RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RETAL URBAN DEVALOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Retal Urban Development Company, A Saudi Joint Stock Company (the "Company"), and its subsidiaries (collectively referred to as 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the consolidated financial statements of the Group, which comprise the following:

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

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the consolidated Financial Statements*** section of our report. We are independent from the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RETAL URBAN DEVALOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the key audit matter
Revenue Recognition	
The Group's revenues for the year ended December 31, 2025 amounted to SR 2,437.8 million (2024: 2,063.2 million). Revenue is considered an important component of the Group's performance and profitability. Revenue recognition which mainly includes the development contracts revenue involves significant inherent risk due to the judgement and estimation involved and certain other type revenues also involves significant inherent risk. Audit of judgements around the percentage of completion of projects, including the surveys of performance completed to date is an item which requires significant audit attention, in particular consideration of: - The analysis of whether the contracts comprise one or more performance obligations; - Determining whether the performance obligations are satisfied over time or at a point in time; and Due to the inherent risks in the revenue recognition process and the significance of revenue value, revenue recognition was considered as a key audit matter. Refer to note 4.27 of the consolidated financial statements on the accounting policy for revenue recognition and the respective disclosure in note 22.	We have performed the following procedures: - Obtained an understanding of the process of key controls surrounding the revenue recognition process. - Performed walkthroughs of relevant key controls to determine whether they are designed, implemented and operating effectively. - Reviewed on sample basis, the contracts for the development contracts revenue and certain other type of revenues to identify the performance obligations of the Group under these contracts and assess whether these performance obligations are satisfied over a period of time or at point in time. - Recalculated the revenue on sample basis, using the output method and input method, whichever is applicable, and compared it with the computation made by management. - Performed test of details of a sample of recorded revenue transactions and compared with supporting documents to verify the occurrence and accuracy of recorded revenue. - Assessed the appropriateness of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

OTHER INFORMATION

Other information consists of the information included in the Company's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RETAL URBAN DEVALOPMENT COMPANY
A SAUDI JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

PKF Al-Bassam
Chartered Accountants

Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No. 337
Khobar, Kingdom of Saudi Arabia
Ramadan 27, 1447
Corresponding to: March 16, 2026

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
PKF Al Bassam
chartered accountants

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025

	Note	December 31, 2025	December 31, 2024
ASSETS		**SR**	SR
			Restated - Note 34
Non-current assets			
Property and equipment	6	**233,275,187**	186,752,338
Right-of-use assets	7.1	**30,333,041**	34,793,491
Intangible assets	8	**7,999,075**	10,604,469
Investment properties	9	**217,229,618**	302,223,930
Investments in associates and joint ventures	10	**303,151,194**	329,187,395
Development properties	11.5	**-**	410,116,284
Accounts receivable	13	**4,333,262**	-
Investments at fair value through other comprehensive income	14	**6,000,000**	6,000,000
Prepayments and other receivables	12	**1,845,908**	3,293,684
		804,167,285	1,282,971,591
Current assets			
Inventories		**39,771,441**	32,228,017
Accounts receivable	13	**552,040,869**	456,800,833
Contract assets	22.2	**809,449,778**	300,025,928
Development properties	11.5	**2,413,528,679**	1,073,957,004
Investments at fair value through profit or loss	14	**98,995,901**	2,304,432
Prepayments and other receivables	12	**333,075,077**	177,169,487
Investments in associates and joint ventures	10	**-**	76,834,885
Escrow bank balances	15.2	**664,454,982**	798,993,919
Cash on hand and at banks	15.1	**67,932,711**	34,112,475
		4,979,249,438	2,952,426,980
TOTAL ASSETS		**5,783,416,723**	4,235,398,571
EQUITY AND LIABILITIES			
Equity			
Share capital	16.1	**500,000,000**	500,000,000
Statutory reserve	16.2	**-**	83,013,877
Other reserves	16.4	**(8,763,272)**	(165,826)
Retained earnings		**537,566,924**	263,084,518
Treasury shares	16.3	**(14,770,291)**	(11,959,198)
Equity attributable to the shareholders of the Group		**1,014,033,361**	833,973,371
Non-controlling interest	16.5	**20,353,056**	8,510,463
Total equity		**1,034,386,417**	842,483,834
Non-current liabilities			
Term loans	17	**590,676,217**	1,051,565,302
Lease liabilities	7.2	**27,965,067**	32,314,001
Employees' end of service benefits	18	**32,529,375**	26,097,934
Payable to National Housing Company	22.3	**60,583,838**	-
		711,754,497	1,109,977,237

(Continued…)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS OF DECEMBER 31, 2025

	Note	December 31, 2025	December 31, 2024
		SR	SR
			Restated - Note 34
Current liabilities			
Term loans	17	**487,797,401**	193,577,812
Short term loans	17	**380,508,702**	489,793,252
Lease liabilities	7.2	**4,713,069**	4,661,715
Accounts payable	19	**869,856,117**	308,342,881
Accrued expenses and other payables	20	**786,775,538**	569,191,338
Payable to National Housing Company	22.3	**968,014,863**	595,372,137
Contract liabilities	22.2	**514,402,514**	100,834,563
Zakat payable	21	**25,207,605**	21,163,802
		4,037,275,809	2,282,937,500
Total liabilities		**4,749,030,306**	3,392,914,737
TOTAL EQUITY AND LIABILITIES		**5,783,416,723**	4,235,398,571

These consolidated financial statements were authorized for issuance by board of directors, on behalf of shareholders on March 14, 2026 and signed on their behalf by:

Ammar Al Ghoul Chief Financial Officer	Abdullah Bin Faisal Bin Abdul Aziz Al Braikan Chief Executive Officer	Abdullah Bin Abdul Latif Bin Ahmed Al Fozan Chairman Board of Directors

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

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	**December 31, 2025**	December 31, 2024
		SR	SR
Revenue	22, 30	**2,437,807,724**	2,063,210,559
Cost of revenue	23	**(1,831,831,645)**	(1,564,865,949)
Gross profit		**605,976,079**	498,344,610
General and administrative expenses	24	**(135,613,847)**	(106,216,207)
Selling and marketing expenses	25	**(58,834,017)**	(49,322,518)
Allowance for expected credit losses	13, 12	**(5,771,791)**	(2,579,638)
Operating profit		**405,756,424**	340,226,247
Finance costs	26	**(122,706,193)**	(122,526,025)
Share of results from equity accounted investments	10.2	**17,290,596**	71,108,835
Gain on disposal of an associate		**32,685,454**	-
Gain from investments at fair value through profit or loss, net	14.1	**6,622,919**	3,652,109
Other income		**5,544,761**	3,001,055
Profit before zakat		**345,193,961**	295,462,221
Zakat	21	**(20,694,711)**	(12,529,556)
Net profit for the year		**324,499,250**	282,932,665
Other comprehensive income / (loss) (OCI)			
Items that will not be reclassified to profit or loss in subsequent years:			
Share of other comprehensive (loss) / income of equity accounted investments	10.2	**(176,774)**	10,477
Actuarial loss on re-measurement of employees' end of service benefits	18	**(1,092,678)**	(2,921,130)
Other comprehensive loss for the year		**(1,269,452)**	(2,910,653)
TOTAL COMPREHESIVE INCOME FOR THE YEAR		**323,229,798**	280,022,012
Net profit for the year attributable to:			
Shareholders of the Group		**293,305,537**	266,125,914
Non-controlling interest		**31,193,713**	16,806,751
Net profit for the year		**324,499,250**	282,932,665
Total comprehensive income for the year attributable to:			
Shareholders of the Group		**292,387,205**	263,414,156
Non-controlling interest		**30,842,593**	16,607,856
Total comprehensive income for the year		**323,229,798**	280,022,012
Earnings per share – Basic and diluted			
Basic earnings per share	28	**0.59**	0.53
Diluted earnings per share	28	**0.59**	0.53

These consolidated financial statements were authorized for issuance by board of directors, on behalf of shareholders on March 14, 2026 and signed on their behalf by:

Ammar Al Ghoul Chief Financial Officer	Abdullah Bin Faisal Bin Abdul Aziz Al Braikan Chief Executive Officer	Abdullah Bin Abdul Latif Bin Ahmed Al Fozan Chairman Board of Directors

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

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	Share Capital	Statutory reserve	Other reserve: Shares based payment reserve	Other reserve: Actuarial reserve	Other reserve: Reserve for change in ownership interests in subsidiary	Other reserve: Total other reserves	Retained earnings	Treasury shares	Equity attributable to shareholders of the Group	Non-controlling interest	Total
		SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
January 1, 2024		500,000,000	83,013,877	-	(5,617,060)	8,162,992	2,545,932	156,958,604	-	742,518,413	7,332,607	749,851,020
Net profit for the year		-	-	-	-	-	-	266,125,914	-	266,125,914	16,806,751	282,932,665
Other comprehensive loss for the year		-	-	-	(2,711,758)	-	(2,711,758)	-	-	(2,711,758)	(198,895)	(2,910,653)
Total comprehensive (loss) / income for the year		-	-	-	(2,711,758)	-	(2,711,758)	266,125,914	-	263,414,156	16,607,856	280,022,012
Treasury shares	16.3	-	-	-	-	-	-	-	(11,959,198)	(11,959,198)	-	(11,959,198)
Purchase of shares in a subsidiary	16.5	-	-	-	-	-	-	-	-	-	70,000	70,000
Transactions with current owners in their capacity as owners:												
Dividends	31	-	-	-	-	-	-	(160,000,000)	-	(160,000,000)	(15,500,000)	(175,500,000)
December 31, 2024		500,000,000	83,013,877	-	(8,328,818)	8,162,992	(165,826)	263,084,518	(11,959,198)	833,973,371	8,510,463	842,483,834
Net profit for the year		-	-	-	-	-	-	**293,305,537**	-	**293,305,537**	**31,193,713**	**324,499,250**
Other comprehensive loss for the year		-	-	-	**(918,332)**	-	**(918,332)**	-	-	**(918,332)**	**(351,120)**	**(1,269,452)**
Total comprehensive (loss) / income for the year		-	-	-	**(918,332)**	-	**(918,332)**	**293,305,537**	-	**292,387,205**	**30,842,593**	**323,229,798**
Transfer to retained earnings	16.2	-	**(83,013,877)**	-	-	-	-	**83,013,877**	-	-	-	-
Transfer to retained earnings	16.5	-	-	-	-	**(8,162,992)**	**(8,162,992)**	**8,162,992**	-	-	-	-
Treasury shares	16.3	-	-	-	-	-	-	-	**(2,811,093)**	**(2,811,093)**	-	**(2,811,093)**
Share based payment transaction	16.4	-	-	**483,878**	-	-	**483,878**	-	-	**483,878**	-	**483,878**
Transactions with current owners in their capacity as owners:												
Dividends	31	-	-	-	-	-	-	**(110,000,000)**	-	**(110,000,000)**	**(19,000,000)**	**(129,000,000)**
December 31, 2025		**500,000,000**	-	**483,878**	**(9,247,150)**	-	**(8,763,272)**	**537,566,924**	**(14,770,291)**	**1,014,033,361**	**20,353,056**	**1,034,386,417**

