SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

SUMOU REAL ESTATE COMPANY
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

Crowe

Crowe Solutions
For Professional Consulting
Member Crowe Global
P.O.Box. 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facesimile: +966 11 217 6000
www.crowe.com/sa

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY)

Al Khobar – Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Sumou Real Estate Company, (the "Company"), and its subsidiaries (collectively referred to as "the Group"),** which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholder's equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) 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 are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of utmost significance in our audit of the consolidated financial statements for the current year. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion on these financial statements, rather than for the purpose of expressing a separate opinion on these matters. Below is a description of each key audit matter and how it was addressed.

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INDEPENDENT AUDITOR'S REPORT
TO: THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY) (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	
Revenue Recognition	**How the matter was addressed in our audit**
The Group's revenues for the year ended December 31, 2025 amounted to SR 522,687,568 (December 31, 2024: SR 429,506,260). The Group assesses revenue recognition under requirements of IFRS 15 "Revenue from contracts with customers" for each of its contracts with customers. Certain judgments are applied, and estimates are made in assessing the timing of revenue recognition and measurement of revenue based on completion of the underlying performance obligations. The Group estimates total development costs required to meet performance obligations related to revenues and determines appropriate proportion of related revenue and cost as percentage of completion of those obligations as at the end of the reporting period. Revenue recognition was assessed as a key audit matter due to the significance of the assessment and judgments applied and estimates made in assessing the timing of revenue recognition. Refer to note 3-1 and 3-21 and note 25 for details about policies, judgments, and estimates used in relation to revenue recognition and the detail about relevant disclosures.	The audit procedures we performed, among others, based on our judgment, included the following: - Evaluated the appropriateness of the accounting policies relating to the revenue recognition and the extent of compliance with the accounting standards associated thereto. - Tested the design and implementation of internal control procedures related to revenue recognition and their operational effectiveness, including anti-fraud control procedures. - On a sample basis, we assessed the appropriateness of percentage of the contracts completion by recalculating the completion percentage by reference to the costs incurred to date compared to the estimated total cost, where the performance obligation is satisfied over time to verify the balances of revenue, contract assets or contract liabilities, and trade receivables. - On a sample basis, we assessed the accuracy of the Group forecasts related to estimating the contracts completion cost, mainly identification of the completion percentage considering the change in the related conditions between the event and date of measurement, and this may influence the suitability of the audit evidence obtained in this regard. - On a sample basis, we tested the revenue transactions recognized at a point of time with their supporting documents. - Inquired from the management representatives regarding fraud awareness and the existence of any actual fraud cases. - Assessing the adequacy of relevant disclosures in the consolidated financial statements.
Key Audit Matter	
Investments in Associates –Accounting under equity method	**How the matter was addressed in our audit**
As of December 31, 2025, the Group holds Investments in Associates accounted for using the equity method amounting to SR 314,207,875 (December 31, 2024: SR 267,490,621). The results of the associates are included in the financial statements using the equity method as significant influence is evident from the Group's ability to participate in financial and operating decisions. We consider this as a key audit matter because of the importance of the balances related to it in the accompanying financial statements. Refer to note 3–9 and note 15 for details about the judgments applied and estimates made in revenue recognition and the detail about relevant disclosures.	We performed the following procedures in relation to investments in Associates: - Evaluating the appropriateness of the Group's accounting policies to measure investments using the equity method. - We have obtained audited financial statements of the Associates for the year ended 31 December 2025 and reviewed the significant matters of those financial statements to ensure that the Group's share of profits and losses and its ownership percentage. - Assess the materiality and extent to which there is a significant impact on associated companies. - Assessing the appropriateness of disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO: THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY) (CONTINUED)

Other Information included in the Group's annual report for the year 2025

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for year 2025, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this 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 or 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. We are required to communicate the matter to those charged with governance.

Responsibilities of the 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 IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Group's By-laws and the applicable requirements of Companies regulations, 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. Board of Directors, are responsible for overseeing the Group's financial reporting process.

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 ISAs as 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 ISAs as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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.

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INDEPENDENT AUDITOR'S REPORT
TO: THE SHAREHOLDERS OF
SUMOU REAL ESTATE COMPANY
(A SAUDI JOINT STOCK COMPANY) (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 exist 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 disclosure 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 group 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.

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, related safeguards.

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 year 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.

شركة حلول كرو للإستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
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Abdullah M. AlAzem
License No. 335

20 Ramadan 1447H (March 9, 2025)
Khobar, Kingdom of Saudi Arabia

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(Saudi Riyals)

	Note	31 December 2025	31 December 2024 (Restated – Note 35)
Assets			
Non-current assets			
Property and equipment - net	10	**3,414,602**	3,013,896
Investment properties	11	**-**	60,220,776
Projects under development - non-current portion	12	**45,299,097**	37,096,528
Right of use assets, net	13-A	**18,134,742**	19,547,602
Intangible assets, net	14	**46,608**	293,304
Investments in associates using the equity method	15	**314,207,875**	267,490,621
Financial assets at fair value through OCI	16	**181,817,426**	87,118,784
Total non-current assets		**562,920,350**	474,781,511
Current assets			
Projects under development -current portion	12	**565,664,467**	331,389,317
Contract assets	9	**44,014,534**	48,036,022
Due from related parties	19-A	**84,885,790**	124,648,747
Inventory - Lands	8	**-**	12,390,644
Prepayments and other assets	7	**95,794,160**	67,043,174
Accounts receivables, net	6	**94,951,637**	60,506,258
Restricted cash	5	**210,261,746**	180,779,700
Cash and cash equivalents	4	**45,121,458**	3,282,421
Total current assets		**1,140,693,792**	828,076,283
Total assets		**1,703,614,142**	1,302,857,794
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	22	**500,000,000**	500,000,000
Statutory reserve	23	**-**	-
Retained earnings		**221,791,391**	136,550,438
Revaluation reserve for investments at fair value through OCI	24	**46,024,872**	(2,860,149)
Total shareholders' equity		**767,816,263**	633,690,289
Non-controlling interest		**(1,564,018)**	(1,296,590)
Net shareholders' equity		**766,252,245**	632,393,699
Non-current liabilities			
Lease liabilities - non-current portion	13-C	**17,918,220**	18,585,583
Land obligations against projects under development - non-current portion	20-C	**161,935,750**	206,664,794
Employees benefit obligations	21	**6,875,570**	5,931,350
Total non-current liabilities		**186,729,540**	231,181,727
Current liabilities			
Zakat provision	18-B	**10,515,606**	8,491,970
Lease liabilities - current portion	13-C	**1,561,225**	2,239,302
Accrued expenses and other liabilities	17	**206,009,364**	123,844,057
Due to related parties	19-B	**81,233,941**	98,111,820
Land obligations against project under development - current portion	20-C	**382,396,311**	153,844,025
Contract liabilities	9	**58,409,768**	41,346,498
Account payables		**10,506,142**	11,404,696
Total current liabilities		**750,632,357**	439,282,368
Total liabilities		**937,361,897**	670,464,095
Total Shareholders' equity and liabilities		**1,703,614,142**	1,302,857,794

Finance Manager   Chief Executive Officer   Chairman of the Board

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2025
(Saudi Riyals)

	Note	2025	2024
Revenue	25	**522,687,568**	429,506,260
Cost of revenue	26	**(372,503,877)**	(320,680,567)
Gross operating profit		**150,183,691**	108,825,693
General and administrative expenses	27	**(18,353,865)**	(10,593,184)
Marketing and selling expenses		**(738,735)**	(3,444,580)
Net profit from main operations		**131,091,091**	94,787,929
Finance costs		**(610,924)**	(1,249,271)
Expected credit loss provision for accounts receivables and contract assets		**(1,506,579)**	(3,037,596)
The Group's share of the results of Investments in associates using the equity method	15-C	**(1,057,010)**	16,622,149
Other income	28	**15,476,315**	7,614,319
Net profit before zakat		**143,392,893**	114,737,530
Zakat	18-C	**(8,404,528)**	(8,491,970)
Net profit for the year		**134,988,365**	106,245,560
Net profit attributed to:			
Shareholders of the company		**135,255,793**	106,603,556
Non-controlling interests		**(267,428)**	(357,996)
		134,988,365	106,245,560
Earnings per share:			
Basic and diluted earnings per share from net profit for the year attributed to shareholders of the company	29	**2.705**	2.132

Finance Manager   Chief Executive Officer   Chairman of the Board

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025
(Saudi Riyals)

	Note	2025	2024
Net profit for the year		**134,988,365**	106,245,560
Items that will not be subsequently reclassified into profit or loss:			
Share of other comprehensive income of investment in associates using the equity method	**15-A**	**49,639,535**	(5,864,266)
Net change in fair value of financial assets through OCI	**16**	**(754,514)**	5,139,762
Actuarial losses from re-measurement of Employee benefit obligations	**21**	**(14,840)**	(827,360)
Change in fair value through OCI in Akhyal Project interests		**-**	16,923,816
Other Comprehensive income for the year		**48,870,181**	15,371,952
Total comprehensive income for the year		**183,858,546**	121,617,512

Total comprehensive income for the year attributed to:

	2025	2024
Shareholders of the company	**184,125,974**	121,975,508
Non-controlling interests	**(267,428)**	(357,996)
	183,858,546	121,617,512

Finance Manager   Chief Executive Officer   Chairman of the Board

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2025
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve for investments at fair value through OCI	Total shareholders' equity	Non-controlling interest	Net shareholders' equity
Balance as at 1 January 2024	375,000,000	54,539,257	126,234,985	(19,059,461)	536,714,781	(938,594)	535,776,187
Net profit for the year	-	-	106,603,556	-	106,603,556	(357,996)	106,245,560
Other comprehensive income	-	-	(827,360)	16,199,312	15,371,952	-	15,371,952
Total comprehensive income for the year	-	-	105,776,196	16,199,312	121,975,508	(357,996)	121,617,512
Dividends distribution (note 31)	-	-	(25,000,000)	-	(25,000,000)	-	(25,000,000)
Transferred from statutory reserve to retained earnings (note 23)	-	(54,539,257)	54,539,257	-	-	-	-
Capital increase (note 22)	125,000,000	-	(125,000,000)	-	-	-	-
Balance as at 31 December 2024	500,000,000	-	136,550,438	(2,860,149)	633,690,289	(1,296,590)	632,393,699
Balance as at 1 January 2025	**500,000,000**	**-**	**136,550,438**	**(2,860,149)**	**633,690,289**	**(1,296,590)**	**632,393,699**
Net profit for the year	**-**	**-**	**135,255,793**	**-**	**135,255,793**	**(267,428)**	**134,988,365**
Other comprehensive income	**-**	**-**	**(14,840)**	**48,885,021**	**48,870,181**	**-**	**48,870,181**
Total comprehensive income for the year	**-**	**-**	**135,240,953**	**48,885,021**	**184,125,974**	**(267,428)**	**183,858,546**
Dividends distribution (note 31)	**-**	**-**	**(50,000,000)**	**-**	**(50,000,000)**	**-**	**(50,000,000)**
Balance as at 31 December 2025	**500,000,000**	**-**	**221,791,391**	**46,024,872**	**767,816,263**	**(1,564,018)**	**766,252,245**

Finance Manager | Chief Executive Officer | Chairman of the Board

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Saudi Riyals)

