24,887)
Net liabilities directly associated with disposal group	-	(19,798)
	For the period from 1 January 2026 to 8 February 2026	For the three- month period ended 31 March 2025
	SR'000 (Unaudited)	SR'000 (Unaudited)
Loss per share from discontinued operations:		
Basic and diluted loss per share attributable to the equity holders of the Parent Company	(0.01)	(0.13)

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17 BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

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

As reported in prior periods, 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 was 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 periods, the Group finalised the purchase price allocation (PPA) during FY 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 three-month period ended 31 March 2025, 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 from that date onwards and therefore the closing balance of statement of financial position and closing balance of equity as at 31 December 2025 and 31 March 2026 is fairly stated. Further, the impact on comparative information relating to the unwinding of the option liability in the condensed consolidated interim statement of profit or loss, and condensed consolidated interim statement of changes in equity, is considered immaterial.

During the year 2025, the deferred consideration of SR 394.8 million was settled by converting the amount into equity.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value measurement methodology used by the Group is in line with the annual consolidated financial statements for the year ended 31 December 2025. There were no transfers between Level I, Level II or Level III for the three-month period ended 31 March 2026.

The fair values of the Group's current financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, and are expected to be realised at their current carrying values within twelve months from the date of the condensed consolidation interim statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry market interest rates.

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19 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 15 for the details of the corrections made.

Further, as part of management's financial statement review process, an adjustment was identified to align with the principles of IAS 1, "Presentation of financial statements". Management has adjusted the comparative amounts for the following item:

Amortisation expense of the customer relationship and order backlog intangible assets amounting to SR 24.4 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.

The table below summarises the impact on the comparative period as a result of the adjustment described above:

Effect on the condensed consolidated interim statement of profit or loss for the period ended 31 March 2025

	<i>Previous presentation SR'000</i>	<i>Adjustment SR'000</i>	<i>Current presentation SR'000</i>
Selling and distribution	(3,217)	(24,369)	(27,586)
General and administration	(61,827)	24,369	(37,458)

20 SUBSEQUENT EVENTS

In the opinion of the Group's management, there have been no further subsequent events since 31 March 2026 that would have a material impact on these condensed consolidated interim financial statements.