These consolidated financial statements were authorized for issuance by board of directors, on behalf of shareholders on March 14, 2026 and signed on their behalf by:

Ammar Al Ghoul Chief Financial Officer	Abdullah Bin Faisal Bin Abdul Aziz Al Braikan Chief Executive Officer	Abdullah Bin Abdul Latif Bin Ahmed Al Fozan Chairman Board of Directors

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

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	December 31, 2025	December 31, 2024
OPERATING ACTIVITIES		**SR**	SR
			Restated Note 34
Profit before zakat		**345,193,961**	295,462,221
Adjustments for non-cash items:			
Depreciation and amortization		**34,139,994**	23,832,280
Provision for employees' end of service benefits		**8,428,165**	6,062,100
Gain on disposal of property and equipment		**(29,021)**	-
Share of results from equity accounted investments		**(17,290,596)**	(71,108,835)
Gain on disposal of investment properties		**-**	(5,906,620)
Gain on investments at fair value through profit or loss, net		**(6,622,919)**	(3,652,109)
Allowance for expected credit losses		**5,771,791**	2,579,638
Loss on disposal of right of use asset		**-**	71,571
Gain on transfer of land		**-**	(199,843)
Realization of unrealized profit on disposal of an associate		**(6,076,073)**	-
Gain on disposal of an associate		**(32,685,454)**	-
Employee share schemes - value of employee service expense		**483,878**	-
Finance costs, net		**122,706,193**	122,526,025
		454,019,919	369,666,428
***Changes in working capital**:*			
Development properties		**(844,420,137)**	(219,285,107)
Escrow bank balances		**134,538,937**	(147,844,304)
Inventories		**(7,543,424)**	(8,414,909)
Contract assets		**(499,592,939)**	(83,078,226)
Accounts receivable		**(105,345,089)**	(249,033,446)
Prepayments and other receivables		**(178,207,791)**	103,721,641
Accounts payable		**554,022,696**	(165,244,117)
Payable to National Housing Company		**428,478,052**	157,942,714
Accrued expenses and other payables		**216,982,901**	232,793,759
Contract liabilities		**413,567,951**	(8,397,708)
Cash generated from operations		**566,501,076**	(17,173,275)
Employees' end of service benefits paid		**(4,593,157)**	(1,619,415)
Zakat paid		**(16,650,908)**	(10,877,584)
Finance cost paid		**(103,150,049)**	(114,269,224)
Net cash flows generated from/ (used in) operating activities		**442,106,962**	(143,939,498)
INVESTING ACTIVITIES			
Additions to property and equipment		**(72,086,207)**	(42,688,133)
Proceeds from disposal of property and equipment		**196,192**	-
Additions to investment properties		**-**	(28,124,191)
Proceeds from sale of investment properties		**-**	40,636,257
Dividend received from associates		**127,846,519**	78,919,994
Additions to investments at fair value through profit or loss		**(111,770,867)**	(20,408,881)
Additions to investments at fair value through other comprehensive income		**-**	(6,000,000)
Proceeds from sale of investments at fair value through profit or loss		**21,702,317**	21,857,260
Investment in an associate		**(11,477,873)**	(5,220,092)
Additions to non-controlling interest		**-**	70,000
Proceeds from disposal of investment in an associate		**55,760,130**	-
Net cash flows generated from investing activities		**10,170,211**	39,042,214

(Continued…)

RETAL URBAN DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	December 31, 2025	December 31, 2024
		SR	SR
			Restated Note 34
FINANCING ACTIVITIES			
Proceeds from borrowings		**985,588,481**	1,448,961,729
Repayment of borrowings		**(1,265,313,992)**	(1,171,090,507)
Lease payments		**(6,920,333)**	(6,135,797)
Dividends paid to non-controlling interest		**(19,000,000)**	(15,500,000)
Dividends paid to shareholders of the Group		**(110,000,000)**	(160,000,000)
Purchase of treasury shares		**(2,811,093)**	(11,959,198)
Net cash flows (used in) / generated from financing activities		**(418,456,937)**	84,276,227
Net change in cash and cash equivalents		**33,820,236**	(20,621,057)
Cash and cash equivalents at the beginning of the year		**34,112,475**	54,733,532
Cash and cash equivalents at the end of the year		**67,932,711**	34,112,475
NON-CASH TRANSACTIONS	15	-	-

These consolidated financial statements were authorized for issuance by board of directors, on behalf of shareholders on March 14, 2026 and signed on their behalf by:

Ammar Al Ghoul Chief Financial Officer	Abdullah Bin Faisal Bin Abdul Aziz Al Braikan Chief Executive Officer	Abdullah Bin Abdul Latif Bin Ahmed Al Fozan Chairman Board of Directors

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

1. ORGANIZATION AND ACTIVITIES

Retal Urban Development Company ("the Company") or ("the Holding Company") is a Saudi Joint Stock Company (previously a limited liability company) registered in the Kingdom of Saudi Arabia under commercial registration No. 2051047761 issued in Al Khobar on Rabi'I 12, 1433H (February 4, 2012). The registered address of the Company is P.O. Box 1448 Prince Faisal Bin Fahad Bin Abdul Aziz Avenue, Al Khobar, 31952, Kingdom of Saudi Arabia.

The Holding Company is principally engaged in:
- Purchase and sale of land and real estate, divide them, and sale on map activities.
- General construction of residential buildings.
- General construction of non-residential building, including (schools, hospitals, hotels etc.).

The Holding Company's By-laws includes the activity of acquisition of shares or shares in existing companies or merger with them.

The consolidated financial statements include the assets, liabilities, and the results of the Group and the following branches:

Branch	Date	Location	Commercial registration number
Retal Urban Development Company branch	Dhu al-Qi'dah 21, 1441	Riyadh	1010642508
Retal Urban Development Company branch	Dhu'l Hijjah 18, 1442	Al Khobar	2051236513
Retal Urban Development Company branch	Dhu al-Qi'dah 15, 1443	Jeddah	4030475640

2. STRUCTURE OF THE GROUP

The consolidated financial statements as at December 31, 2025 include the financial information of the Holding Company and the following subsidiaries (collectively referred to as "the Group"):

			Effective ownership	
Name of subsidiaries	**Commercial registration dated**	**Business activity**	**December 31, 2025**	**December 31, 2024**
Tadbeir Limited Company (TLC)	Muharram 11, 1436H (November 4, 2014)	Cleaning, maintaining and operating real estate facilities	100%	100%
Nesaj Urban Development Company (NUDC)	Ramadan 17, 1433H (August 5, 2012)	Buying, selling, managing and maintaining real estate facilities	100%	100%
Building Construction Company Limited (BCC)	Jumada II 15, 1420H (September 25, 1999)	General contracting and construction work	80%	80%
Adara Real Estate Company (AREC)	Shawwal 10, 1442H (May 22, 2021)	Buying, selling, renting, managing and maintaining real estate facilities	100%	100%
Tadbeir Environmental Services Company (TES)	Dhul-Qa'dah 2, 1443H (June 1, 2022)	Administration and support services	100%	100%
Nesaj Construction Company for Project Management (NCC)	Rabi' Sani 17, 1446H (October 20, 2024)	Management of construction projects	30%	30%
Zawaya Retal Company (ZRC)	Safar 16, 1447H (August 10, 2025)	Wholesale, retail, administration and support services	100%	-
Build Move Logistics Company (BMLC)	Jumada II 19, 1447H (December 10, 2025)	Logistics services	80%	-

2. STRUCTURE OF THE GROUP (Continued)

TLC
TLC is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051059223 issued in Khobar on Muharram 11, 1436H (November 4, 2014). The registered address of the Company is P.O. Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

TLC is principally engaged in general cleaning, maintenance and operating, buildings, gardens, parks and sports facilities.

During the year 2021, the shareholders of TLC resolved to increase TLC's share capital from SR 0.5 million to SR 5 million through cash contribution, the legal formalities associated with the increase were completed in the said year. Subsequent to increase in share capital, a new shareholder was introduced who contributed 5% of the revised share capital of the TLC.

On July 3, 2022, TRS purchased 5% equity stake from the minority shareholder of TLC r. Subsequent to the purchase transaction, effective ownership of the Group in this subsidiary increased to 100%.

NUDC
NUDC is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051049871 on Ramadan 17, 1433H (August 5, 2012). The registered address of NUDC is P.O.Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

NUDC is principally engaged in buying lands and constructing buildings on them for sale or rental to third parties, management, maintenance and development of real estate, erection, management and maintenance of industrial, commercial and service projects, restaurants, central markets, residential compounds, commercial and industrial complexes and general contracting for residential, commercial, public, educational, recreational, medical, airport, and precast buildings.

In year 2024, NUDC acquired 30% ownership in a newly established subsidiary Nesaj Construction Company for Project Management.

BCC
BCC is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051023581 issued in Khobar dated Jumada II 15, 1420H (September 25, 1999). The registered address of BCC is P.O.Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

BCC is principally engaged in general contracting (building repairs, demolition and renovation), construction of roads, dams, tunnels, sewerage, air conditioning and refrigeration, in addition to electrical, mechanical, digging and renovating related works. In addition to management and operation of factories, industrial projects, shopping malls and infrastructure construction.

During the year 2025, pursuant to a resolution passed by the shareholders on 03 Dhul-Qi'dah 1446H (corresponding to 01 May 2025), the shareholders approved the conversion of the Company from a "Limited Liability Company" to a "Closed Joint Stock Company" and an increase in the Company's share capital by SAR 5 million through the capitalization of retained earnings. All required legal and regulatory formalities relating to the conversion of the Company have been duly completed during the year 2025, accordingly existing shareholders were issued 5,000 shares having a value of SR 5,000,000.

In year 2023, the Group disposed off 20% of its shareholding in one of its subsidiaries, "Building Construction Company Limited", effective from July 1, 2023, while still retaining the control. Shareholding have been disposed as 10% to one of the executive management of the subsidiary and 10 % to one of Board of Directors of the Parent Company. Consideration received against this disposal amounted to SR 19.94 million, representing the share of SR 9.97 million for each shareholder. This resulted in a realized gain amounting to SR 8.16 million which has been classified as "Reserve for change in ownership interests in a subsidiary" under equity. Legal formalities for the sale and transfer of shares were completed during the year 2023. During the year ended December 31, 2025, the shareholders approved the transfer of the reserve for change in ownership interest in a subsidiary amounting to SR 8.16 million to retained earnings.

2. STRUCTURE OF THE GROUP (Continued)

AREC

Adara Real Estate Company ("Adara") previously named Tadbeir Real Estate Company ("TRS") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051063497 issued in Khobar dated Shawwal 10, 1442H (May 22, 2021). The registered address of Adara is P.O. Box 1448, Al Rawabi, Prince Faisal Bin Fahad Bin Abdulaziz Street, Al Khobar 31952, Kingdom of Saudi Arabia.

Adara is principally engaged in sale of fixed and movable assets, purchase and sale of land and real estate and its division and off-plan sales activities, management and rental of owned or leased (residential) real estate, management and rental of owned or leased (non-residential), activities of brokers' agents (brokers' offices), real estate management activities for a commission, money management and preservation of the property.