	Note	2025	2024 (Restated – Note 35)
OPERATING ACTIVITIES			
Net profit for the year before zakat		**143,392,893**	114,737,530
Adjustments:			
In-kind revenue from Aljazira Sumou Real Estate Fund		**(25,000,000)**	-
Depreciation of property, equipment and right of use assets	10, 13	**2,440,964**	2,167,458
Amortization of intangible assets	14	**246,696**	246,694
Gain on sale of investment properties	28	**(15,185,440)**	-
The Group's share of the results of investments in associates using the equity method	15-C	**1,057,010**	(16,622,149)
Finance cost		**610,924**	1,249,271
Expected credit losses provision		**1,506,579**	3,037,596
(Reversal) Provision for impairment of Inventory - lands	28	**-**	(2,035,606)
(Reversal) General provision	28	**-**	(3,864,447)
Employee's benefits obligations charged	21	**761,533**	773,183
Gain on sale of property and equipment	28	**(27,983)**	-
		109,803,176	99,689,530
Operating assets and liabilities:			
Inventory - Lands		**528,117**	-
Account receivables		**(35,986,270)**	(29,245,152)
Prepayments and other assets		**(28,750,986)**	2,095,184
Accrued expenses and other liabilities		**82,165,307**	98,235,511
Account payables		**(898,554)**	(51,407,646)
Contract assets		**4,055,800**	(1,628,357)
Contract liabilities		**17,063,270**	23,171,554
Due from related parties		**39,762,957**	(42,733,447)
Due to related parties		**(16,877,879)**	(1,922,135)
Projects under development		**(14,755,159)**	(16,916,742)
Restricted cash		**(29,482,046)**	(69,905,381)
Employee benefit obligations Paid	21	**(139,877)**	(316,318)
Zakat provision paid	18-B	**(6,380,892)**	(5,968,510)
Net cash flow generated from operating activities		**120,106,964**	3,148,091
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(1,080,523)**	(604,005)
Proceeds from sale of investment properties		**16,815,587**	-
Dividends received	15-B	**1,865,271**	50,200,000
Proceeds from sale of property and equipment		**27,983**	-
Net cash flow (used in) generated from investing activities		**17,628,318**	49,595,995
FINANCING ACTIVITIES			
Payment of land obligations against project under development	20-D	**(43,219,371)**	(25,000,000)
Lease liabilities paid	13-D	**(2,406,294)**	(1,819,302)
Dividends distribution	31	**(50,000,000)**	(25,000,000)
Finance cost paid		**(270,580)**	(297,056)
Net cash flow used in financing activities		**(95,896,245)**	(52,116,358)
Net change in cash and cash equivalents		**41,839,037**	627,728
Cash and cash equivalents at beginning of the year		**3,282,421**	2,654,693
Cash and cash equivalents at end of the year		**45,121,458**	3,282,421

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

SUMOU REAL ESTATE COMPANY
(Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Saudi Riyals)

	2025	2024 (Restated)
Non-Cash Transactions		
Land obligations against project under development	**227,042,613**	234,191,965
Sale of investment properties against financial assets at fair value through OCI	**58,590,629**	-
Sale of land inventory against financial assets at fair value through OCI	**11,862,527**	-
Change of financial assets at fair value through OCI	**754,514**	5,139,762
Change in fair value through OCI in Akhyal Project interests.	-	16,923,816
Finance cost on lease liabilities charged to project under development	**679,947**	-
Transferred from retained earnings to capital	-	125,000,000
Transferred from statutory reserve to retained earnings	-	54,539,257
Transferred from projects under development to property and equipment	-	1,201,836
Right of Use and Lease Liabilities Additions	**348,287**	1,736,382

Finance Manager | Chief Executive Officer | Chairman of the Board

The attached notes (1) to (36) form an integral part of these consolidated financial statements.

1. ACTIVITIES

Sumou Real Estate Company ("The Company") is a Saudi Joint Stock company operating under commercial registration number 2051034841 and unified national number 7001555643 dated 3 Jumada Al Thani 1428H (corresponding to June 17, 2007) issued at Al-Khobar.

The address of the Company's head office is in Al-Khobar, Prince Turki Street, Al-Yarmouk District, PO Box 250, Al-Khobar 31952, Kingdom of Saudi Arabia.

The Company's activities include general construction of residential buildings and non-residential buildings (such as schools, hospitals, hotels, etc.), construction of airports and their facilities, on-site construction of prefabricated buildings, renovation of residential and non-residential buildings, purchase and sale of land and real estate, land subdivision, off-plan sales activities, real estate brokerage activities, property management, real estate contributions, and management and leasing of owned or leased properties (residential and non-residential).

These consolidated financial statements include assets, liabilities and the main activities of the above-mentioned commercial register and the following branches commercial registers:

Sub CR No.	Location/registration
1010261561	Riyadh
4030189816	Jeddah
4031275053	Makkah Al Mukarama

The consolidated financial statements include the financial statements of the Company and its subsidiaries as follows (referred to as "The Group"):

Company name	Legal entity	Country of Incorporation	Actual Ownership Percentage	
			2025	2024
Al Mahafel Trading and Contracting Co. Ltd.	Limited Liability Co	Kingdom of Saudi Arabia	**80%**	80%
Anara Development Company	Limited Liability Co	Kingdom of Saudi Arabia	**100%**	100%

The assets, liabilities and results of operations of the above-mentioned subsidiaries are included in the accompanying consolidated financial statements.

- **Al Mahafel Trading and Contracting Co. Ltd.** is a Saudi limited liability company registered under Commercial Registration No. 4030127728 and unified national number 7001397137 in Jeddah, dated 28-7-1999. The main activity of the company is general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, and hotels, general construction of government buildings, on-site construction of prefabricated buildings, and renovation of residential and non-residential buildings.

- **Anara Development Company** is a Saudi limited liability company registered under Commercial Registration No. 4030534502 and unified national number 7037426173 in Jeddah and dated 5-12-2023. Its activities include general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, etc., general construction of government buildings, and construction of prefabricated buildings on sites, restorations of residential and non-residential buildings, construction of roads, streets, sidewalks, and road supplies, general sports construction, including stadiums, building finishing, buying and selling land and real estate, dividing it, and off-plan sales activities, real estate development of residential buildings using modern construction methods and real estate facility management.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2-2 Preparation of the consolidated financial statements

The consolidated financial statements have been prepared on the basis of historical cost and accrual basis except for investments in equity instruments, which were measured at fair value, and employee benefit obligations, which are recognized at the present value of future liabilities using the projected unit credit method.

Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2-3 Basis of consolidation of financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and OCI from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The consolidated statement of profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests (NCI) in accordance with their respective ownership interests. Total comprehensive income of a subsidiary is likewise attributed to the equity holders of the Group and to the non-controlling interests based on their ownership shares. Adjustments are made to the financial statements of subsidiaries, where necessary, to align their accounting policies with those adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Group:

3-1 Use of Judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and judgments that affect the value of restricted assets and liabilities, and disclosure of potential assets and liabilities in the date of the financial statements, and the value of revenue and expenses were disclosure to the period of the financial statement's preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the financial statements, it is possible that actual final results differ from these estimates.

These estimates and assumptions are reviewed on a continual basis and effects resulting from these accounting changes will be disclosed in the year and future period which are affected by it.

Below are the estimates and assumptions that are subject to a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years:

A) Impairment of Non-financial assets

The Group assesses at each reporting date whether there is an indication that the asset has been impaired. If any indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of the asset is the higher of the fair value of the asset less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows of the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 Use of Judgments and estimates (continued)

A) Impairment of Non-financial assets (continued)

When determining fair value less costs to sell, the latest market transactions are taken into consideration. If the recoverable amount of the asset is estimated at less than it carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss. If a subsequent impairment loss is reversed, the carrying amount of the asset is increased to the revised value of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined in the event that there is no impairment loss on the asset previous years. A reversal of an impairment loss is recognized directly in the statement of profit or loss.

B) Provisions

Provisions are recognized when the Group has contingent liabilities (legal or constructive) arising from past events and the payment of the liability is probable and can be reliably measured. The amount recognized as an allowance is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present liability, its carrying amount is the present value of those cash flows. If some or all of the economic benefits required to settle a provision from a third party are expected to be recovered, the amount due is recognized as an asset if the amount is certain to be recovered and the amount of the receivable can be reliably measured.

C) Useful lives for property and equipment

The Group's management determines the estimated useful lives of investment properties and property and equipment for calculating depreciation. This estimate is made after taking into account the expected use of the asset or the actual obsolescence. Management periodically reviews the estimated useful lives at least annually and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits of the assets.

D) Assumptions of liabilities of employee's benefits

After-service benefits represent liabilities that will be settled in the future and require the use of assumptions against expected liabilities. IAS 19 "Employee Benefits" requires management to use more assumptions regarding variables such as discount rates, rate of compensation increases, return on original, mortality rates, turnover, and future health care costs. The Group's management leads an actuarial valuation of the liability account. Changes in key assumptions can have a significant impact on expected benefit liabilities and / or periodic employee benefit costs incurred.

E) Zakat

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia, and the accrued zakat is recorded and charged to the profit or loss statement. Additional zakat liabilities, if any, related to reassessments of previous years by the Zakat, Tax and Customs Authority are recognized in the year in which the final assessments are issued.

F) Provision for expected credit losses on trade receivables and contract assets

The Group uses a model to estimate lifetime expected credit losses for financial instruments whose credit value has not declined or has declined based on changes in credit risk.

To measure expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. Historical loss rates are adjusted to reflect current and future information according to macroeconomic activity indicators that impact customers' ability to settle trade receivables and contract assets.

G) Estimated costs to complete

As part of applying the percentage-of-completion method in contract accounting, project completion costs are estimated. These estimates include, among other items, project costs assessed by the Group's management according to project requirements. These estimates are reviewed periodically. Any subsequent changes in estimated completion costs may impact future financial periods.

H) Fulfillment of performance obligations

The group considers that using the input method, which requires recognizing revenue based on the Group's efforts to fulfill performance obligations, provides the best reference for revenue actually earned. When applying the input method, the Group estimates project completion costs to determine the amount of revenue to be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-1 Use of Judgments and estimates (continued)

I) Net realizable value and inventory provision estimate

Net realizable value is the estimated selling price in the ordinary course of business, minus estimated costs of completion and selling expenses. Net realizable value is usually measured individually when writing down inventory, particularly when items from the same production line (serving the same purpose and end use) are marketed in the same geographic area.

Writing down inventory below cost to net realizable value aligns with International Financial Reporting Standards (IFRS), as assets should not be recorded at amounts higher than what is expected to be realized from their sale.

A provision is made for slow-moving, obsolete, and damaged inventory. Damaged inventory is identified and written off during inventory counts. The provision for slow-moving and obsolete inventory is evaluated for each inventory category as part of ongoing financial reporting. Obsolescence is assessed by comparing inventory levels with expected future sales.

3-2 Investment properties

A) Recognition

Land and buildings owned by the Group for purposes of generating rental income or for capital appreciation, or for both purposes, are classified as investment properties. Properties that are created or developed for future use as investment properties are also classified as investment properties.