TES

Tadbeir Environmental Services Company (the "TES") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051241867 issued in Khobar on Dhu al-Qi'dah 2, 1443H (June 1, 2022). The share capital amounting to SR 50,000 is divided into 1,000 shares of SR 50 each.

The TES is wholly owned and controlled by Tadbeir Limited Company. The registered office of the Company is located in Khobar, Kingdom of Saudi Arabia.

TES is principally engaged in municipal waste collection services transportation of non-hazardous industrial waste, transportation of municipal waste care and maintenance of parks and gardens for public housing purposes, care and maintenance of building landscapes, home gardens, roof gardens, private building facades, etc. care and maintenance of highway parks, care and maintenance of sports grounds and golf courses, care and maintenance of noise protection plants and wind and desertification landscape design services activities, land maintenance services activities to keep it agriculturally and environmentally viable.

NCC

Nesaj Construction Company for Project Management (the "Company") is a Professional Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051260047 issued in Khobar on Rabi us Sani 17, 1446H (October 20, 2024). The share capital amounting to SR 100,000 is divided into 1,000 shares of SR 100 each.

The Company is owned by Nesaj Urban Development Company (30%) and Mr. Abdullah Faisal Abdul Aziz Al-Braikan (70%) (Chief Executive Officer of the Holding Company). The registered office of the Company is located in Khobar, Kingdom of Saudi Arabia.

NCC is principally engaged in the management of construction projects.

ZRC

Zawaya Retal Company "ZRC" - (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 7051133721 issued in Khobar on Safar 16, 1447H (August 10, 2025). The share capital amounting to SR 100,000 is divided into 100 shares of SR 1,000 each.

The Company is principally engaged in wholesale, retail, administration and support services. The Company currently has no operations. The Company's first fiscal year begins from the date of its registration in the commercial register and ends on December 31, 2026.

BMLC

Build Move Logistics Company "BMLC" - (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 7052911240 issued in Khobar on Jumada II 19, 1447H (December 10, 2025). The share capital amounting to SR 50,000 is divided into 500 shares of SR 100 each. The registered office of the Company is located in Khobar, Kingdom of Saudi Arabia. The Company is owned by Building Construction Company (100%).

The Company is principally engaged in provision of logistics services. The Company currently has no operations. The Company's first fiscal year begins from the date of its registration in the commercial register and ends on December 31, 2026.

3. BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Preparation of the consolidated financial statements
The consolidated financial statements have been prepared under the historical cost convention except where IFRS requires other measurement basis as disclosed in the applicable material accounting policies in note 4 of these consolidated financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional and presentation currency, and all values are rounded to the nearest Saudi Riyal, except where otherwise stated.

Transactions and balances
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance cost, net'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income.

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Standards and amendments effective in the current period:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Group's financial position, financial performance, or cash flows for the current reporting period.

3. BASIS OF PREPARATION (Continued)

Standards and amendments issued but not yet effective

The following standards and amendments have been issued but are not yet effective for the reporting period ended December 31, 2025, and have not been early adopted by the Company:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the standards and amendments	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Group's financial statements, as the Group's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Group's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Group's financial statements upon initial application.

3. BASIS OF PREPARATION (Continued)

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)

Standards and amendments issued but not yet effective (Continued)

Amendments to standard	**Description**	**Effective from accounting period beginning on or after**	**Summary of the standards and amendments**	**Management assessment**
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Group's assets, liabilities, income or expenses.
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Group's financial position, financial performance or cash flows.

4. MATERIAL ACCOUNTING POLICIES

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

4.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Retal Urban Development Company and of its subsidiaries (the “Group”) as detailed in note 2.

Control is achieved when the Group:

- 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 Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by the Company, 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 Company obtains control over the subsidiary and ceases when the Company 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 other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. Total comprehensive income of subsidiary is attributed to the shareholders of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring its accounting policies into line with the Group’s accounting policies.

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.1 Basis of Consolidation (Continued)

4.1.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified consolidated statement of profit or loss and other comprehensive income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, to be the cost on initial recognition of an investment in an associate or a joint venture.

4.2 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of profit or loss and other comprehensive income.

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

Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill represents the excess of the fair value of the net assets acquired and the cost of investments in a business combination. Negative goodwill is recognized in the consolidated statement of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2 Business combination and goodwill (Continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed-off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed-off in this circumstance is measured based on the relative values of the operation disposed-off and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of profit or loss and other comprehensive income.

4.3 Property and equipment

Property and equipment are stated at their cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the consolidated statement of profit or loss, using the straight-line method to allocate the costs of the related assets less their residual values over the following estimated economic useful lives. Land and capital work in progress are not depreciated.

	Useful life
Buildings	10-25 years
Furniture, fixture and office equipment	3-10 years
Machinery and equipment	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life or lease term

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

4.3.1 Annual review of residual values and useful lives

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. If expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

4.3.2 Impairment of property and equipment and other non-current assets

The carrying values of property and equipment and other non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The cash generating unit (CGU) at which the impairment assessment and testing is performed is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.3 Property and equipment (Continued)

4.3.3 Capitalization of costs under PPE

The cost of an item of property and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production.

All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting year in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or production output are charged to the consolidated statement of profit or loss as and when incurred.

Capital work in progress represents the accumulated costs incurred by the group in relation to the construction of its building and structures in the development stage. Cost incurred are initially charged to the capital work in progress then these costs are transferred to property and equipment when the construction of these facilities are completed. Finance costs on borrowings attributable to the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

4.4 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and restoration costs. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over underlying asset's useful life. Right-of-use assets are subject to impairment.

4.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, where applicable. Finite life of intangible assets is amortized over the shorter of their contractual or useful economic lives.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.6 Investment in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. If the entity holds, directly or indirectly less than 20 percent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

a) representation on the board of directors or equivalent governing body of the investee;
b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
c) material transactions between the entity and its investee;
d) interchange of managerial personnel; or
e) provision of essential technical information.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In case the shareholding in an associate or joint venture do not create significant influence, the Group classify this investment as investment at fair value either through other comprehensive income or through profit or loss.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition based on the latest available financial statements.

If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the consolidated statement of profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture. Dividends received or receivable from associates and joint venture entities are recognized as a reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes separately in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates and joint ventures are recognized in the consolidated statement of profit or loss.

4.7 Development properties

All development properties are initially measured at acquisition cost and subsequently measured and accounted for lower of cost and net realizable value. Development properties principally consists of projects under progress and land parcels for development and sale in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost comprises all directly attributable cost including land cost, direct material cost, direct labor costs, borrowing costs and those overheads that have been incurred in bringing the development properties to their present location and condition. Impairment is tested comparing with net realizable value, which represents the estimated selling price less all estimated costs to complete and selling costs to be incurred.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.7 Development properties (Continued)

The operating cycle of development properties is either the property will be sold within a 12 month period or held for longer period and accordingly, disposal is not expected to be realized within the coming 12 months period. Classification for current and non-current is based on the Group’s plan for the project and the management’s intention. If there is a change in the plan or the management intention, where identified any development property for immediate sale, then the same is split between long-term and short-term development properties representing non-current and current portion of development properties respectively.

4.8 Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment properties are depreciated on a straight-line basis over the estimated useful life of the respective assets. No depreciation is charged on land and capital work-in-progress.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss and other comprehensive income in the period of de-recognition.

Expenses incurred for replacing component of investment properties items, which are accounted for separately are capitalized, and carrying value of replaced component is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of the related investment properties. All other expenses are recognized in the consolidated statement of profit or loss and other comprehensive income when incurred.

Transfers are made from investment properties to development properties only when there is a change in use evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income. The recoverable amount is the higher of investment property's fair value less cost to sell and the value in use.

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

Investment properties are accounted for using the cost model consistent with the way property and equipment are accounted for. Buildings and their components are depreciated on a straight-line basis over the estimated useful lives of 10 to 25 years.

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease

4.9 Inventories

Inventories are valued at lower of cost and net realizable value (NRV). Cost is determined using the weighted average method. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Any write-down to NRV and reversals are recorded as an (expense) / income in consolidated statement of profit or loss in the year in which it occurs.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.9 Inventories (Continued)

Net realizable value and provision assessment of inventory

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The NRV assessment to write-down the inventory is normally made on an individual item basis. This would be where items relate to the same product line (which have a similar purpose and end use) are produced and marketed in the same geographical area.

The practice of writing inventories down below cost to net realizable value is consistent with the view under IFRS that assets should not be carried in excess of amounts expected to be realized from their sale.

An allowance is made against slow moving, obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures. Provision for slow moving and obsolete inventories is assessed by each inventory category as part of their ongoing financial reporting. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales.

4.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

4.11 Financial Instruments

4.11 (A) Classification of financial assets and financial liabilities

Financial assets

The Group has three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Group classifies its financial assets generally based on the business model in which a financial asset is managed and its contractual cash flows.

(i) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group initially measures its trade receivables at the transaction price given that it does not include any financing component.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.11 Financial Instruments (Continued)

Financial assets (Continued)
4.11 (A) Classification of financial assets and financial liabilities (Continued)

(i) Financial assets at amortized cost (continued*)*

Business model assessment
The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) Financial assets at fair value through OCI (FVOCI)

Debt Instruments
A debt instrument is measured at FVOCI only if it meets both of the following conditions and it is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and the interest on the principle amount outstanding.

Equity instruments
On the initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. Dividends from such investments continue to be recognized in the statement of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through the statement of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.11 Financial Instruments (Continued)

Financial assets (Continued)

4.11 (A) Classification of financial assets and financial liabilities (Continued)

(iii) Financial assets at fair value through profit or loss (FVTPL)

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets that are held for trading, if any, and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVTPL) because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

De-recognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in consolidated statement of profit or loss.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

4.11 (B) Impairment of financial assets

The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The impairment methodology is generally dependent on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach as required by IFRS 9.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Impairment allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.11 Financial Instruments (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Effective interest rate method

The effective interest rate (EIR) 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.

4.12 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with the bank, all of which have maturities of 90 days or less and are available for use by the Group unless otherwise stated.

Restricted cash at bank that is subject to certain restrictions and is not available for general use by the Group, and therefore, does not form part of cash and cash equivalents.

4.13 Discontinued operations and non-current assets held for sale

The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management in the Group is committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan has been initiated. Further, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

Non-current assets held for sale are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the disposal group continued to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

4.14 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group’s ordinary shares are classified as equity instruments.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.15 Statutory reserve

In accordance with Company's by-laws, the Group was required to transfer at least 10% of its net income each year to a statutory reserve until such reserve equals to 20% of the share capital. As of December 31, 2023, this reserve was not available for distribution to the shareholders.

The requirement to maintain statutory reserve is no longer applicable with the introduction of new Regulations for Companies in the KSA effective January 2023. During the year ended December 31, 2025, the shareholders approved the transfer of the statutory reserve amounting to SR 83 million to retained earnings.

4.16 Treasury shares

Own equity instruments that are reacquired ("treasury shares"), for discharging obligations under the employee stock ownership plan ("ESOP"), are recognized at cost and presented as a deduction from equity and are adjusted for any transaction costs and gains or losses on sale of such shares. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in retained earnings.

4.17 Share-based payment – ("ESOP")

The Group operates a Long-Term Incentive Plan ("LTIP") under which eligible employees receive remuneration in the form of equity settled share-based payments under the ESOP, whereby employees render services as consideration for the option to purchase fixed number of Company's shares ("Option") at a predetermined price.

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The grant date fair value is determined based on the market price of the Company's shares, being the average closing market price over the 30 calendar days preceding the grant date. The fair value determined at grant date is not subsequently remeasured. The total expense recognized is based on the number of awards expected to vest and the grant date fair value of those awards.

The LTIP includes non-market performance conditions and service conditions. These non-market performance conditions are not reflected in the grant date fair value, instead, they are considered when estimating the number of awards expected to vest and estimates are revised at each reporting date, with adjustments recognized in profit or loss on cumulative basis.

The Group has set up an economic hedge by purchasing treasury shares. Accordingly, the share-based payment reserve (representing the cumulative expense arising from ESOP) is transferred into retained earnings upon expiry of the ESOP, whether or not the options vest to the employees.

The cumulative expense recognized for ESOP at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

Upon recognition of the expense, a corresponding amount is credited to a separate component of equity ("Share-based payment reserve"). Upon vesting and transferring treasury shares, the reserve is transferred within equity.

When the terms of the ESOP are modified the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of the modification. Awards are forfeited if service conditions are not met, except in limited cases such as death, disability, redundancy, or Board-approved retirement, where pro-rata vesting may apply.

When the ESOP is terminated, it is treated as if the options vested on the date of termination, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting service conditions within the control of either the entity or the employees are not met. However, if a new ESOP is substituted for the terminated ESOP and designated as a replacement award on the date that it is granted, the terminated and new ESOPs are treated as if they were a modification of the original ESOP.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.18 Actuarial reserve

The actuarial reserve for Employees end of service benefits is separately maintained by the Group as part of equity in other reserves. This reserve is calculated based on an actuarial valuation and represent present value of the future obligation that the Group owes to its employees for benefits they will receive upon the completion of their service. The charge to the actuarial reserve is made through other comprehensive income and the reserve is subject to change considering the increase/ decrease in present value of defined benefit obligations arising from financial, demographic and experience adjustments.

4.19 Lease liabilities

Leases are recognized as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

i) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

ii) Right-of-use assets

Right-of-use assets are initially 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.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the consolidated statement of profit or loss and other comprehensive income over the lease term as part of the depreciation of that asset.

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. In addition, the right to use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.19 Lease liabilities (Continued)

Lease term
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 (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term and low value leases
Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

Group as a lessor
Leases where the Group does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue once they are earned.

4.20 Employee benefits

Short term employees' benefits
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within accruals in the consolidated statement of financial position.

Employees end of service benefits (EOSB)
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The liability recognized in consolidated statement of financial position in respect of employee benefits is the present value of defined benefits obligation at the end of reporting period.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

Service cost
Service costs includes current service cost and past service cost are recognized immediately in consolidated statement of profit or loss.

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

Interest cost
Interest cost is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Re-measurement gains or losses
Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.21 Borrowings

Borrowings are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss as other income or finance charges.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale, as appropriate. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the year in which they are incurred in the consolidated statement of profit or loss and other comprehensive income.

4.22 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividends are recorded in the consolidated financial statements in the year in which they are declared and approved by the shareholders of the Company.

4.24 Zakat

The Group is subject to the regulations of the General Authority for Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat is calculated on accrual basis. Zakat is calculated on the higher of zakat base or adjusted net income of the Group. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared with ZATCA.

During the year 2020, the General Authority for Zakat and Tax announced that pursuant to the Royal Decree No. (A/84) dated October 1, 2020, the disposal of real estate in the Kingdom of Saudi Arabia by way of certain transactions resulting in a transfer of legal ownership or possession will be VAT exempt and subject to a 5% real estate transaction tax (RETT). RETT is applicable on the transaction that took place on or after October 4, 2020. However, as per the RETT law, the licensed real estate developer can recover input VAT on the property sold after October 4, 2020.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.24 Zakat (Continued)

Real Estate Tax ("RET")
The RET incurred on a purchase of real estate assets and it is irrecoverable from the ZATCA. The RET is recognized as part of the cost of acquisition of the real estate asset, as applicable.

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

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- when receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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

Withholding taxes
The Group companies withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

4.25 Segment reporting

A business segment is a group of assets, operations or entities:
i) engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group’s other components;
ii) the results of its operations are continuously analyzed by the group controller in order to make decisions related to resource allocation and performance assessment; and
iii) for which financial information is discretely available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The details of Group’s segments are presented in note 30 to these consolidated financial statements.

4.26 Contract balances

Unlike the method used to recognize contract revenue related to sale of completed property, the amounts billed to the customer for the sale of a property under development are based on achievement of the various milestones established in the contract. The amounts recognized as revenue for a given period do not necessarily coincide with the amounts billed to and certified by the customer. In the case of contracts in which the completed milestones transferred to the customer exceed the related amount billed to and certified by the customer, the difference is recognized (as a contract asset) and presented in the statement of financial position under “Contract assets”, whereas in contracts in which the completed milestones transferred are lower than the amount billed to and certified by the customer (i.e., when a payment is due or a payment is received before the Group transfers the remaining completed milestones), the difference is recognized (as a contract liability) and presented in the consolidated statement of financial position under “Contract liabilities. Contract assets and contract liabilities are described in detail as follows:

Contract assets
Contract assets are initially recognized for revenue earned from construction contracts as receipt of consideration is conditional on successful completion of specific milestones. Upon completion of a milestone and acceptance by the customer, the amounts recognized as contract assets are reclassified to accounts receivable. Contract assets are subject to impairment assessment on the same basis as financial assets that are within the scope of IFRS 9.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.26 Contract balances (Continued)

Contract liabilities
Contract liabilities include long-term advances against construction contracts and short-term advances received to deliver the milestones. Contract liabilities are recognized as revenue when the Group performs the performance obligation within the contract (i.e. transfers control to the customer).

Accounts receivable
An accounts receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Revenue earned from property development activities, but yet to be billed to customers, is initially recognized as contract assets and reclassified to accounts receivable when the right to consideration becomes unconditional.

4.27 Revenue recognition
Revenue is recognized in the consolidated statement of profit or loss and other comprehensive income to the extent that it is probable that the economic future benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue shall be measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

a) Identification of a contract with a customer, i.e., agreements with the Group that creates enforceable rights and obligations.
b) Identification of the performance obligations in the contract, i.e., promises in such contracts to transfer products or services.
c) Determination of the transaction price which shall be the amount of consideration the Group will expect to be entitled to in exchange for fulfilling its performance obligations (and excluding any amounts collected on behalf of third parties).
d) Allocation of the transaction price to each identified performance obligation based on the relative stand-alone estimated selling price of the products or services provided to the customer.
e) Recognition of revenue when/as a performance obligation is satisfied, i.e., when the promised products or services are transferred to the customer and the customer obtains control. This may be over time or at a point in time.

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

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

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.27 Revenue recognition (Continued)

The specific recognition criteria described below must also be met before revenue is recognized.

(i) Revenue from contracts with customers for sale of properties

The Group enters into contracts with customers to sell property that are either completed or under development. The Group evaluates the timing of revenue recognition on the sale of properties based on analysis of the rights and obligations under the terms of each contract and legal advice from the Group's legal counsel.

Sale of completed units

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at a point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

Sale of properties under development and construction services

In respect of contracts with customers for sale of developing property and construction services, the revenue is recognized over a period of time. Whereby, the Group assessed that the Group's performance does not create an asset with alternative use. Also the Group has an enforceable right to payment for performance completed to date, and 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 and contract termination.

In measuring the progress towards satisfaction of the performance obligations, the Group uses output method, whereby the revenue recognition is based on the measurement of the value of work transferred / completed to date in comparison with the remaining goods or services to be provided under the contract. The value of work transferred / completed to date is based on consultant's reports.

The Group considers that the use of the output method, which requires revenue recognition based on the Group's efforts to the satisfaction of the performance obligation, provides the best reference of revenue actually earned. In applying the output method, the revenue recognition is based on the measurement of the value of work transferred / completed to date in comparison with the remaining goods or services to be provided under the contract. The output method faithfully depicts the development of the properties.

(ii) Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidation are recognized in the consolidated statement of profit or loss when the right to receive them arises.

(iii) Service revenue

Revenue from rendering of services is recognized over a period of time when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.27 Revenue recognition (Continued)

(iv) Revenue from development services

In respect of contracts with customers for providing development services, the revenue is recognized over a period of time. Whereby, the Group assessed that the Group simultaneously receives and consumes the benefits as the Group performs the contract.

The progress of the services provided is measured using the input method, where the performance obligation is satisfied over time. The entity recognizes revenue based on the costs incurred to date relative to the total estimated costs of providing the service.

4.28 Cost of revenue

4.28.1 Cost of revenue for sales recognized over a period of time using output method

Cost of revenue for revenues that are recognized over a period of time using output method includes the share of cost of land, development and other related costs. Cost of revenue is based on the physical verification of the percentage of completion.

4.28.2 Cost of revenue for sales recognized over a period of time using input method

Cost of revenue for revenues that are recognized over a period of time using input method includes the development and marketing services costs. Costs are recognized based on the Group's costs incurred toward fulfilling the performance obligation.

Costs to obtain a contract such as marketing and advertising expenses and commissions paid to internal sales team, such costs are not directly attributable to securing the contract and are not expected to be recovered from the customers. As such, these costs are recognized as expenses in the period in which they are incurred and are charged to profit or loss.

4.28.3 Cost of revenue for other types of revenues

Cost of revenue for other types of revenue (i.e. revenue recognized at point in time) includes the cost of land, development and other related costs. The costs of revenues in respect of revenue recognized at point of time is recognized on transferring the control to the customer. Cost of revenue in respect of services, facilities management and rental income is based on the cost of providing the services.

4.29 General and administrative expenses

General and administrative expenses include indirect costs not specifically part of cost of revenue as required under IFRS. Allocations between marketing, general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.30 Selling and marketing expenses

Selling and marketing expenses are those arising from the Group’s efforts underlying the sales and marketing functions.

4.31 Finance income, dividend income and finance costs

Finance income comprises interest income on funds invested, dividend income that are recognized in consolidated statement of profit or loss and other comprehensive income. Interest income is recognized as it accrues in consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on long term payables against land purchased, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.32 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 'Inventories' or value in use in IAS 36 'Impairment of Assets', where applicable.

Valuation techniques

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for assets or liability that are not based on observable market data (unobservable inputs).

4.33 Earnings per share

4.33.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial period.

4.33.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

5. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5.1 Critical judgements in applying accounting policies

The following critical judgments that have most significant effect on the amounts recognized in the consolidated financial statements:

Determining the timing of revenue recognition on the sale of property

The Group evaluates the timing of revenue recognition on the sale of property based on analyzing of the rights and obligations under the terms of each contract and legal advice from the Group's external counsel.

5. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.1 Critical judgements in applying accounting policies (Continued)

Sale of development properties
The Group assesses its contracts with customers for the sale of development properties to determine whether performance obligations are satisfied over time or at a point in time.