B) Measurement

Investment properties are measured at cost, less accumulated depreciation, if any, and land is not subject for depreciation. Depreciation of buildings is calculated according to the straight-line method on the basis of its useful life. Investment properties are stated at cost in accordance with IAS 40, the standard give choices for recording its investment properties are at cost or at fair value provided that there is no impediment to the ability to reliably determine the value of the investment. The management has chosen the cost model to record its investments.

3-3 Project Under development

Projects under development are Properties constructed or in the course of construction and development for sale are classified as development properties and are stated at the lower of cost and net realizable value. The cost of projects under development generally includes the cost of land, construction and other related expenditure necessary to get the properties ready for sale. Management reviews the carrying values of projects under development at each reporting date.

At each reporting date, management classifies properties under development as current or non-current assets based on their expected realization within the normal operating cycle. Accordingly, projects that have been launched are classified as current assets, whereas unlaunched projects are classified as non-current assets."

3-4 Impairment

A) Financial Assets

At the date of each statement of financial position, the values of the financial assets are reviewed, to determine whether there is any indication of impairment in their value. As for financial assets such as accounts receivable and assets assessed individually as not impaired, they are assessed for impairment on a collective basis. Objective evidence of a decline in the value of a portfolio of receivables may include the Group's past experience with collecting payments, an increase in the number of late payments that exceed the average credit period, and may include observable changes in local and global economic conditions that correlate with default on receivables. The carrying amount of the financial asset is reduced by the amount of the impairment loss directly, for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the formation of a provision account. When a receivable is considered uncollectible, the amount of the receivable and the corresponding amount in the allowance account are written off.

Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-4 Impairment (continued)

B) Non-financial Assets

At the date of each statement of financial position, the Group reviews the carrying values of its assets to determine whether there is any indication that these assets have suffered impairment losses. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, collective assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3-5 Intangible assets

Intangibles assets comprise software licenses for computers, which have finite lives and are amortised over the period of its useful life on a straight line basis and are tested for impairment whenever there is an indication that the intangible may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at the end of each reporting period. Any changes in the estimated useful life or the expected pattern of consumption of economic benefits are treated as change in accounting estimates. The useful life for an intangible asset is reviewed at least at the end of each reporting period. The amortisation expense on intangible assets is recognised in the consolidated statement of profit or loss and other comprehensive income. 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 and OCI when the asset is derecognised. The estimated useful lives for the current and comparative periods are 5 years.

3-6 De-recognition

A financial asset is primarily derecognized when the contractual 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 the Group has transferred substantially all the risks and rewards of the asset. Or the Group has neither transferred nor retained substantially all the risks and rewards of the asset. But has transferred control of the asset.

3-7 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation. The cost is including the expenses related to purchase the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components). Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Sold or disposed asset is deleted from the books at the date of sale or disposal along with its accumulated depreciation.

The percentage rates of depreciation are as follow:

Description	Percentage
Building and Improvements	5%-10%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%

The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are commensurate with the expected economic benefits from property and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-8 Right of use assets and lease obligations

The Group has recognized new assets and liabilities for its leases of land. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

1- Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

The subsequent measurement of the right to use assets is at cost less accumulated depreciation.

2- Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

3-9 Investments in associates using the equity method

Associated companies are those companies over which the Group exercises significant influence. The major effect is the ability of the Group to participate in the financial and operating decisions of the investee company but it is not a joint control or control of these policies.

The results, assets and liabilities of the associate are included in these consolidated financial statements using the equity method, whereby the investment in the associate is recorded at cost in the statement of financial position and the cost is adjusted thereafter so that the Group's share of the profit or loss and OCI of the associate is recorded. When the Group's share in the losses of the associate exceeds its ownership (which includes any long-term ownership that is part of the Group's net investment in the associate) the Group stops admitting its share of the additional losses and records the additional losses only to the extent that the Group incurs legal or contractual obligations or made payments on behalf of the associate. If the associate company subsequently records profits, the Group will resume recording its share of these profits only when its share of the profits equals with its share of unrecorded losses.

The Group's investment in the associate is accounted for using the equity method from the date the investee becomes an associate. Upon acquisition of the investment in the associate, any increase in the investment cost over the Group's share in the net fair value of the assets and liabilities identified for the investee company is recorded as goodwill and is included in the book value of the investment. Any increase in the Group's share of the net fair value of the identifiable assets and liabilities of the associate over the cost of the investment immediately after the revaluation is recorded in the statement of profit or loss in the year in which the investment is acquired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-10 Financial instruments

Financial assets and financial liabilities are recognized when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following categories according to the Group's business model: financial assets at fair value through profit or loss, and financial assets at fair value through comprehensive income, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

A) Financial assets at fair value through statement of profit & loss (FVTPL)

Financial assets designated at fair value through statement of profit or loss are designated when they are either held for trading or have been chosen to be classified as such in accordance with the Group's business model.
A financial asset is classified as held for trading if:

- It has been acquired principally for selling it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.

Financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in the statement of profit or loss.
Dividends or interest earned on the financial asset are included in the statement of profit or loss.

B) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in profit or loss.
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Classification of financial assets

IFRS 9 includes three main classification categories for financial assets: financial assets that are measured at amortized cost, assets that are measured at fair value through other comprehensive income, and assets that are measured at fair value through the statement of profit or loss. This standard excludes the current IAS 39 categories of investments held to maturity, loans and receivables and investments available for sale.
Under IFRS 9, financial derivatives that are embedded in contracts in which the primary instrument is financial assets within the scope of the standard are not divided, but rather the mixed financial instrument as a whole is evaluated for the purpose of classification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-10 Financial instruments (continued)

Financial assets (continued)

Impairment

IFRS 9 replaces the loss incurred model in IAS 39 with the expected future credit loss model. This requires a significant estimate of how economic factor changes affect the expected credit loss models that will be determined on the basis of the probability.

The new impairment model will be applied to financial assets measured at amortized cost or fair value through other comprehensive income, except for investments in equity instruments as well as on contract assets.

Under IFRS 9, provisions for loss will be measured according to one of the following bases:

1- The expected credit loss over 12 months. This expected credit loss is due to default and probable default events within 12 months after the reporting date.

2- The expected credit loss over the life of the financial instrument. The expected credit loss that results from all default events occurring over the expected life of the financial instrument.

With respect to the expected credit loss over the life span, the measurement is applied if the credit risk of the financial assets has increased significantly at the date of the report since its initial recognition, and the measurement of the expected credit loss over a 12-month period is applied. If these credit risks do not increase significantly, the enterprise may determine not to increase the risk Credit is significant if the instrument is exposed to low credit risk at the reporting date. However, the measurement of expected credit losses over the life course is always applied to trade receivables and contract assets without any significant financing components. The facility may also choose to apply this policy to trade receivables and contract assets with significant financing components.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are initially and subsequently Measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when, and only when, the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

- Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial liabilities

IFRS 9 closely preserves the current requirements in IAS 39 in order to classify financial liabilities. However, according to IAS 39, all changes in the fair value of liabilities classified at fair value through the statement of profit or loss are recognized in the statement of profit or loss, while according to the IFRS 9. The change in the fair value is presented. Related to changes in the credit risk of the liabilities in the statement of OCI while the remaining amount of the change in the fair value is shown in the statement of profit or loss.

3-11 Cash and cash equivalents

Cash and cash equivalents include bank balances, bank Murabaha and other highly liquid investments that are convertible into known amounts of cash and which mature within three months or less from the date of their purchase.

3-12 Restricted cash

Restricted cash represents bank balances that are subject to specific legal or regulatory restrictions and are therefore not available for the general use of the Group. These balances primarily consist of funds held in escrow accounts for off-plan development projects in accordance with the regulations issued by the Off-plan Sales and Leasing Committee. The use of these funds is limited to project-related expenditures as mandated by the relevant governing laws. Restricted cash balances that are not expected to be utilized within twelve months from the reporting date are classified as non-current assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-13 Contract Balances

Unlike the method used to recognize contract revenue from the sale of a completed property, amounts invoiced to customers for the sale of a property under development are based on achieving various contractually defined milestones. The revenue recognized for a given period does not necessarily match the amounts invoiced and approved by the customer. For contracts where the completed milestones transferred to the customer exceed the invoiced and approved amount, the difference is recognized as Contract Assets and presented in the consolidated statement of financial position under "Contract Assets." Conversely, for contracts where the completed milestones transferred to the customer are less than the invoiced and approved amount (e.g., when a payment is due or received before the Group completes the remaining milestones), the difference is recognized as Contract Liabilities and presented in the consolidated statement of financial position under "Contract Liabilities."

Contract Assets

Contract assets are initially recognized from revenue generated through development contracts, as receiving payment is contingent on the successful completion of specified milestones. Upon completion and customer acceptance of these milestones, recognized contract asset amounts are reclassified as trade receivables. Contract assets are subject to impairment assessment following the same principles as financial assets under IFRS 9.

Contract Liabilities

Contract liabilities include long-term advances received for development contracts and short-term advances received for the delivery of specific milestones. Contract liabilities are recognized as revenue when the Group fulfills its performance obligation under the contract (i.e., when control is transferred to the customer).

3-14 Inventory

Inventory is recorded at the lower of cost or net realizable value. Cost is determined using the weighted average method. Inventory costs include all purchase costs and other costs incurred to bring inventory to its current location and condition. Any write-down to net realizable value is recognized as an expense or income in the consolidated statement of profit or loss in the period in which the write-down or reversal occurs.

3-15 Real Estate Transaction Tax

Real estate transaction tax is incurred on the purchase of real estate assets and is non-refundable from the Zakat, Tax, and Customs Authority. This tax is recognized as part of the acquisition cost of real estate assets.

3-16 Value-Added Tax (VAT)

Expenses and assets are recorded net of VAT, except in the following cases:

- When VAT paid on the purchase of assets or services is non-recoverable from the tax authority, it is recognized as part of the acquisition cost of the asset or as an expense, as applicable.
- When accounts receivable and accounts payable are recorded inclusive of VAT, the net recoverable or payable VAT amount is included as part of accounts receivable or accounts payable in the consolidated statement of financial position.

The net VAT amount recoverable from or payable to the relevant tax authority is included under other receivables or other payables in the consolidated statement of financial position.

3-17 Accounts Payables and accruals

Liabilities are recognized for amounts intended to be paid in the future in exchange for services received, whether or not they have been invoiced by the supplier. Trade payables are classified as current liabilities if the payment is due within one year or less; otherwise, they are presented as non-current liabilities. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3-18 Zakat provision

Zakat is a Group obligation and the estimated Zakat is provided within the accompanying financial statements and is charged to the statement of income, in accordance with Zakat standards issued by the Saudi Organization for Chartered and Professional Accountants. As it is computed approximately in accordance with the accrual concept.

Zakat is calculated at the end of the year on the basis of the adjusted net profit or zakat base, whichever is greater, according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. Any difference in the estimate is recorded when the final assessment is provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-19 Related party transactions

The related party is the person or entity associated with the Group whose financial statements are prepared.

A) If the person or a member of his family is closely related to the Group whose financial statements are prepared:

- He has control or joint control of the Group whose financial statements are prepared;
- It has a material impact on the Group whose financial statements are prepared. or
- He is a member of the senior management of the Group that prepares its financial statements or the parent company of the company that prepares its financial statements.