The Group concluded that the Group's performance does not create an asset with an alternative use where 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, where 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 to 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 (as per legal advice obtained by management).

Based on this, the Group recognizes revenue from sale of development properties over time.

***Significant influence over an associat*e**
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Assessment of control over subsidiaries
Subsidiaries are all equity investments over which the Group has control over. Management considers that it controls an investee when the Group:

• 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 through its power to direct the relevant activities of the investees.
The determination about whether the Group has power depends on the way decisions about the relevant activities are made and the rights the Group has, over the investees.

Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on the going concern basis.

5.2 Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of investment properties and development properties
An assessment of fair value of investment properties and development properties is carried out at each reporting date by an external valuation firm who hold recognized and relevant professional qualifications and has recent experience in the location and category of the asset being valued. In determining the valuation, the valuer used the market valuation methodology and discounted cash flow methodology that are based on significant assumptions and estimates (note 9, 11).

5. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.2 Key sources of estimation uncertainty (Continued)

Lease payment discount
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates (note 7).

Options for extending and terminating lease contracts
Extending and terminating options are included in a number of lease agreements. These terms are used to increase operational flexibility in terms of contract management. Most of the extending and terminating options are exercisable by both the Group and the lessor.

When determining the tenancy contract duration, the Group's management takes into account all the facts and conditions that create an economic incentive to exercise the option of extension or not to exercise the option of termination. The extension options (or periods following termination options) are included only in the term of the tenancy contract if the lease contract reasonably confirms that the lease agreement is extended (or not finalized). The assessment is reviewed in the case of an important event or a significant change in the circumstances affecting the evaluation that are under the control of the lessee (note 7).

Zakat
The Group's current zakat payable of SR 25.2 million relating to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the ZATCA. Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat and tax assessments at a future date, the final outcome may differ significantly. Note 21 describes the status of zakat assessments.

Measurement of Percentage of Completion and Estimated Cost
The Group has elected to apply the output method to measure the percentage-of-completion ("POC") of performance obligations where revenue is recognized over time. The Group considers that the use of the output method which requires revenue recognition on the basis of the Group's the value of work transferred / completed to date in comparison with the remaining performance obligation satisfaction to be executed under the contract, which provides the best reference of revenue actually earned. The value of work transferred / completed to date is based on consultant's reports.

The use of POC requires the Group to estimate the total construction and other cost of the contract which progress is align with the work transferred / complete to date. If the total estimated construction costs were 10% higher than management's estimates, the amount of cost recognized during the year ended December 31, 2025 would have increased by SR 177.4 million (2024: SR 753.28 million). If the total estimated construction costs were 10% lower than management's estimates, the amount of cost recognized during the year ended December 31, 2025 would have decreased by SR 177.4 million (2024: SR 753.28 million).

These estimates include, amongst other items, construction costs, variation orders, and the cost of meeting other contractual obligations to customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of subsequent periods. Other directly related contract costs are recognized based on actual costs incurred.

5. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.2 Key sources of estimation uncertainty (continued)

Warranties
Contracts for the sale of development properties contain certain warranties after completion of the development properties, such as the development properties meeting specific operational performance requirements. The Group provides warranties related to structural works for ten years, MEP works for three years. These conditions represent ‘assurance-type’ warranties that are legally required to be provided as quality guarantees. Minor repairs are expensed immediately and included in other operating expenses.

A provision is recognized for expected warranty claims on development properties sold during the year, based on past experience of the level of major repairs. Assurance-type warranty provisions for the year are charged to cost of revenue as provision for warranty obligation. The estimate of such provision is revised annually.

Assumptions used to calculate the provision for warranties are based on development properties sales levels and current and historical information available about major repairs based on the warranty period for all development properties sold.

The Group has recognized warranty provision related to structural, finishing, waterproofing and MEP works for an amount of SR 20.7 million (2024: 10.3 million). This amount was previously grouped in project accruals (note 20).

Useful lives of property and equipment
The management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods (note 4.3 and 6).

Impairment of financial assets including accounts receivable and contract assets
The Group uses a provision matrix to calculate Expected Credit Losses "ECLs" for accounts receivables. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group’s historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the accounts receivable is disclosed in (note 13 and 32).

Allowance for impairment of inventories
The management makes an allowance for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration, fluctuations of price or cost directly related to events occurring subsequent to the consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of year.

5. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.2 Key sources of estimation uncertainty (continued)

Impairment of goodwill
The Group test the impairment of Goodwill annually and assess that if there are any indicators based on this test that the carrying amounts may not be recoverable. To determine a recoverable amount, the management uses fair value using market approach and value in use approach (note 8).

Estimation of defined benefit obligation
The cost of defined benefit obligation and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (note 18).

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events (note 29).

Leases
The Group applied the following estimates that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Group enters into lease agreements that contain options to terminate or to extend the lease. These options are generally exercisable after an initial period of 4 to 6 years. At commencement date, the Group (supported by the advice of the independent valuation expert) determines whether the lessee is reasonably certain to extend the lease term or not to terminate the lease. To make this analysis, the Group takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee’s operations. In many cases, the Group does not identify sufficient evidence to meet the required level of certainty.

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

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

6. PROPERTY AND EQUIPMENT

December 31, 2025	Lands	Buildings	Furniture, fixture and office equipment	Machinery and equipment	Vehicles	Leasehold improvements	Capital work in progress ("CWIP")	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost:								
January 1, 2025	55,374,632	68,147,826	43,238,885	34,611,300	16,502,946	22,023,066	1,672,692	241,571,347
Additions	**26,309,174**	**39,297**	**4,564,429**	**29,721,857**	**10,345,608**	**-**	**1,105,842**	**72,086,207**
Transfer from CWIP	**-**	**-**	**962,935**	**-**	**-**	**-**	**(962,935)**	**-**
Adjustments	**-**	**-**	**(1,991,630)**	**-**	**1,991,630**	**-**	**-**	**-**
Disposals	**-**	**-**	**(79,276)**	**(128,010)**	**(155,708)**	**-**	**-**	**(362,994)**
December 31, 2025	**81,683,806**	**68,187,123**	**46,695,343**	**64,205,147**	**28,684,476**	**22,023,066**	**1,815,599**	**313,294,560**
Accumulated depreciation:								
January 1, 2025	-	7,211,117	19,787,773	18,869,924	6,661,574	2,288,621	-	54,819,009
Charge for the year	**-**	**3,246,353**	**7,858,842**	**6,506,399**	**4,779,459**	**3,005,134**	**-**	**25,396,187**
Adjustments	**-**	**-**	**(1,555,385)**	**-**	**1,555,385**	**-**	**-**	**-**
Disposals	**-**	**-**	**(55,748)**	**(23,934)**	**(116,141)**	**-**	**-**	**(195,823)**
December 31, 2025	**-**	**10,457,470**	**26,035,482**	**25,352,389**	**12,880,277**	**5,293,755**	**-**	**80,019,373**
Netbook value:								
December 31, 2025	**81,683,806**	**57,729,653**	**20,659,861**	**38,852,758**	**15,804,199**	**16,729,311**	**1,815,599**	**233,275,187**

6. PROPERTY AND EQUIPMENT (Continued)

December 31, 2024	Lands	Buildings	Furniture, fixture and office equipment	Machinery and equipment	Vehicles	Leasehold improvements	Capital work in progress ("CWIP")	Total
	SR	SR	SR	SR	SR	SR	SR	SR
Cost:								
January 1, 2024	55,374,632	68,750,445	31,051,689	27,616,777	9,854,295	1,648,196	4,587,180	198,883,214
Additions	-	4,907,793	12,204,211	6,993,397	6,033,641	1,053,330	11,495,761	42,688,133
Transfer from CWIP	-	999,580	-	-	-	12,781,362	(13,780,942)	-
Adjustments	-	(6,509,992)	(17,015)	1,126	615,010	6,540,178	(629,307)	-
December 31, 2024	55,374,632	68,147,826	43,238,885	34,611,300	16,502,946	22,023,066	1,672,692	241,571,347
Accumulated depreciation:								
January 1, 2024	-	5,979,566	12,141,512	16,915,794	3,933,500	184,845	-	39,155,217
Charge for the year	-	3,104,404	5,985,554	1,927,643	2,707,263	1,938,928	-	15,663,792
Adjustments	-	(1,872,853)	1,660,707	26,487	20,811	164,848	-	-
December 31, 2024	-	7,211,117	19,787,773	18,869,924	6,661,574	2,288,621	-	54,819,009
Net book value:								
December 31, 2024	55,374,632	60,936,709	23,451,112	15,741,376	9,841,372	19,734,445	1,672,692	186,752,338

6. PROPERTY AND EQUIPMENT (Continued)

As of December 31, 2025, capital work in progress mainly represents labor accommodations being constructed amounting to SR 1.1 million and is expected to be completed during the year 2026.

As of December 31, 2024, capital work in progress was related to the construction of offices amounting to SR 0.9 million, the construction was completed during the year 2025.

Depreciation charge on property and equipment for the year has been allocated as follows:

	Note	2025	2024
		SR	SR
Cost of revenue		**11,800,640**	5,972,751
General and administrative expenses	24	**11,506,908**	9,086,849
Selling and marketing expenses	25	**2,088,639**	604,192
		25,396,187	15,663,792

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group leases certain land and buildings and the lease term is in the range of 2 to 10 years. The implicit interest rate is in the range of 5% - 6.5%.

7.1 Right of use assets

Movement in right of use assets during the years 2025 and 2024 is as follows:

	2025	2024
	SR	SR
Cost:		
January 1	**41,899,925**	42,419,256
Additions	**580,881**	4,248,058
Expired	**-**	(4,767,389)
December 31	**42,480,806**	41,899,925
Accumulated depreciation:		
January 1	**7,106,434**	7,410,149
Charge for the year	**5,041,331**	4,392,103
Expired	**-**	(4,695,818)
December 31	**12,147,765**	7,106,434
Net book value at December 31	**30,333,041**	34,793,491

The carrying amount of the right-of-use assets comprises land amounting to SR 2.44 million (2024: 2.8 million), buildings amounting to SR 26.88 million (2024: 30.43 million) and vehicles amounting to SR 1.01 million (2024: 1.56 million).

Depreciation charge on right of use assets for the year has been allocated as follows:

	Note	2025	2024
		SR	SR
Cost of revenue		**584,940**	291,884
General and administrative expenses	24	**4,102,775**	3,746,600
Selling and marketing expenses	25	**353,616**	353,619
		5,041,331	4,392,103

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

7.2 Lease liabilities

Movement and classification of lease liabilities during the year 2025 and 2024 is as follows:

	Note	2025	2024
		SR	SR
January 1		**36,975,716**	36,796,053
Additions		**580,881**	4,248,058
Interest charged	26	**2,041,872**	2,067,402
Payments during the year		**(6,920,333)**	(6,135,797)
December 31		**32,678,136**	36,975,716
Current portion of lease liabilities		**4,713,069**	4,661,715
Non-current portion of lease liabilities		**27,965,067**	32,314,001
Total lease liabilities		**32,678,136**	36,975,716

As at December 31, 2025, scheduled lease payments and finance charges related to lease liabilities are as follows:

	Current SR	1-5 years SR	More than 5 years SR	Total SR
Lease payments	**6,502,829**	**25,957,709**	**7,396,035**	**39,856,573**
Finance charges	**(1,789,760)**	**(4,924,429)**	**(464,248)**	**(7,178,437)**
Net present values	**4,713,069**	**21,033,280**	**6,931,787**	**32,678,136**

As at December 31, 2024, scheduled lease payments and finance charges related to lease liabilities are as follows:

	Current SR	1-5 years SR	More than 5 years SR	Total SR
Lease payments	6,735,833	16,457,939	22,996,035	46,189,807
Finance charges	(2,074,118)	(6,256,159)	(883,814)	(9,214,091)
Net present values	4,661,715	10,201,780	22,112,221	36,975,716

During the year 2025 and 2024, the Group incurred expenses against short term and low value leases amounting to SR 1 million (2024: SR 0.4 million).

8. INTANGIBLE ASSETS

	Software and ERP systems	Goodwill (note 8.2)	Capital Work in Progress	Total
	SR	SR	SR	SR
Cost:				
January 1, 2024	2,292,262	3,088,189	9,265,336	14,645,787
Transfers	9,265,336	-	(9,265,336)	-
December 31, 2024	11,557,598	3,088,189	-	14,645,787
December 31, 2025	**11,557,598**	**3,088,189**	**-**	**14,645,787**
Accumulated amortization:				
January 1, 2024	1,429,046	-	-	1,429,046
Charge for the year	2,612,272	-	-	2,612,272
December 31, 2024	4,041,318	-	-	4,041,318
Charge for the year	**2,605,394**	**-**	**-**	**2,605,394**
December 31, 2025	**6,646,712**	**-**	**-**	**6,646,712**
Netbook value				
December 31, 2025	**4,910,886**	**3,088,189**	**-**	**7,999,075**
December 31, 2024	7,516,280	3,088,189	-	10,604,469

In the year 2024, enterprise resource planning (ERP) system implementation costing SR 9.3 million was completed and the cost was transferred from capital work in progress to software and ERP systems.

8.1 Amortization charge on intangible assets for the year has been allocated as follows:

	Note	2025	2024
		SR	SR
Cost of revenue		**185,562**	185,565
General and administrative expenses	24	**2,419,832**	2,426,707
		2,605,394	2,612,272

8. INTANGIBLE ASSETS (Continued)

8.2 Management has performed annual impairment testing of Goodwill amounting to SR 3.08 million as of December 31, 2025. For the assessment of the value in use, management consider BCC as a separate CGU. The recoverable amount of BCC was determined based on value in use calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 5 years based on financial plans approved by the management. Cash flows were discounted and aggregated with terminal value. Management estimate for the cash flow is based on past performance and management's expectation of the future. Growth rate used in the terminal value calculation represents long-term inflation forecast. Pre-tax discount rate of 13.2 % was applied to the cash flows. Management considers these assumptions to be realistic and achievable in view of its operational plan and is confident of its ability to meet these future plans. Management believes that the carrying value of cash generating units' assets including goodwill will not exceed their recoverable amount. Accordingly, no impairment is recorded for goodwill as of December 31, 2025.

Sensitivity to changes in assumptions
With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

9. INVESTMENT PROPERTIES

	Note	Lands	Buildings	Capital work in progress	Total
		SR	**SR**	**SR**	**SR**
December 31, 2025					
Cost:					
January 1, 2025		277,745,199	29,821,927	-	307,567,126
Transfer to development properties	11	**(83,897,230)**	**-**	**-**	**(83,897,230)**
December 31, 2025		**193,847,969**	**29,821,927**	**-**	**223,669,896**
Accumulated depreciation:					
January 1, 2025		-	5,343,196	-	5,343,196
Charge for the year		**-**	**1,097,082**	**-**	**1,097,082**
December 31, 2025		**-**	**6,440,278**	**-**	**6,440,278**
Net book value:					
December 31, 2025		**193,847,969**	**23,381,649**	**-**	**217,229,618**
Cost:					
January 1, 2024		278,276,483	28,960,328	7,452,309	314,689,120
Additions		24,520,101	2,241,599	1,362,491	28,124,191
Transfer from CWIP		-	8,814,800	(8,814,800)	-
Disposal		(25,051,385)	(10,194,800)	-	(35,246,185)
December 31, 2024		277,745,199	29,821,927	-	307,567,126
Accumulated depreciation:					
January 1, 2024		-	4,695,631	-	4,695,631
Charge for the year		-	1,164,113	-	1,164,113
Disposals		-	(516,548)	-	(516,548)
December 31, 2024		-	5,343,196	-	5,343,196
Net book value:					
December 31, 2024		277,745,199	24,478,731	-	302,223,930

In year 2024, a building was completed and transferred from capital work in progress to buildings.

9. INVESTMENT PROPERTIES (Continued)

The investment properties are valued annually, at fair value, determined by independent, professionally qualified valuers.

The valuations for investment properties are carried out by “Al Moayin Evaluation Company” (License number "1210000470") and “LAND STERLING” (License number "1210001242"). The valuers are licensed by Saudi Authority for Accredited Valuers.

As at December 31, 2025, the fair valuation of investment properties as per the valuators amounted to SR 259.04 million and SR 251.16 million (2024: SR 336.57 million - including valuation of a land amounting to SR 14.4 million carried out by Esnad Real Estate Appraisal, License No. 1210000184 and SR 332.21 million), respectively.

In 2023, a land was purchased from an associate (Al-Ahsa Real Estate Fund) amounting to SR 207.17 million. Unrealized gain on this upstream transaction amounting to SR 11.25 million. The land additions during the year 2024 include an amount of SR 10.1 million related to transfer of title deeds. Legal formalities for transfer of title deeds of this land were completed during 2024. During the year, the Group transferred an amount of SR 83.89 million to development properties as the management has an intention to realize the value of these lands through disposal, accordingly unrealized gain of SR 4.7 million was also transferred to development properties. (note 10.3-B).

Investment properties include land and building held for capital appreciation amounting to SR 167.8 million (2024: SR 266.1 million) and for rental purposes amounting to SR 49.4 million (2024: SR 36.1 million).

Depreciation for the year has been charged to cost of revenue.

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates and joint ventures as at December 31, 2025 and 2024 are as follows:

Name of the Entity	Note	2025	2024
		SR	SR
Associates			
Saudi Tharwa Company "Saudi Tharwa"	10.3-A	**164,039,290**	157,189,911
Al-Ahsa Real Estate Fund "Al-Ahsa Fund"	10.3-B	**42,549,351**	55,083,156
Marasi Real Estate Development Company "Marasi Fund"	10.3-C	**16,920,693**	34,805,713
Business Park Fund	10.3-D	**-**	76,834,885
Mimar Emirate and ARAC Engineering Consultancy Company "Mimar & Arac"	10.3-E	**1,341,796**	517,263
Remal Park Fund	10.3-F	**56,215,782**	65,244,464
		281,066,912	389,675,392
Joint Ventures			
Remal Al Khobar Real Estate Company "Remal Al Khobar"	10.3-G	**8,270,801**	15,201,460
Noorkom Design Company "Noorkom"	10.3-H	**402,286**	845,428
Masal Real Estate Development Company "Masal"	10.3-I	**9,238,958**	50,000
Specialized Construction Company Limited (JV of BCC) "SINSA"	10.3-J	**4,172,237**	250,000
		22,084,282	16,346,888
		303,151,194	406,022,280
Classified under accrued expense and other payable			
Retal for Lands and Real Estate Management and Development Company "Retal for Land Dev."	10.3-K	**(601,276)**	-
		302,549,918	406,022,280

Investment in associates and joint ventures are classified into current and non-current as follows:

	Note	2025	2024
		SR	SR
Non-current portion		**303,151,194**	329,187,395
Current portion	10.3-D	**-**	76,834,885
		303,151,194	406,022,280

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.1 The movement of investment in associates and joint ventures for the years ended December 31, 2025 and 2024 is as follows:

December 31, 2025	Saudi Tharwa	Al-Ahsa Fund	Marasi Fund	Business Park Fund	Mimar & Arac	Remal Park Fund	Remal Al Khobar	Noorkom	Masal	SINSA	Retal for Land Dev.	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Shareholding %	39.50%	22.93%	15%	-	25%	33.5%	50%	50%	50%	50%	50%	
January 1, 2025	157,189,911	55,083,156	34,805,713	76,834,885	517,263	65,244,464	15,201,460	845,428	50,000	250,000	-	406,022,280
Additions	-	-	-	-	-	1,173,711	-	-	10,000,000	-	304,162	11,477,873
Share of results	18,945,778	1,693,127	(378,347)	535,457	824,533	(2,886,365)	(4,947,325)	159,957	(811,042)	3,922,237	(905,438)	16,152,572
Share of OCI	(246,399)	-	-	-	-	-	23,480	46,145	-	-	-	(176,774)
Disposal	-	-	(23,074,676)	-	-	-	-	-	-	-	-	(23,074,676)
Realization of unrealized gains on disposal of an associate	-	-	6,076,073	-	-	-	-	-	-	-	-	6,076,073
Unrealized gains (downstream) (note -10.3 C, F and G)	-	-	(508,070)	-	-	(7,316,028)	(2,006,814)	-	-	-	-	(9,830,912)
Distribution of funds	-	-	-	(77,370,342)	-	-	-	-	-	-	-	(77,370,342)
Dividends	(11,850,000)	(14,226,932)	-	-	-	-	-	(649,244)	-	-	-	(26,726,176)
December 31, 2025	164,039,290	42,549,351	16,920,693	-	1,341,796	56,215,782	8,270,801	402,286	9,238,958	4,172,237	(601,276)	302,549,918
Classified as:												
Current liabilities	-	-	-	-	-	-	-	-	-	-	601,276	601,276
Non-current asset	164,039,290	42,549,351	16,920,693	-	1,341,796	56,215,782	8,270,801	402,286	9,238,958	4,172,237	-	303,151,194

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.1 The movement of investment in associates and joint ventures for the years ended December 31, 2025 and 2024 is as follows: (Continued)

December 31, 2024	**Saudi Tharwa**	**Al-Ahsa Fund**	**Marasi Fund**	**Business Park Fund**	**Mimar & Arac**	**Remal Park Fund**	**Remal Al Khobar**	**Noorkom**	**Masal**	**SINSA**	**Retal for Land Dev.**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Shareholding %	39.50%	22.51%	30%	18.82%	25%	33.33%	50%	50%	50%	50%	0%	
January 1, 2024	168,917,867	89,518,513	42,351,122	26,241,906	470,510	69,951,198	(2,747,158)	225,029	-	-	-	394,928,987
Additions	-	-	-	-	-	5,419,935	28,791,836	-	50,000	250,000	-	34,511,771
Share of results	25,779,234	4,984,637	(956,937)	50,592,979	53,041	(2,113,706)	(7,854,372)	623,959	-	-	-	71,108,835
Share of OCI	17,810	-	-	-	(6,288)	-	2,515	(3,560)	-	-	-	10,477
Unrealized gains (downstream) (note -10.3 C, F and G)	-	-	(6,588,472)	-	-	(6,416,587)	(2,991,361)	-	-	-	-	(15,996,420)
Transfer to other receivables	-	-	-	-	-	(1,596,376)	-	-	-	-	-	(1,596,376)
Dividends	(37,525,000)	(39,419,994)	-	-	-	-	-	-	-	-	-	(76,944,994)
December 31, 2024	157,189,911	55,083,156	34,805,713	76,834,885	517,263	65,244,464	15,201,460	845,428	50,000	250,000	-	406,022,280
Classified as:												
Current asset	-	-	-	(76,834,885)	-	-	-	-	-	-		(76,834,885)
Non-current asset	157,189,911	55,083,156	34,805,713	-	517,263	65,244,464	15,201,460	845,428	50,000	250,000	-	329,187,395