B) If the entity is linked to the Group whose financial statements are prepared in the event that any of the following conditions is true:

- The entity and the Group whose financial statements are prepared are members of the same group (which means that both the parent company and its subsidiaries and associates are related to the other).
- One of the two entities is an associate or a joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One of the two entities is a joint venture of a third entity and the other entity is an associate of the third entity.
- An entity is a post-employment benefit plan for employees of any of the Group whose financial reports are prepared or a entity related to the Group that prepares its financial statements. If the Group that prepares its financial statements is the same one that prepares these plans, then the sponsors of the sponsoring work are also related to the Group that prepares its financial statements.
- The entity is controlled or controlled jointly by a person specified in paragraph (a).
- The person specified in Paragraph (a) (i) has a material impact on the Group or is a member of the senior management of the Group (or parent company).
- The company or any member of a group of it provides part of the services of the employees of the higher management of the Group that prepares its financial statements or to the parent company of the Group that prepares its financial statements.

3-20 Employee benefits obligations

- **End-of-service indemnities**

  The end of service benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period.

  Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in OCI in the period in which they occur. Re-measurements recognized in OCI are reflected immediately in retained earnings and will not be reclassified to profit or loss.

- **Retirement benefits**

  The Group pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

- **Short-term employee benefits**

  A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

  Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3-21 Revenue recognition

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-21 Revenue recognition (continued)

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 entity satisfies a performance obligation

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

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. 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.

Real estate development and contracting revenue

The Group evaluates the timing of revenue recognition from development and contracting based on analyzing the rights and obligations under the terms of each contract.

The Group concluded that the Group's performance does not create an asset with an alternative use because the Group is restricted contractually from redirecting the property under development to another use during its development based on the sale agreements entered into with customers, as the Group's contracts are entered into to provide specified residential units to the customer that accordingly does not create an asset with an alternative use for the Group.

Also, the Group concluded that it has an enforceable right to payment for performance completed to date, where it is entitled to an amount that at least compensates it for performance completed to date (usually costs incurred to date plus a reasonable profit margin) by having enforceable rights of being compensated for work completed to date in the event of any dispute or contract termination.

Based on this, the Group recognizes revenue from of real estate development and contracting over time.

When applying the input method, the Group estimates the cost to complete projects to determine the revenue amount to be recognized. The Group exercises judgment regarding revenue recognition from the sale of residential villas under contracts signed with customers, supported by enforceable rights and compensation for work completed to date.

Real-estate services revenue

Revenue from management fees

Management fees are recognized as they are realized based on the terms of contracts concluded which include providing supervision and management services for investors. The performance obligation is satisfied over time.

Commission and agency revenue

Represent revenues from commission and real-estate agency services and recognized in the period they are earned, at a point in time, when the performance obligation is fulfilled. Management considers that the Group acts as a principal in this regard.

Fulfillment of performance obligations

The Group must evaluate all its contracts with customers to determine whether the Group has fulfilled its performance obligations over time or at a point in time, in order to determine the appropriate method for recognizing revenue. According to the Group's evaluation, and based on the sales agreements signed with customers and the provisions of the relevant laws and regulations that apply to contracts signed for the purpose of providing real estate assets to customers, the Group has no asset to use as a substitute and usually has an enforceable right to pay for performance completed to date. Accordingly, the Group recognizes revenue over time. If this is not the case, the revenue is recognized at some point in the future.

Other income

Other income is recognized when realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-22 Expenses

Cost of revenue for residential villas project includes the cost of land, development and other service related costs. The cost of revenue is based on the proportion of the cost incurred to date related to sold units to the estimated total costs for each unit. selling and marketing expenses are those arising from the Group's efforts underlying the marketing and selling functions. All other expenses, excluding direct costs of revenue and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

3-23 Provisions

Provisions are made when the Group has any present obligation (legal or constructive) as a result of past events for which the cost payment is probable.

Provisions are measured to the best of the expected fair value of the liability as at the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount is confirmed and the amount can be measured reliably.

3-24 Segmental Reporting

An operating segment is a sum of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other operating segments and which are measured according to reports used by the chief executive officer and the chief decision maker.
The geographical segment is associated with the provision of products in a specific economic environment that are subject to risks and rewards that differ from those of business segments in economic environments.

3-25 Offsetting

Financial assets and liabilities are offset and the net amount is shown in the statement of financial position only when there are legally binding rights, as well as when they are settled on the basis of set-off or the realization of assets and settlement of liabilities is at the same time.

3-26 Earnings per share

Basic and diluted earnings per share was calculated based on the weighted average number of normal shares as at the end of the year.

3-27 Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-28 Changes in significant accounting policies and new standards

The new amendments to the standards listed below are effective in the current or upcoming periods; however, they do not have a material impact on the Group's consolidated financial statements.

Amendments to Standards	Description	Effective from the accounting period beginning on or after	Summary of Amendments
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments include guidance on determining when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments also include additional disclosures to enable users of the consolidated financial statements to understand the effect of using an estimated exchange rate.
IFRS 9 and IFRS 7	Presentation and Disclosure of Financial Instruments	January 1, 2026	They clarify the requirements regarding the timing of recognition and derecognition of certain financial assets and financial liabilities, including clarification in purchases and sales of certain financial assets and liabilities that meet the conditions for cash settlement, and permit a limited exception for the derecognition of certain financial liabilities that are settled through electronic payment systems at the settlement date. The amendments also provide guidance on the contractual cash flow characteristics of financial assets and apply to all reporting entities, including not-for-profit entities related to environmental, social and governance matters.
IFRS 18	Presentation and Disclosure in the Financial Statements	January 1, 2027	In addition to requiring new disclosures and other updates, IFRS 18 replaces IAS 1, which sets out the basic presentation requirements for financial statements. The changes primarily affect the statement of income, including requirements to classify income and expenses into three categories: operating, investing and financing, and to present operating profit or loss and profit or loss before financing and taxes. Furthermore, operating expenses are presented directly on the face of the statement of income, classified either by nature (such as employee compensation), by function (such as cost of sales), or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides guidance on aggregation and disaggregation of information in the consolidated financial statements, introduces new disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.

(Saudi Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3-28 Changes in significant accounting policies and new standards (continued)

Amendments to Standards	Description	Effective from the accounting period beginning on or after	Summary of Amendments
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries to provide reduced disclosures when applying IFRS Accounting Standards. A subsidiary is eligible when the ultimate parent prepares consolidated financial statements available for public use in accordance with IFRS Accounting Standards.

Management expects that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements when they become applicable. The adoption of these standards and amendments is not expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

4. CASH AND CASH EQUIVALENTS

This item consists of the following:

	31 December 2025	31 December 2024
Cash at banks	**45,121,458**	3,282,421
	45,121,458	3,282,421

5. RESTRICTED CASH

Restricted cash represent escrow bank accounts registered for the off-plan sales projects under the Wafi program which is a program designed by the Ministry of Municipalities and Housing to regulate the sale of off-plan residential units in Saudi Arabia. The use of these accounts is limited to the collection of cash related to these projects, and the release of such collections is supervised only by the Real Estate General Authority ("REGA") as per the terms of the issued off-plan development license. Restricted bank accounts as of 31 December 2025 amounted to Saudi Riyals 210,261,746 (2024: Saudi Riyals 180,779,700), of which an amount of Saudi 36,920,358 (2024: Saudi Riyals 24,768,078) is deposited in a retention account that requires the approval of the REGA to be released. The remaining funds are used for financing the construction activities, general operations, and selling and marketing activities for the projects.

6. ACCOUNTS RECEIVABLES, NET

	31 December 2025	31 December 2024
Trade receivables	**99,120,272**	63,134,002
Expected credit loss provision	**(4,168,635)**	(2,627,744)
	94,951,637	60,506,258

The movement on Expected credit loss provision is as follows:

	31 December 2025	31 December 2024
Balance on January 1	**2,627,744**	-
Charged during the year	**1,540,891**	2,627,744
Balance on December 31	**4,168,635**	2,627,744

Below is the analysis of the ages of trade receivables:

	31 December 2025	31 December 2024
0-90 Days	**41,374,495**	19,457,327
90-180 Days	**15,582,532**	11,545,219
180-270 Days	**16,873,781**	5,609,993
270-360 Days	**19,275,672**	13,906,741
360-450 Days	**6,013,792**	12,614,722
	99,120,272	63,134,002

(Saudi Riyals)

7. PREPAYMENTS AND OTHER ASSETS

	31 December 2025	31 December 2024
VAT receivable	**33,671,565**	20,239,660
Advance payment to suppliers	**25,500,305**	9,336,344
Advance payment for a land lease *	**19,300,000**	19,300,000
Margin held against bank guarantees	**7,030,000**	7,030,000
Advance payment on projects account	**5,420,530**	5,711,289
Staff advances	**2,487,195**	2,594,079
Other receivables	**2,384,565**	2,831,802
	95,794,160	67,043,174

* On 1 April 2022, The Group entered into a lease agreement with Al Shabab Saudi Club for a plot of land in Riyadh for a duration of 25 years. Upon the contract signing, the Group paid an advance of SAR 19,300,000, representing the lease consideration for the first year. As of the date of approval of these consolidated financial statements, the land has not yet been physically handed over. Based on the correspondence between the Group's management and the Ministry of Sport, the project land is expected to be handed over at a subsequent period. As at 31 December 2025, there are no indicators of impairment.

8. INVENTORY - LANDS

A. This item represents land held for sale, as per the Board of Directors' decision on December 31, 2019. The land is recorded at cost and is not subject to depreciation. The Group obtains an evaluation from an independent and certified appraiser for its land inventory. The Group's land was valued as of December 31, 2024, at SR 16,815,874 using the fair value measurement by Meayar Al-Qima Real Estate Appraisal Company, under Commercial Registration No. 1010719737 and appraiser license No. 1060029509 (appraiser: Ghaleb Hamoud Al-Subaei). The Group also obtained a fair value assessment from Tameed Real Estate Appraisal Company, under Commercial Registration No. 2252067740 and appraiser license No. 1210000395 (appraiser: Hassan Habib Al-Salman), which valued the land at SR 15,045,782 as of December 31, 2024. During the year ended 31 December 2025, the Group sold its entire land balance amounting to SR 12,390,644 under a sale agreement for both in-kind and cash consideration. The in-kind consideration comprised units in Aljazira Sumou Real Estate Fund with a value of SR 11,862,527, in addition to cash consideration of SR 3,404,561.

B. The movement is summarized as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**12,390,644**	10,355,038
Reversal of provision for impairment losses	**-**	2,035,606
Sale of land	**(12,390,644)**	-
	-	12,390,644

9. CONTRACT ASSETS AND CONTRACT LIABILITIES

9-1 The movement of this item during the year is summarized as follows:

	31 December 2025	31 December 2024
Cost incurred to date	**879,707,374**	561,311,883
Add:		
Realized profits	**80,786,478**	66,977,635
Total revenue to date	**960,493,852**	628,289,518
Less: Progress billings	**(974,513,546)**	(621,190,142)
Less: Expected credit losses provision	**(375,540)**	(409,852)
	(14,395,234)	6,689,524

9-2 Presented in the consolidated statement of financial position as follows:

	31 December 2025	31 December 2024
Contract Assets	**44,014,534**	48,036,022
Contract Liabilities	**(58,409,768)**	(41,346,498)
	(14,395,234)	6,689,524

(Saudi Riyals)

9. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

9-3 Below is the analysis of contract assets balance

	31 December 2025	31 December 2024
Balance at the beginning of the year	**48,036,022**	46,817,517
Revenue for the year	**106,853,918**	260,045,026
Progress billings	**(110,499,866)**	(258,416,669)
Expected credit losses provision (Note 9-5)	**(375,540)**	(409,852)
	44,014,534	48,036,022

9-4 Below is the analysis of contract liabilities balance

	31 December 2025	31 December 2024
Balance at the beginning of the year	**(41,346,498)**	-
Revenue for the year	**225,350,417**	32,923,656
Progress billings	**(242,413,687)**	(74,270,154)
	(58,409,768)	(41,346,498)

9-5 The movement of expected credit losses provision is as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**409,852**	-
Reversal of the provision	**(34,312)**	-
Charged during the year	**-**	409,852
	375,540	409,852

10. PROPERTY, AND EQUIPMENT - NET

	Building and Improvements	**Furniture and fixtures**	**Office equipment**	**Motor Vehicles**	**Total**
Cost					
The balance on 1 January 2025	6,258,884	4,260,103	2,098,193	1,941,325	14,558,505
Additions during the year	741,017	179,477	160,029	-	1,080,523
Disposal during the year	-	-	-	(69,100)	(69,100)
The balance on 31 December 2025	**6,999,901**	**4,439,580**	**2,258,222**	**1,872,225**	**15,569,928**
Accumulated depreciation					
The balance on 1 January 2025	4,405,552	4,147,809	1,650,386	1,340,862	11,544,609
Charge for the year (note 27)	224,814	51,628	160,029	243,346	679,817
Disposal during the year	-	-	-	(69,100)	(69,100)
The balance on 31 December 2025	**4,630,366**	**4,199,437**	**1,810,415**	**1,515,108**	**12,155,326**
Net book value					
December 31, 2025	**2,369,535**	**240,143**	**447,807**	**357,117**	**3,414,602**

	Building and Improvements	**Furniture and fixtures**	**Office equipment**	**Motor Vehicles**	**Total**
Cost					
The balance on 1 January 2024	4,702,587	4,260,103	1,851,888	1,941,325	12,755,903
Additions during the year	354,461	-	249,544	-	604,005
Disposal during the year	-	-	(3,239)	-	(3,239)
Transferred from projects under development	1,201,836	-	-	-	1,201,836
The balance on 31 December 2024	6,258,884	4,260,103	2,098,193	1,941,325	14,558,505
Accumulated depreciation					
The balance on 1 January 2024	4,168,745	4,107,416	1,537,201	1,097,518	10,910,880
Charge for the year (note 27)	236,807	40,393	116,424	243,344	636,968
Disposal during the year	-	-	(3,239)	-	(3,239)
The balance on 31 December 2024	4,405,552	4,147,809	1,650,386	1,340,862	11,544,609
Net book value					
December 31, 2024	1,853,332	112,294	447,807	600,463	3,013,896

(Saudi Riyals)

11. INVESTMENT PROPERTIES

	31 December 2025	31 December 2024
Lands	-	60,220,776
	-	60,220,776

The Group obtained an evaluation from an independent, certified appraiser for its Investment Properties. The Group's land was valued as of December 31, 2024, at SR 73,436,814 using the fair value measurement by Meayar Al-Qima Real Estate Appraisal Company, under Commercial Registration No. 1010719737 and appraiser license No. 1060029509 (appraiser: Ghaleb Hamoud Al-Subaei). The Group also obtained another fair value assessment from Tameed Real Estate Appraisal Company, under Commercial Registration No. 2252067740 and appraiser license No. 1210000395 (appraiser: Hassan Habib Al-Salman), which valued the land at SR 76,000,099 as of December 31, 2024. During the year ended 31 December 2025, the Group sold its entire investment properties balance amounting to SR 60,220,776 to Aljazira Sumou Real Estate Fund pursuant to a sale agreement for both in-kind and cash consideration. The in-kind consideration comprised units in the Fund with a value of SR 58,590,629, in addition to cash consideration of SR 16,815,587. All ownership transfer procedures were completed during the year, and the sale resulted in profits of SR 15,185,440 (note 28).

12. PROJECTS UNDER DEVELOPMENT

	31 December 2025	31 December 2024 (Restated)
Areem 2 Project (Note 12-A)	**225,102,747**	-
Al-Samiya Project (Note 12-B)	**195,076,322**	167,431,755
Areem 1 Project (Note 12-C)	**59,608,237**	81,272,618
Iskan A'ally Project (Note 12-D)	**55,491,340**	16,656,564
Public Benefit Market Project (Note 12-E)	**45,299,097**	37,096,528
Al-Aseela Project (Note 12-F)	**29,121,782**	65,603,120
Dar Sumou Project (Note 12-G)	**1,264,039**	425,260
	610,963,564	368,485,845

Classification of current and non-current portions	**31 December 2025**	31 December 2024 (Restated)
Projects under development – Non-current portion	**45,299,097**	37,096,528
Projects under development – Current portion	**565,664,467**	331,389,317
	610,963,564	368,485,845

A) The projects under development balance includes costs incurred in respect of Areem 2 Project for the construction and sale of 915 villas in Makkah on land allocated by the Ministry of Housing to Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	-	-
Development, implementation and construction costs incurred	**225,102,747**	-
Total	**225,102,747**	-
Work performed during the year	-	-
	225,102,747	-

B) Project under development item represents the costs incurred in the Al-Samiya Project to build and sell 451 villas in the city of Madina on the lands of the Ministry of Housing allocated to Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**167,431,755**	-
Development, implementation and construction costs incurred	**92,292,327**	197,496,233
Total	**259,724,082**	197,496,233
Work performed during the year	**(64,647,760)**	(30,064,478)
	195,076,322	167,431,755

(Saudi Riyals)

12. PROJECTS UNDER DEVELOPMENT (CONTINUED)

C) The projects under development balance includes costs incurred in respect of Areem 1 Project for the construction and sale of 357 villas in Makkah on land allocated by the Ministry of Housing to Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024 (Restated)
Balance at the beginning of the year	**81,272,618**	-
Development, implementation and construction costs incurred	**93,014,207**	81,272,618
Total	**174,286,825**	81,272,618
Work performed during the year	**(114,678,588)**	-
	59,608,237	81,272,618

D) The projects under development balance includes costs incurred in respect of Iskan A'ally Project for the construction and sale of 297 apartments in Dammam on land allocated by the Ministry of Housing to Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**16,656,564**	16,656,564
Development, implementation and construction costs incurred	**50,642,695**	-
Total	**67,299,259**	16,656,564
Work performed during the year	**(11,807,919)**	-
	55,491,340	16,656,564

E) Project under development item represents the costs incurred in the Public Benefit Market Project which belongs to the subsidiary company (Al-Mahafel Trading and Contracting Company Limited).
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**37,096,528**	27,573,586
Development, implementation and construction costs incurred	**8,202,569**	10,724,778
Transfer from projects under development to property and equipment	**-**	(1,201,836)
	45,299,097	37,096,528

F) Project under development item represents the costs incurred in the Al-Aseela Project to build and sell 326 villas in the city of Riyadh on the lands of the Ministry of Housing allocated to Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**65,603,120**	-
Development, implementation and construction costs incurred	**54,592,158**	239,945,806
Total	**120,195,278**	239,945,806
Work performed during the year	**(91,073,496)**	(174,342,686)
	29,121,782	65,603,120

G) Project under development item represents the costs incurred in the Dar Sumou project to build and sell 412 villas in the city of Jeddah on the lands of the Ministry of Housing allocated Sumou Real Estate Company.
Below are the project details:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**425,260**	12,960,306
Development, implementation and construction costs incurred	**3,256,277**	49,402,659
Total	**3,681,537**	62,362,965
Work performed during the year	**(2,417,498)**	(61,937,705)
	1,264,039	425,260

(Saudi Riyals)

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES - NET

During 2021, The Group leased a land from the Ministry of Municipal and Rural Affairs (the Holy Capital Municipality - Asfan Municipality) at an annual rent of SR 1,321,750 and for a period of 25 years, with a total value of SR 33,043,750. The present value of the rental payments was recorded on 3.5% interest rate basis and no other contractual terms.

A) The following table shows the right-of-use balance of assets in addition to the depreciation charged as follows:

	Land	**Building**	**Total**
Cost			
The balance as at January 01, 2025	21,784,442	3,145,207	24,929,649
Additions	-	348,287	348,287
The balance as at December 31, 2025	**21,784,442**	**3,493,494**	**25,277,936**
Accumulated depreciation			
The balance as at January 01, 2025	(3,485,512)	(1,896,535)	(5,382,047)
Charge for the year	(871,378)	(889,769)	(1,761,147)
The balance as at December 31, 2025	**(4,356,890)**	**(2,786,304)**	**(7,143,194)**
Net book value as at December 31, 2025	**17,427,552**	**707,190**	**18,134,742**

	Land	**Building**	**Total**
Cost			
The balance as at January 01, 2024	21,784,442	1,408,825	23,193,267
Additions	-	1,736,382	1,736,382
The balance as at December 31, 2024	21,784,442	3,145,207	24,929,649
Accumulated depreciation			
The balance as at January 01, 2024	(2,614,134)	(1,237,423)	(3,851,557)
Charge for the year	(871,378)	(659,112)	(1,530,490)
The balance as at December 31, 2024	(3,485,512)	(1,896,535)	(5,382,047)
Net book value as at December 31, 2024	18,298,930	1,248,672	19,547,602

B) The depreciation of the right to use assets has been charged as follows:

	2025	2024
General and administrative expenses (Note 27)	**889,769**	659,112
Cost of revenue (Note 26)	**871,378**	871,378
	1,761,147	1,530,490

C) Lease liabilities as at

	31 December 2025	31 December 2024
Non-current lease liabilities	**17,918,220**	18,585,583
Current lease liabilities	**1,561,225**	2,239,302
	19,479,445	20,824,885

D) The movement for the lease liabilities as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**20,824,885**	20,159,147
Finance cost charged	**712,567**	748,658
Addition of lease liabilities during the year	**348,287**	1,736,382
Lease liabilities paid during the year	**(2,406,294)**	(1,819,302)
	19,479,445	20,824,885

(Saudi Riyals)

14. INTANGIBLE ASSETS - NET

The following table shows the movement of intangible assets, which are represented in the value of accounting programs and real estate project management program as follows:

	Software
Cost	
The balance as at January 01, 2025	1,233,454
The balance as at December 31, 2025	**1,233,454**
Accumulated amortization	
The balance as at January 01, 2025	(940,150)
Charge for the year (note 27)	(246,696)
The balance as at December 31, 2025	**(1,186,846)**
Net book value	
31 December 2025	**46,608**

	Software
Cost	
The balance as at January 01, 2024	1,233,454
The balance as at December 31, 2024	1,233,454
Accumulated amortization	
The balance as at January 01, 2024	(693,456)
Charge for the year (note 27)	(246,694)
The balance as at December 31, 2024	(940,150)
Net book value	
31 December 2024	293,304

15. INVESTMENTS IN ASSOCIATES USING THE EQUITY METHOD

The Investments in Associates using the equity method are as follows:

	Actual Ownership Percentage		31 December 2025	31 December 2024
	2025	2024		
Investments in Western Dhahiat Company (15-a)	**25%**	25%	**314,198,467**	265,612,350
Investments in Tanal Real Estate Development and Investment Company (15-b)	**10%**	10%	**9,408**	1,878,271
			314,207,875	267,490,621

A) Investments in Western Dhahiat Company:

- The Group owns 25% of the share capital of the Western Dhahiat Company, which operates mainly in the Kingdom of Saudi Arabia and the investment was treated using the equity method.
- Western Dhahiat Company is a limited liability company with a capital of SR 100,000. The address of the company's head office is in Jeddah. The company's activity is in the general construction of residential buildings, and non-residential buildings, the purchase and sale of land and real estate, and its division, and off-plan sales activities.
- The return on investment in the associate was calculated based on the audited financial statement for the year ending on December 31, 2025.