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.2 Summarized financial statements of associates and joint ventures as at year ended December 31, 2025 and 2024 are as follows:

A - Summarized statement of financial position:

As at December 31, 2025	Saudi Tharwa	Al-Ahsa Fund	Marasi Fund	Business Park Fund	Mimar & Arac	Remal Park Fund	Remal Al Khobar	Noorkom	Masal	SINSA	Retal for Land Dev.
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Current assets	235,333,473	185,582,625	365,826,859	-	19,176,172	431,212,931	257,742,560	4,067,718	19,120,030	173,329,318	2,970,136
Non-current assets	173,304,195	-	-	-	173,036	-	64,625,165	40,475	24,140,235	3,712,075	810,516
Current liabilities	26,375,569	15,000	12,903,629	-	13,317,130	222,438,454	193,519,724	3,201,681	169,443	167,109,370	4,979,585
Non-current liabilities	175,633,785	-	199,883,057	-	664,892	-	97,788,868	101,942	24,612,906	1,587,551	3,619
Net equity	206,628,314	185,567,625	153,040,173	-	5,367,186	208,774,477	31,059,133	804,570	18,477,916	8,344,472	(1,202,552)
Shareholding	39.50%	22.93%	15%	-	25%	33.5%	50%	50%	50%	50%	50%
Group's proportionate share in equity investment	81,618,183	42,549,351	22,956,026	-	1,341,796	69,948,397	15,529,568	402,286	9,238,958	4,172,237	(601,276)
Goodwill embedded in investment	82,421,107	-	-	-	-	-	-	-	-	-	-
Reconciliation adjustment	-	-	-	-	-	-	422,091	-	-	-	-
Unrealized gain on downstream transaction (note 10.3-C, F and G)	-	-	(6,035,333)	-	-	(13,732,615)	(7,680,858)	-	-	-	-
Net investment in associates and joint ventures	164,039,290	42,549,351	16,920,693	-	1,341,796	56,215,782	8,270,801	402,286	9,238,958	4,172,237	(601,276)

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.2 Summarized financial statements of associates and joint ventures as at year ended December 31, 2025 and 2024 are as follows: (Continued)

A - Summarized statement of financial position: (Continued)

As at December 31, 2024	**Saudi Tharwa**	**Al-Ahsa Fund**	**Marasi Fund**	**Business Park Fund**	**Mimar & Arac**	**Remal Park Fund**	**Remal Al Khobar**	**Noorkom**	**Masal**	**SINSA**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Current assets	316,708,053	246,801,652	359,144,209	445,047,182	6,408,706	282,371,715	83,270,843	6,270,814	100,000	2,099,046
Non-current assets	262,402,753	-	-	-	179,236	-	70,431,022	31,808	-	-
Current liabilities	201,937,437	2,096,370	204,447,379	36,785,306	4,059,907	81,355,761	42,183,098	4,501,005	-	1,599,046
Non-current liabilities	187,885,256	-	-	-	458,980	-	70,611,948	110,761	-	-
Net equity	189,288,113	244,705,282	154,696,830	408,261,876	2,069,055	201,015,954	40,906,819	1,690,856	100,000	500,000
Shareholding	39.50%	22.51%	30%	18.82%	25%	33.33%	50%	50%	50%	50%
Group's proportionate share in equity investment	74,768,804	55,083,156	46,409,050	76,834,885	517,263	67,005,334	20,453,412	845,428	50,000	250,000
Reconciliation adjustment attributable to Group's share in equity	-	-	-	-	-	-	422,092	-	-	-
Goodwill embedded in investment in associate	82,421,107	-	-	-	-	-	-	-	-	-
Asset proportionately not owned by the Group	-	-	-	-	-	(564,375)	-	-	-	-
Cash contribution not recognized by an associate	-	-	-	-	-	5,220,092	-	-	-	-
Unrealized gain on downstream transaction (note 10.3-C, F and G)	-	-	(11,603,337)	-	-	(6,416,587)	(5,674,044)	-	-	-
Net investment in associates and joint ventures	157,189,911	55,083,156	34,805,713	76,834,885	517,263	65,244,464	15,201,460	845,428	50,000	250,000

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.2 Summarized financial statements of associates and joint ventures for year ended 2025 and 2024 are as follows: (Continued)

B **- Summarized statement of profit or loss and other comprehensive income**:

Year ended December 31, 2025	Saudi Tharwa	Al-Ahsa Fund	Marasi Fund	Business Park Fund	Mimar & Arac	Remal Park Fund	Remal Al Khobar	Noorkom	Masal	SINSA	Retal for Land Dev.	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Revenue for the year	115,768,470	54,718,744	-	3,011,850	20,082,826	145,688	27,382,147	4,739,693	-	113,528,271	-	-
Net income / (loss)	47,963,996	8,071,543	(1,589,726)	2,845,151	3,517,863	(8,556,050)	(9,701,849)	156,899	(1,622,084)	7,844,471	(1,810,923)	-
Other comprehensive income/(loss)	(623,795)	-	-	-	-	-	46,960	92,290	-	-	-	-
Shareholding	39.50%	22.93%	15%	18.82%	25%	33.5%	50%	50%	50%	50%	50%	
Group's proportionate share in net income / (loss)	18,945,778	1,850,805	(238,459)	535,457	879,466	(2,866,277)	(4,850,925)	78,450	(811,042)	3,922,237	(905,438)	16,540,052
Other adjustments	-	(157,678)	(139,888)	-	(54,933)	(20,088)	(96,400)	81,507	-	-	-	(387,480)
Group's net share of income / (loss)	18,945,778	1,693,127	(378,347)	535,457	824,533	(2,886,365)	(4,947,325)	159,957	(811,042)	3,922,237	(905,438)	16,152,572
Realization of profit on upstream transaction (note 10.3 - B)	-	1,138,024	-	-	-	-	-	-	-	-	-	1,138,024
Group's net share of profit / (loss)	18,945,778	2,831,151	(378,347)	535,457	824,533	(2,886,365)	(4,947,325)	159,957	(811,042)	3,922,237	(905,438)	17,290,596
Proportionate share in other comprehensive income / (loss)	(246,399)	-	-	-	-	-	23,480	46,145	-	-	-	(176,774)
	18,699,379	2,831,151	(378,347)	535,457	824,533	(2,886,365)	(4,923,845)	206,102	(811,042)	3,922,237	(905,438)	17,113,822

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.2 Summarized financial statements of associates and joint ventures for year ended 2025 and 2024 are as follows: (Continued)

B - Summarized statement of profit or loss and other comprehensive income**:** (Continued)

Year ended December 31, 2024	**Saudi Tharwa**	**Al-Ahsa Fund**	**Marasi Fund**	**Business Park Fund**	**Mimar & Arac**	**Remal Park Fund**	**Remal Al Khobar**	**Noorkom**	**Masal**	**SINSA**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Revenue for the year	124,650,186	63,484,657	-	470,111,040	11,526,145	-	4,876,216	8,332,955	-	-	-
Net income / (loss) for the year	65,263,887	22,148,452	(8,419,334)	268,825,604	338,718	(6,341,119)	(7,341,134)	1,188,892	-	-	-
Other comprehensive income for the year	45,088	-	-	-	(25,151)	-	5,028	(7,119)	-	-	-
Shareholding	39.50%	22.51%	30%	18.82%	25%	33.33%	50%	50%	50%	50%	
Group's proportionate share in net income / (loss)	25,779,234	4,984,637	(2,517,698)	50,592,979	84,680	(2,113,706)	(3,670,566)	594,447	-	-	73,734,007
Adjustment based on final audited financial statements of 2023	-	-	1,560,761	-	(31,639)	-	(4,183,806)	29,512	-	-	(2,625,172)
Group's net share of profit / (loss)	25,779,234	4,984,637	(956,937)	50,592,979	53,041	(2,113,706)	(7,854,372)	623,959	-	-	71,108,835
Proportionate share in other comprehensive income / (loss)	17,810	-	-	-	(6,288)	-	2,515	(3,560)	-	-	10,477
	25,797,044	4,984,637	(956,937)	50,592,979	46,753	(2,113,706)	(7,851,857)	620,399	-	-	71,119,312

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.3 Details of Group's associates and joint ventures:

A. Saudi Tharwa Company

Saudi Tharwa Company (" Saudi Tharwa") is a Limited Liability Company registered in Khobar, Kingdom of Saudi Arabia, under commercial registration number 2051057188 dated 21 Jumada' II 1435H (corresponding to April 21, 2014). Tharwa was previously registered in Dammam city under commercial registration number 2050057685 dated 22 Dhu Al-Hijjah 1428H (corresponding to January 1, 2008). During the year 2014, the partners of Tharwa resolved to change its head office location from Dammam to Al Khobar. Accordingly, the previous commercial registration was canceled on 20 Jumada' II 1435H (corresponding to April 20, 2014).

As of December 31, 2024, the Group had a dividend receivable of SR 23.7 million, this was received in cash during the year 2025.

B. Al-Ahsa Real Estate Fund

Al-Ahsa Real Estate Fund's (Al Ahsa Fund) principal activities include management and rental of owned or rented (residential) real estate, public construction of non-residential buildings such as schools, hospitals, hotels, etc., general construction of residential buildings, real estate registration services, purchase and sale of land and real estate, its division and off-plan sales activities, management and leasing of self-storage stores, construction of prefabricated buildings on sites, management and rental of owned or leased properties (non-residential).

On November 15, 2023, the group received redemption of 119,602.72 units from Al Ahsa Real Estate Fund equivalent to SR 33.77 million. This redemption amount was settled against land payable to Al Ahsa Real Estate fund. The land payable amounting to SR 114.9 million was paid during the year 2024.

In year 2023, the Group purchased land from Al Ahsa Fund at the value of SR 306.16 million, which has been classified under investment properties and development properties by the amounts of SR 207.17 million, and SR 99.83 million, respectively before the elimination of any unrealized profits. Al Ahsa Fund realized a total gain of SR 74.13 million on this upstream sale transaction from which the Group eliminated its share of unrealized gain amounting to SR 16.69 million which is netted off against the additions to investment properties and development properties amounting to SR 11.25 million and SR 5.44 million, respectively, this was adjusted against the Group's share of profit with no impact on the associate's investment value.