The financial information of the associate company is summarized as follows:

	31 December 2025	31 December 2024
Total Assets	**1,503,632,015**	1,274,463,410
Total Liabilities	**38,726,075**	36,045,746
Equity – Shareholders Equity	**1,256,793,863**	1,062,449,402
Equity - Non-controlling Interests	**208,112,077**	175,968,262
Total Equity	**1,464,905,940**	1,238,417,664
Net Loss for the Year – Shareholders Equity	**(4,213,681)**	(5,032,967)
Net Loss for the Year – Non-controlling Interests	**(1,380,458)**	(1,009,721)
Net Loss for the Year	**(5,594,139)**	(6,042,688)
Other Comprehensive Income / (Loss) – Partners' Equity	**198,558,142**	(23,457,066)
Other Comprehensive Income / (Loss)– Non-controlling Interests	**33,527,809**	(3,927,129)
Total Other Comprehensive Income / (Loss)	**232,085,951**	(27,384,195)

(Saudi Riyals)

15. INVESTMENTS IN ASSOCIATES USING THE EQUITY METHOD (CONTINUED)

A) Investments in Western Dhahiat Company (continued)

The investment movement is summarized as follows:

	31 December 2025	31 December 2024
Beginning balance for the year	**265,612,350**	272,734,858
Group's share of net loss for the year	**(1,053,418)**	(1,258,242)
Group's share of other comprehensive income / (loss) for the year	**49,639,535**	(5,864,266)
	314,198,467	265,612,350

B) Investments in Tanal for Development and Real Estate Investment Company

Tanal for Development and Real Estate Investment Company is a limited liability company with a capital of 100,000 Saudi riyals. The address of the company's head office is in Riyadh. The company's activity is the management and leasing of residential and non-residential properties owned or leased.

Sumou Real Estate Company owns 40% voting rights in Tanal for Development and Real Estate Investment Company on operational and administrative decisions, and this was considered as a significant influence due to the Chairman of the Board of Directors of Tanal for Development and Real Estate Investment Company is the Chairman of the Board of Directors for Sumou Real Estate and Sumou Holding Company and also the member of board of directors in Tanal company is the deputy chairman of the board for Sumou Real Estate Company, and thus the investment was treated using the equity method.

Summary of the consolidated financial information of Tanal for Development and Real Estate Investment Company and its subsidiary (Ruba Buildings Real Estate Company)

The consolidated financial statements of this company and its subsidiary are prepared in accordance with IFRS. The accounting policies used in preparing the consolidated financial statements of the associate are consistent with those of Sumou Real Estate Company.

Summary of the consolidated statement of profit or loss and other comprehensive income:

	31 December 2025	31 December 2024
Total Assets	**198,464**	20,868,597
Total liability	**104,383**	2,085,883
Equity	**94,081**	18,782,714
Revenues	**-**	414,580,280
Net (loss) / profit for the year	**(35,919)**	178,803,912
Total comprehensive (loss) / income for the year	**(35,919)**	178,803,912
Group's share of (loss) / profit for the year	**(3,592)**	17,880,391

The share in net profit and share in OCI has been calculated based on the audited consolidated financial statements for the year ended December 31, 2025 of Tanal Investment and Real Estate Development Company.

The investment movement

	31 December 2025	31 December 2024
Beginning balance for the year	**1,878,271**	34,197,880
Dividends Received	**(1,865,271)**	(50,200,000)
Share of (loss) / profit for the year	**(3,592)**	17,880,391
	9,408	1,878,271

C) The Group's share of the results of the Investments in Associates using the equity method:

	2025	2024
Western Dhahiat Company (note 15-A)	**(1,053,418)**	(1,258,242)
Tanal Real Estate Development and Investment Company (note 15-B)	**(3,592)**	17,880,391
	(1,057,010)	16,622,149

(Saudi Riyals)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
Investment Cost in Sumou Dhahiat Real Estate Fund (A)	**15,201,967**	15,201,967
Investment Cost in Alinma Al-Madina Real Estate Fund (B)	**19,427,660**	19,427,660
Investment Cost in Alinma Ajyad Real Estate Fund (C)	**30,000,000**	30,000,000
Investment Cost in Alinma Taif Real Estate Fund (D)	**21,470,000**	21,470,000
Investment Cost in Aljazira Sumou Real Estate Fund (E)	**95,453,158**	-
Change in Fair Value – Sumou Dhahiat Real Estate Fund (A)	**1,607,274**	(990,843)
Change in Fair Value – Alinma Ajyad Real Estate Fund (C)	**(720,000)**	2,010,000
Change in Fair Value – Alinma Taif Real Estate Fund (D)	**(622,633)**	-
Balance as at the end of the year	**181,817,426**	87,118,784

The details of the movement in the fair value of financial assets through OCI are as follows:

	2025	2024
Balance at the Beginning of the Year	**1,019,157**	(4,120,605)
Change in the Fair Value of Financial Assets through OCI during the year	**(754,514)**	5,139,762
	264,643	1,019,157

Financial assets at fair value through OCI as of December 31, 2025 are represented as follows:
A) Investments in kind in the form of units in the Sumou Dhahiat Real Estate Fund project (closed private real estate fund) which were acquired at the end of the third quarter of 2023 with a value of 15,201,967 Saudi riyals The fair value of the investment in financial assets through OCI as of December 31, 2025, amounted to SR 16,809,241 (December 31, 2024: SR 14,211,124).

B) Investments in kind in the form of units in the Alinma Al-Madina Real Estate Fund Project (closed private real estate fund), which were acquired at the end of Q3 2023 with a value of SR 19,427,660. The fair value of the investment in financial assets through OCI as of December 31, 2025, amounted to SR 19,427,660 (December 31, 2024: SR 19,427,660).

C) Investments in kind in the form of units in the Alinma Ajyad Real Estate Fund Project (closed private real estate fund), with an amount of SR 30,000,000. These investments were acquired at the end of Q3 2023, and the fair value of the investment in financial assets through OCI as of December 31, 2025, amounted to SR 29,280,000 (December 31, 2024: SR 32,010,000).

D) Investments in kind in the form of units in the Alinma Taif Real Estate Fund Project (closed private real estate fund), which were acquired at the end of Q3 2023 with a value of SR 21,470,000 The fair value of the investment in financial assets through OCI as of December 31, 2025, amounted to SR 20,847,367 (December 31, 2024: SR 21,470,000).

E) These investments represent units in Aljazira Sumou Real Estate Fund (closed private real estate fund), which were acquired during the year ended 31 December 2025 at a value of SR 95,453,158. There was no change in the fair value of the units as at 31 December 2025.

17. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2025	31 December 2024
Unbilled contractors' work	**134,421,004**	79,189,485
Retention	**51,568,173**	34,591,200
Advance payments from customers	**4,800,000**	4,800,000
VAT	**4,052,718**	-
Accrued bonus	**2,542,041**	1,797,206
Allowances for board members	**1,523,000**	1,458,000
Provision for litigation	**1,329,213**	-
Accrued vacations and tickets	**446,302**	415,075
Other payables	**5,326,913**	1,593,091
	206,009,364	123,844,057

(Saudi Riyals)

18. ZAKAT PROVISION

A) Zakat assessment status:

-The Group received zakat assessments for the years 2019 and 2020 on October 12, 2021, amounting to 12,119,787 Saudi riyals. The Group paid an amount of 3,670,719 Saudi riyals and objected to the Zakat, Tax and Customs Authority on December 9, 2021 for an amount of 8,449,068 Saudi riyals, according to the Zakat advisor, a ruling was made in favor of the Group in the preliminary committee, and the Zakat, Tax, and Customs Authority appealed the decision. The appellate decision was issued on May 21, 2024, in favor of the company, stating that there were no outstanding obligations for the years 2019 and 2020. The zakat assessments for the years 2021 to 2022 have not been received yet.

- During 2025, the Group received the Zakat assessment for the year 2023, which did not result in any additional Zakat.

- During 2025, the Zakat, Tax and Customs Authority requested additional information in relation to the examination of the Zakat return for the year 2024. As at the date of approval of these financial statements, the final Zakat assessment for that year has not yet been issued.

B) The movement of the zakat provision:

	31 December 2025	31 December 2024
Balance at the beginning of the year	**8,491,970**	5,968,510
Charge during the year	**8,404,528**	8,491,970
Paid during the year	**(6,380,892)**	(5,968,510)
	10,515,606	8,491,970

C) Zakat charged to statement of profit or loss during the year

	31 December 2025	31 December 2024
Zakat for Sumou Real Estate Company	**8,399,839**	8,487,057
Zakat for Anara Development Company	**4,689**	4,913
Zakat for Al Mahafel Trading and Contracting Company	**-**	-
	8,404,528	8,491,970

D) Zakat Base

	31 December 2025	31 December 2024
Shareholders' equity	**794,384,419**	624,259,960
Accruals and Provisions	**88,106,246**	344,001,249
Non-current assets	**(606,834,826)**	(754,456,946)
Adjusted net profit for the year	**147,319,753**	114,737,530
Zakat base	**422,975,592**	328,541,793
Calculated zakat	**10,515,606**	8,491,970

E) Zakat status:

- Sumou Real-estate Company submitted the zakat declaration for the year 2024 and obtained zakat certificate valid up to 30/04/2026.
- Mahafel Company for trading and contracting submitted the zakat declaration for the year 2024 and obtained zakat certificate valid up to 30/04/2026.
- Anara Development Company contracting submitted the zakat declaration for the year 2024 and obtained zakat certificate valid up to 30/04/2026.

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19. RELATED PARTY TRANSACTIONS

The related parties are represented in the main shareholders, associate companies, affiliate companies, non-executive members of the board of directors, and senior management employees, where the employees of the higher management are the persons who exercise authority and responsibility in planning, managing and monitoring the Group's activities, directly or indirectly, including the managers.

During the normal course of its business, the Group had the following important transactions with major related parties during the years ended 31 December 2024 and 2025. As follows:

Name	Relationship
Sumou Holding company	Main Shareholder
Sumou Global Investment Company	Affiliate company
Adeer Asar Real Estate Company	Affiliate company
Adeer Real Estate Company	Affiliate company
Adeer Property Management Company	Affiliate company
Asmou Real Estate Development Company	Affiliate company
Riyadah Gulf Management Company	Affiliate company
Buna Al Jazira for contracting Co.	Affiliate company
Western Dhahiat Company	Associate company
Shark Knowledge for Business Incubators	Party associated with board of directors
Sumou Dahiet Real Estate Fund	Party associated with board of directors
Alinma Al Madinah Real Estate Fund	Party associated with board of directors
Alinma Ajyad Real Estate Fund	Party associated with board of directors
Aljazira Sumou Real Estate Fund	Party associated with board of directors
Alinma Al Taif Real Estate Fund	Party associated with board of directors

- The transactions and amounts related thereto for the period ended on:

Description	Nature of the transaction	31 December 2025	31 December 2024
Sumou Holding company	Payments on behalf	**18,215,123**	220,322
	Revenue	**6,525,415**	21,721,584
Asmou Real Estate Development Company	Revenue	**60,000,000**	60,000,000
Buna Al Jazira for contracting Co.	Contracting works cost	**50,163,815**	32,921,776
Adeer Asar Real Estate Company	Revenue	**5,366,519**	5,777,709
	Advance payments	-	10,369,351
Riyadah Gulf Management Company	Administrative services	**1,200,000**	1,200,000
Sumou Global Investment Company	Payments on behalf	**34,972,711**	-
	Rent	**1,242,589**	609,552
	Revenue	-	5,108,475
Adeer Real Estate Company	Sales commission - Asela Project	-	4,362,143
	Sales commission- Al Samiya Project	-	2,710,032
Alinma Ajyad Real Estate Fund	Revenue	**8,151,000**	-
Aljazira Sumou Real Estate Fund	Gain on sale of investment properties	**15,185,440**	-
	Revenue	**40,267,088**	-
	In-kind subscriptions	**95,453,158**	-
	Payments on behalf	**435,790**	-
Adeer Property Management Company	Purchase of property and equipment	**597,441**	-
Shark Knowledge for Business Incubators	Rent	**185,592**	-

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19. RELATED PARTY TRANSACTIONS (CONTINUED)

Remunerations of Managers and Senior Management Staff:

Senior management is represented by senior members of the Board of Directors and senior executives who have the powers and responsibilities of planning, directing and controlling the Group's activities. The following are the benefits and rewards of senior management employees.

Description	Nature of the transaction	31 December 2025	31 December 2024
Members of the Board of Directors and other committees	Allowances for attending meetings and bonuses	**1,875,000**	1,632,000
Senior management staff	Salaries, allowances and incentives	**5,422,834**	5,274,111
	End of services benefits	**3,868,940**	2,982,584

A- Due from related parties as of December 31, represented by the following:

	31 December 2025	31 December 2024
Asmou Real Estate Development Company	**60,000,000**	45,000,000
Sumou Dahiet Real Estate Fund	**20,700,000**	20,700,000
Aljazira Sumou Real Estate Fund	**4,185,790**	-
Sumou Global Investment Company	-	46,215,300
Sumou Holding company	-	12,733,447
	84,885,790	124,648,747

B- Due to related parties as of December 31, represented by the following:

	31 December 2025	31 December 2024
Alinma Al Taif Real Estate Fund (note 16- D) *	**21,470,000**	21,470,000
Alinma Ajyad Real Estate Fund (note 16-C) **	**20,626,349**	30,000,000
Alinma Al Madinah Real Estate Fund (note 16- B) ***	**19,427,660**	19,427,660
Buna Al Jazira for contracting Company	**12,813,767**	16,844,809
Adeer Asar Real Estate Company	**6,896,165**	10,369,351
	81,233,941	98,111,820

* The revenues received in advance from the Alinma Al Taif Real Estate Fund represent fees for managing and developing the project land in the form of in-kind units in the fund for the development manager with a nominal value of Saudi riyals 21,470,000 during the entire development period and are due in stages according to the completion criteria specified in the development agreement.

** The revenues received in advance from the Alinma Ajyad Real Estate Fund represent fees for managing and developing the project land in the form of in-kind units in the fund for the development manager with a nominal value of Saudi riyals 30,000,000 during the entire development period and are due in stages according to the completion criteria specified in the development agreement. During the current year, the Group was entitled to revenue amounting to SR 8,151,000 in respect of project development fees, based on the approved percentage of completion of the project.

*** The revenues received in advance from the Alinma Al Madinah Real Estate Fund represent fees for managing and developing the project land in the form of in-kind units in the fund for the development manager with a nominal value of Saudi riyals 19,427,660 during the entire development period and are due in stages according to the completion criteria specified in the development agreement.

20. LAND OBLIGATIONS AGAINST PROJECTS UNDER DEVELOPMENT

A) This item represents the liabilities for land allocated by the National Housing Company for the Group's projects, including Dar Sumou, Al-Aseela, Al Samiya and Areem projects, amounting to a total of SR 544,332,061, which is due for payment over the projects period in accordance with the contract terms.

B) When development is carried out on land owned by others, the Group's revenue includes a portion of the contract price that is attributable to the landowner. This portion represents the amounts received and due from customers, which are recorded as a liability, and pertains to land owned by the National Housing Company related to projects developed on government-owned land.

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20. LAND OBLIGATIONS AGAINST PROJECTS UNDER DEVELOPMENT (CONTINUED)

C) Lands obligations against projects under development:

	31 December 2025	31 December 2024 (Restated)
Lands obligations against projects under development – Non-current portion	**161,935,750**	206,664,794
Lands obligations against projects under development – Current portion	**382,396,311**	153,844,025
	544,332,061	360,508,819

The current portion of lands liabilities for projects under development has been classified based on management estimates and the percentage of project completion.

D) The movement on lands obligations against projects under development is as follows:

	31 December 2025	31 December 2024 (Restated)
The balance at the beginning of the year	**360,508,819**	73,271,772
Additions during the year	**227,042,613**	312,237,047
Paid during the year	**(43,219,371)**	(25,000,000)
	544,332,061	360,508,819

21. EMPLOYEES BENEFIT OBLIGATIONS

The actuarial valuation was performed by an independent actuary using the projected unit credit method. The main assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2025	31 December 2024
Discount rate	**5%**	5.25%
Salary increase rate	**4%**	3.0%

The movement on employee benefit obligations is as follows:

	31 December 2025	31 December 2024
Beginning balance	**5,931,350**	4,443,568
Interest Cost	**307,724**	203,557
Current service cost	**761,533**	773,183
Actuarial losses for employee benefit obligations	**14,840**	827,360
Employee's benefits obligations paid during the year	**(139,877)**	(316,318)
Balance at the end of the year	**6,875,570**	5,931,350

Sensitivity analysis of defined employee benefit obligations

The following is a quantitative sensitivity analysis of the significant assumptions relating to Employee's benefits obligations as at 31 December 2025 and 31 December 2024:

	Salary increase rate		**Discount rate**	
Assumptions	**0.1% Increase**	**0.1% Decrease**	**0.1% Increase**	**0.1% Decrease**
31 December 2025	**7,114,274**	**6,608,459**	**6,639,299**	**7,115,516**
31 December 2024	6,261,789	5,629,862	5,638,685	6,257,643

22. SHARE CAPITAL

The Company's Share capital amounts to 500 million Saudi riyals consists of 50 million shares fully issued and paid, with a nominal value of 10 Saudi riyals per share. On June 6, 2024, the Company's General Assembly approved an increase in the Company's share capital from 375 million Saudi riyals to 500 million Saudi riyals by issuing one free share for every three shares through the capitalization of 125 million Saudi riyals from the retained earnings balance.

23. STATUTORY RESERVE

During 2024, the Company updated its By-laws in line with the new regulations for companies which do not require statutory reserve to be maintained. Consequently, during the Company's General Assembly meeting held on June 6, 2024 the shareholders voted to transfer the statutory reserve to the retained earnings. The transfer was completed during the year ended 31 December 2024.

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24. REVALUATION RESERVE FOR INVESTMENTS THROUGH OCI

The movement of this item is as follows:

	31 December 2025	31 December 2024
Beginning balance	**(2,860,149)**	(19,059,461)
The Group's share of the OCI of the investee company (Al-Dhahia Al-Gharbia) – Note (15-A).	**49,639,537**	(5,864,266)
Change in the fair value of financial assets through OCI - Sumou Dhahiat Real Estate Fund (note 16-A)	**2,598,117**	(309,619)
Change in the fair value of financial assets through OCI – Al Inma Madina Real Estate Fund (note 16-B)	**-**	3,439,381
Change in the fair value of financial assets through OCI – Alinma Ajyad Real Estate Fund (note 16-C)	**(2,730,000)**	2,010,000
Change in the fair value of financial assets through OCI – Alinma Taif Real Estate Fund (note 16-D)	**(622,633)**	-
Change in the fair value of financial assets through OCI - Company share of Akhayal project	**-**	16,923,816
Ending balance	**46,024,872**	(2,860,149)

25. REVENUE

	2025	2024
Real-estate development revenue	**317,392,413**	292,968,683
Real-estate services revenue	**131,452,408**	92,607,768
Contracting revenue	**73,842,747**	43,929,809
	522,687,568	429,506,260

Total revenue from related party amounted to SR 98,517,519 for the year ended December 31, 2025 which represents 19% from the total revenue (2024: 92,607,768 SR which represents 22% from the total revenue) (Note 19).

	2025	2024
Revenue recognized at a point in time	**31,525,415**	19,109,696
Revenue recognized over time	**491,162,153**	410,396,564
	522,687,568	429,506,260

26. COST OF REVENUE

	2025	2024
Real estate development cost	**284,625,261**	266,344,869
Contracting cost	**56,557,671**	33,094,078
Salaries, wages and related benefits	**18,058,922**	20,168,116
Depreciation of right of use assets (Note 13-b)	**871,378**	871,378
Other	**12,390,645**	202,126
	372,503,877	320,680,567

27. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Legal and professional fees	**1,819,067**	2,131,642
Salaries, wages, and related benefits	**5,662,532**	1,847,003
Board of directors' remuneration	**1,875,000**	1,632,000
Provision for litigation	**1,329,213**	-
Subscription fees	**1,135,865**	951,801
Depreciation of right-of-use assets (note 13-b)	**889,769**	659,112
Depreciation of property and equipment (note 10)	**679,817**	636,968
Amortization of intangible assets (note 14)	**246,696**	246,694
Other	**4,715,906**	2,487,964
	18,353,865	10,593,184

(Saudi Riyals)

28. OTHER INCOME

	2025	2024
Gain on sale of investment properties (Note 11)	**15,185,440**	-
Gain on sale of property and equipment	**27,983**	-
Reversal of general provision	-	3,864,447
Reversal of inventory impairment provision	-	2,035,606
Other	**262,892**	1,714,266
	15,476,315	7,614,319

29. EARNINGS PER SHARE

Earnings per share related to net profit have been calculated by dividing the net profit for the year by the weighted average number of outstanding shares during the year, which amounted to 50 million shares as of December 31, 2025 (December 31, 2024: 50 million shares).

	2025	2024
Net profit for the year attributable to the Company's shareholders	**135,255,793**	106,603,556
Weighted average number of shares	**50,000,000**	50,000,000
Basic earnings per share for the net profit for the year	**2.705**	2.132

30. CONTINGENT LIABILITIES

As of December 31, 2025, the Group has contingent liabilities in the form of letters of guarantee amounting to SR 89,957,628 (December 31, 2024: SR 40,109,737).

As at 31 December 2025, the outstanding capital commitments in relation to the development of the Group's projects amounted to SAR 403,005,426 (31 December 2024: SAR 369,290,204).

31. DIVIDENDS DISTRIBUTION

The Board of Directors, in their meeting held on August 1, 2024, approved interim cash dividend distributions to shareholders amounting to SR 25 million, which were paid during 2024. This decision was made under the authorization granted to the Board by the Extraordinary General Assembly held on June 6, 2024, to approve interim dividend distributions for the year 2024.

The Board of Directors, in its meeting held on 7 March 2025, approved interim cash dividends to shareholders amounting to SR 25 million in respect of the second half of 2024. The amount was paid during the year, pursuant to the authorization granted to the Board by the Extraordinary General Assembly held on 6 June 2024.

The Board of Directors, in its meeting held on 2 August 2025, also approved interim cash dividends to shareholders amounting to SR 25 million in respect of the first half of 2025. The amount was paid during the year, pursuant to the authorization granted to the Board by the Extraordinary General Assembly held on 28 May 2025.

32. SEGMENT INFORMATION

The segment information is attributable to the Group's activities and business as approved by Group's management to be used as a basis for the financial reporting preparation and consistent with the internal reporting process. Transactions between the business segments are conducted as another parties' transaction.

Segments' assets, liabilities and the operational activities comprise items that are directly attributable to certain segment and items that can reasonably be allocated between various business segments. Unallocated items are included under joint assets and liabilities.

The Group has developed the following reports and sectors which all operate in the Kingdom of Saudi Arabia

Real estate projects Development: This section of business deals with real estate projects mostly accomplished by the Group with the help of subcontractors.

Real Estate Project Management: This sector constitutes real estate project management. These projects are owned by real estate developers and the Group charges them only for management fees.

Investments: This represents the Group's direct and indirect investments in real estate and project development, which can be sold before or after the completion of development work.
The results of all segments are reviewed regularly by the Group's management to take decisions on the allotted resources to segments, evaluate its performance, and ensure availability of specific financial information about each segment.

32. SEGMENT INFORMATION (CONTINUED)

The following summary financial information sector in Saudi Riyal according to the nature of the activity:

	Real estate projects development	Real estate project management	Investments in equity instruments and properties	Others	Total
As of 31 December 2025:					
Total assets	**1,073,413,191**	**84,885,790**	**496,025,303**	**49,289,858**	**1,703,614,142**
Total liabilities	**857,232,600**	**-**	**61,524,009**	**18,605,288**	**937,361,897**
Revenue	**391,235,160**	**131,452,408**	**-**	**-**	**522,687,568**
Gross operating profit	**49,063,965**	**101,119,726**	**-**	**-**	**150,183,691**
As of 31 December 2024:					
Total assets	731,427,091	85,763,446	473,436,125	12,231,132	1,302,857,794
Total liabilities	563,939,622	15,169,351	70,897,660	20,457,462	670,464,095
Revenue	336,898,492	92,607,768	-	-	429,506,260
Gross operating profit	36,760,469	72,065,224	-	-	108,825,693

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities are exposed to various financial risks such as fair value measurement, credit risk, liquidity risk, foreign currency risk and capital management risk. Management reviews and approves policies to manage each of these risks, which are summarized as follows:

Fair value measurement of financial instruments

Fair value is the amount at which an asset is sold or a liability settled between willing parties in the arm's length transactions at the date there is a presumption that the Group is a going concern entity where there is no intention or requirement to materially reduce the volume of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in the active market if the quoted prices are readily and regularly available from an intermediary, industry group, pricing services or regulatory body, and these prices represent market transactions that have occurred on an active and regular basis on a commercial basis.

When measuring fair value, the Group uses observable market information whenever possible to the inputs used in valuation methods as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for assets or liabilities directly (e.g. prices) or indirectly derived from prices.

Level 3: inputs for assets or liabilities not based on observable market information (non-observable inputs).

	31 December 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
		SR		
Financial Assets at Fair Value Through OCI	**-**	**181,817,426**	**-**	**181,817,426**
	-	**181,817,426**	**-**	**181,817,426**

	31 December 2024			
	Level 1	Level 2	Level 3	Total
		SR		
Financial Assets at Fair Value Through OCI	-	87,118,784	-	87,118,784
	-	87,118,784	-	87,118,784

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk management

Management policy is to maintain an adequate capital base in order to maintain investor, creditor and market confidence and to maintain the future development of its business. Management monitors the return on the capital used and the level of dividends distributed to shareholders.

In managing capital, the Group aims to:

• To protect the entity's ability to continue as a going concern so that it can continue to provide returns to shareholders and interest to other stakeholders.

• Provide sufficient returns for shareholders

	31 December 2025	31 December 2024
Lease liabilities	**19,479,445**	20,824,885
Less: cash and cash equivalents	**(45,121,458)**	(3,282,421)
Less: restricted cash	**(210,261,746)**	(180,779,700)
Net debt	**(235,903,759)**	(163,237,236)
Total shareholders' equity	**766,252,245**	632,393,699
Net debt to shareholders' equity ratio	**(31%)**	(26%)

Market risk

Market risk is the risk that a financial instrument will fluctuate due to changes in prevailing market prices such as foreign exchange rates, interest rates and stocks prices affecting the Group's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposure within acceptable limits while maximizing returns.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currencies other than the Group's currency. Most of the Group's transactions are made in Saudi Riyals. The Group's management believes that its exposure to foreign currency risk is not significant.

Other Prices risk

The Group is exposed to price risk from its investments in the equity of other companies. The Group retains these investments for strategic purposes and not for trading purposes and the Group does not trade in those investments.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, accounts receivable, Due from related parties, and contract assets as follows:

Financial assets at amortized cost

	31 December 2025	31 December 2024
Cash and cash equivalents	**45,121,458**	3,282,421
Restricted cash	**210,261,746**	180,779,700
Due from related parties	**84,885,790**	78,433,447
Contract assets	**44,014,534**	48,036,022
Accounts receivable	**94,951,637**	60,506,258
Total financial assets at amortized cost	**479,235,165**	371,037,848

Financial assets at Fair value

	31 December 2025	31 December 2024
Due from related parties	-	46,215,300
Total assets at fair value	-	46,215,300
Total financial assets	**479,235,165**	417,253,148

(Saudi Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the difficulty that an entity encounters in raising funds to meet commitments related to financial instruments. Liquidity risk can result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring it on a regular basis to ensure that funds are available to meet the Group's future commitment.

As of 31 December 2025:	**Book value**	**Contractual cash payments**	**Less than one year**	**1 to 5 years**	**More than 5 years**
Accounts payable	**10,506,142**	**10,506,142**	**10,506,142**	**-**	**-**
Lands obligations against projects under development	**544,332,061**	**544,332,061**	**382,396,311**	**161,935,750**	**-**
Accrued expenses and other liabilities	**206,009,364**	**206,009,364**	**206,009,364**	**-**	**-**
Lease liabilities	**19,479,445**	**27,136,331**	**2,360,262**	**6,271,569**	**18,504,500**
	780,327,012	**787,983,898**	**601,272,079**	**168,207,319**	**18,504,500**

As of 31 December 2024 (Restated):	**Book value**	**Contractual cash payments**	**Less than one year**	**1 to 5 years**	**More than 5 years**
Accounts payable	11,404,696	11,404,696	11,404,696	-	-
Lands obligations against projects under development	360,508,819	360,508,819	153,844,025	206,664,794	-
Accrued expenses and other liabilities	123,844,057	123,844,057	123,844,057	-	-
Lease liabilities	20,824,885	29,179,745	2,239,302	7,114,193	19,826,250
	516,582,457	524,937,317	291,332,080	213,778,987	19,826,250

34. SUBSEQUENT EVENTS

On 29 January 2026, Sumou Real Estate Company signed a contract with Areeb Advanced Real Estate Company for the development, design and construction of a mixed-use residential and commercial tower on behalf of Areeb Sumou Makkah Real Estate Fund. The project will be developed on a land plot located in Jabal Omar district in Makkah, with an area of 3,066 square meters, at an initial contract value of SR 423.4 million. In addition, the Group will be entitled to development management fees amounting to 10% of the construction costs.

On March 3, 2026, the Board of Directors resolved to distribute interim cash dividends to the shareholders amounting to SAR 25 million for the second half of 2025, pursuant to the authorization granted to the Board by the Extraordinary General Assembly held on May 28, 2025.

In the management's opinion, there have been no significant subsequent events after December 31, 2025, until the approval of the consolidated financial statements by the Board of Directors, except for the aforementioned, which may have a material impact on the consolidated financial statements as of December 31, 2025.

(Saudi Riyals)

35. RESTATEMENT AND RECLASSIFICATION OF COMPARATIVE FIGURES

The following table summarizes the adjustments made to the consolidated statement of financial position as of 31 December 2024 to reflect a prior-period restatement and certain reclassifications made to enhance the presentation of the consolidated financial statements.

35.1 Impact of restatement and reclassification of comparative figures on the statement of financial position as at 31 December 2024:

Item	Balance before adjustment	Restatement	Reclassification	Balance after adjustment
Assets				
Non-current assets				
Projects under development – Non-current portion	270,556,663	-	(233,460,135)	**37,096,528**
Current assets				
Projects under development – Current portion	-	78,045,085	253,344,232	**331,389,317**
Prepayments and other assets	86,927,271	-	(19,884,097)	**67,043,174**
Cash and cash equivalents	184,062,121	-	(180,779,700)	**3,282,421**
Restricted cash	-	-	180,779,700	**180,779,700**
Non-current liabilities				
Land liabilities related to projects un development – Non-current portion	146,426,070	60,238,724	-	**206,664,794**
Current liabilities				
Land liabilities related to projects un development – Current portion	136,037,664	17,806,361	-	**153,844,025**
Accrued expenses and other liabiliti	45,348,727	-	78,495,330	**123,844,057**
Contract Liabilities	18,296,144	-	23,050,354	**41,346,498**
Advance payments from customers	23,050,354	-	(23,050,354)	**-**
Trade payables	89,900,026	-	(78,495,330)	**11,404,696**

A) **Prior-Period Restatement for Areem 1 Project:**
The Group recorded an adjustment relating to the recognition of the Areem Project land in Makkah amounting to SAR 78,045,085 and the related liability, which was received on 9 December 2024. This land and the associated liability were not recognized in the consolidated financial statements for the year ended 31 December 2024.

B) **Projects Under Development – Off Plan Projects**
The Group reclassified an amount of SAR 233,460,135 from Development projects under construction – non-current portion to Development projects under construction – current portion. This reclassification was made to align with the Group's adopted accounting policy, under which off-plan sale projects that have been launched are classified as current assets, while projects that have not yet been launched are classified as non-current assets.

C) **Projects Under Development for Iskan A'ally project:**
The Group reclassified SAR 19,884,097 from "Prepayments and other assets" to "Projects under development." This reflects the transition of initial advances into actual construction progress following the commencement of site works by contractors during 2024.

D) **Restricted Cash for Escrow Accounts:**
The Group reclassified SAR 180,779,700 from "Cash and cash equivalents" to "Restricted cash." These balances are held in dedicated escrow accounts for off-plan sale projects and are restricted for use in accordance with the regulations of the Off-plan Sales and Leasing Committee (Wafi).

E) **Accrued Expenses for Unbilled Progress:**
The Group reclassified SAR 78,495,330 from "Trade payables" to "Accrued expenses and other liabilities." This adjustment ensures that liabilities representing work performed by contractors but not yet formally invoiced are appropriately classified as accruals rather than trade payables.

35. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 14 Ramadan 1447 H (Corresponding to 3 March 2026).