In the year 2025, the Group transferred an amount of SR 83.9 million to development properties along with unrealized gain of SR 4.7 million considering its intention to sale of lands. During the year 2025, an amount of SR 1.14 million (2024: SR 1.42 million) has been realized from development properties which resulted in net unrealized profits of SR 14.13 million (2024: 15.27 million).

C. Marasi Real Estate Development Fund ("Marasi Fund") (previously named Alpha Capital Saudi Real Estate Development Fund "Alpha Fund")

Marasi Fund's principal activities include management and rental of owned or leased real estate (non-residential), management and rental of owned or leased real estate (residential), activities of investment companies, purchase and sale of land and real estate and its division and off-plan sales activities, real estate management activities for a commission.

In year 2024, the Alpha Capital Saudi Real Estate Development Fund name was changed to Marasi Real Estate Development Fund.

During the year 2025, the Group sold partially its interest in Marasi Fund, resulting in a remaining ownership stake of 15%. The Group continues to exercise significant influence over the investee. The carrying value of the investment sold of amounted to SR 23.1 million at the date of sale and sold by an amount of SR 55.8 million, resulting in a net gain of SR 32.7 million. As part of the transaction, unrealized profit amounting to SR 6.1 million was realized comprising SR 3.6 million related to development contract revenue and SR 2.5 million related to revenue from the sale of real estate lands (note 22).

The Group has unrealized profit from Marasi fund amounting to SR 5.01 million resulted from downstream transaction resulted to the sale of lands during the year 2021. During the year 2025, an additional unrealized profit amounting to SR 0.5 million (2024: SR 6.59 million) has been recognized in the downstream transaction by the Group against the development services provided to the fund, for the fund's ongoing development projects, which resulted in total accumulated unrealized profits, after considering the mentioned disposal of 15% shareholding for an amount of SR 6.04 million (2024: SR 11.6 million).

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.3 Details of the Group's associates and joint ventures: (Continued)

D. Business Park Fund

Business Park Fund's principal activities include restorations of residential and non-residential buildings, purchase and sale of land and real estate, its division and off-plan sales activities, general construction of government buildings, real estate registration services, management and rental of owned or leased properties (non-residential), management and leasing of self-storage stores, management and leasing of owned or leased properties (Residential), general construction of non-residential buildings such as schools, hospitals, hotels, etc., general construction of residential buildings, real estate management activities for a commission, investment company activities and building construction.

On 28th of Jumada Al-Thani 1446 AH (corresponding to December 29, 2024), the liquidation plan for the Business Park Fund was approved based on a decision by the Fund's Board of Directors.

The fund has notified the Capital Market Authority and unit holders about the plan to initiate the liquidation process. Furthermore, the fund has also informed the Capital Market Authority and unit holders regarding the termination of the fund, which is scheduled to occur by March 31, 2025.

The Group's share of profit during the year 2024 from fund amounted to SR 50.6 million. In addition, the Group received a performance fee amounting to SR 17.5 million from the fund in year 2024. Performance fee represents development contract revenue.

During the year 2025, the Group received payments by an amount of SR 77.37 million against the total investment. In year 2025, the Business Park Fund was liquidated.

E. Mimar Emirate and ARAC Engineering Consultancy Company

Mimar & Arac is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051226091 issued in Khobar on 11 Ramadan 1440H corresponding to (16 May 2019). The registered address of the Company is P.O. Box 3200, King Faisal Road, Al Rawabi, Al Khobar 34421, Kingdom of Saudi Arabia.

The principal activities of Mimar & Arac are engineering and architectural consultancy.

During the year 2025, the shareholders approved an increase in the Company's share capital by SAR 0.85 million through capitalization of retained earnings. The Group shareholding structure remained the same after the issuance of the new shares.

F. Remal Park Fund

In the year 2023, the Group invested in a new associate, Remal Park Fund, by an amount of SR 48.8 million. Investment in fund was made partially in cash and partially by transferring an in-kind "land" contribution from development properties amounting to SR 5 million and SR 43.8 million, respectively.

In year 2023, the Group paid an advance against the purchase of land amounting to SR 22.9 million. In year 2024, the Group transferred SR 1.6 million to receivables under group management and the remaining value of land is transferred as in-kind investment to the fund by an amount of SR 21.3 million that resulted in net gain of SR 0.2 million. The Group paid SR 5.2 million in cash against the additional contribution in year 2024 for which the units were issued in year 2025, the Group paid an additional investment contribution of SR 1.17 million during the year, resulting in a shareholding percentage of 33.5%.

During the year 2025, unrealized profit amounting to SR 7.32 million (2024: SR 6.42 million) has been recognized for downstream transactions by the Group against the development and contracting services provided to the fund, for the fund's ongoing development projects, resulting in accumulated unrealized gain of SR 13.73 million as of December 31, 2025 (2024: 6.42 million) which has not been realized yet of the year end.

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Continued)

10.3 Details of the Group's associates and joint ventures: (Continued)

G. Remal Al Khobar Real Estate Company

Remal is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051236572 issued in Khobar dated 23 Dhu'l Hijjah 1442H (corresponding to August 2, 2021). The registered address of Remal is P.O. Box 3200, King Faisal Road, Street 10, Al Rawabi 8800, Al Khobar 34421, Kingdom of Saudi Arabia.

Remal is principally engaged in general construction of residential buildings and public construction of non-residential buildings such as schools, hospitals, hotels, etc.

In 2024, the shareholders of the associate resolved to transfer the payable of SR 28.7 million as contribution from shareholders, accordingly investment has been increased by the same amount.

The Group has unrealized profit from Remal amounting to SR 2.68 million for downstream transaction for sale of land during the year 2022. During the year 2025, unrealized profit amounting to SR 2 million (2024: SR 2.99 million) has been recognized in the downstream transaction by the Group against the development services provided to the Company, for the Company's ongoing development projects, which resulted in total accumulated unrealized profit of SR 7.68 million (2024: SR 5.67 million). No unrealized profits have been realized as of the year end.

H. Noorkom Design Company

Noorkom is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration No. 2051242006 issued in Khobar on 10 Dhul - Qada 1443H corresponding to (10 June 2022). The registered address of the Company is in Al Khobar, Kingdom of Saudi Arabia.

Noorkom is principally engaged in interior design systems.

I. Masal Real Estate Development Company

Masal Real Estate Development Company is a limited liability company registered in Khobar, Kingdom of Saudi Arabia, under commercial registration number 2051259307 dated 03 Rabi Al-Awwal 1446H (corresponding to September 18, 2024).

The principal activities of the company includes general construction of non-residential buildings (such as schools' hospitals, hotels, etc.), buying and selling land and real estate, dividing it, and selling activities on map, management and leasing of owned or rented residential properties, management and leasing of owned or rented non-residential properties, real estate development of residential buildings using modern construction methods and real estate development of commercial buildings using modern construction methods.

During the year 2025, additional contribution of SR 10 million (2024: against share capital of SR 0.05 million) was made resulting in a total investment of SR 10.05 million.

J. Specialized Construction Company Limited

Specialized Construction Limited Company is a limited liability company registered in Khobar, Kingdom of Saudi Arabia, under commercial registration number 2051260164 dated 20 Jumada' II 1446H (corresponding to October 23, 2024).

The principal activities include the construction of government and non-residential buildings, prefabricated structures, roads, bridges, tunnels, and railway lines. The company also offers building renovations, road maintenance, electrical and communication installations, as well as lighting and network systems.

During the year 2025, an amount SR 0.25 million in respect of share capital was paid which was outstanding as of December 31, 2024.

K. Retal for Lands and Real Estate Management and Development Company "Retal for Land Dev."

Retal for land Dev. Company is a limited liability company registered in Qibla, Kuwait, under commercial registration number 2012202501685 dated 16 Rajab 1446H (corresponding to January 16, 2025).

The principal activities include General construction of residential and non-residential buildings.

During the year 2025, the amount SR 0.30 million in respect of share capital was paid during the year. The investment carrying amount is classified under "Others" within accrued expenses and other payables.

11. DEVELOPMENT PROPERTIES

	Note	Lands (note 11.1)	Buildings and development costs	Advances (note 11.2)	Total
		SR	SR	SR	SR
January 1, 2024		697,613,974	337,710,207	229,464,000	1,264,788,181
Additions		356,328,226	1,097,461,406	237,606,000	1,691,395,632
Transfer from advances to lands		229,464,000	-	(229,464,000)	-
Transfer to receivable under group management	11.4	-	(10,764,898)	-	(10,764,898)
Cost of development contracts		(391,525,201)	(1,062,931,838)	-	(1,454,457,039)
Disposal		-	(6,888,588)	-	(6,888,588)
December 31, 2024 *(Restated Note 34)*		891,880,999	354,586,289	237,606,000	1,484,073,288
Additions		**1,074,186,878**	**1,545,513,540**	**-**	**2,619,700,418**
Transfer from advances to lands		**237,606,000**	**-**	**(237,606,000)**	**-**
Transfer from investment properties	9	**83,897,230**	**-**	**-**	**83,897,230**
Cost of development contracts		**(322,852,229)**	**(1,451,290,028)**	**-**	**(1,774,142,257)**
December 31, 2025		**1,964,718,878**	**448,809,801**	**-**	**2,413,528,679**

11.1 As of December 31, 2025, the Group has lands purchased in installments according to sale and purchase agreements. As of December 31, 2025, the value of these lands amounted to SR1,169.89 million (2024: SR 525.85 million) and the ownership of these lands will be transferred to the Group upon completion of development work and related installment payments. The Group has obtained authorization from sellers to initiate sales and development for these lands.

11.2 Advances represent amounts paid in advance for the purchase of land for development under agreements signed by the Group. Risk and rewards of these land have not yet transferred to the Group.

11.3 Additions to lands during the year 2023 included a land purchased from an associate (Al Ahsa Real Estate Fund) amounting to SR 99.83 million. The Group netted off the unrealized profit on this upstream transaction by an amount of SR 5.44 million from the land value. During the year 2025, the Group transferred a net amount of SR 83.8 million from investment properties (note 9), considering its intention to sale of lands. This amount includes an unrealized gain of SR 4.7 million. During the year, the Group realized a portion of unrealized profit by an amount of SR 1.14 million (2024: SR 1.42 million) which relates to the lands sold by the Group during the year, and the remaining net accumulated unrealized profit as of December 31, 2025 is SR 7.58 million (2024: SR 3.73 million) has been netted off from the closing balance of lands. Legal formalities for transfer of title deed of this land were completed during the year 2024. (note 10.3-B).

11.4 This transfer represents the cost incurred by the Group against the development services.

11.5 Management estimates that certain projects are expected to be sold / utilized or be available for immediate sale in their current condition within the next 12 months. Accordingly, development properties are classified into current and non-current as follows:

	2025	2024
	SR	SR
Non-current portion	**-**	410,116,284
Current portion	**2,413,528,679**	1,073,957,004
	2,413,528,679	1,484,073,288

12. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2025	2024
		SR	SR
Value added tax	12.1	**148,032,335**	46,393,081
Advances to suppliers		**125,961,221**	70,345,348
Receivables against projects under Group's management	12.2, 12.3	**31,897,252**	12,150,039
Dividend receivable from an associate	10.3-A	**-**	23,700,000
Prepayments		**25,207,539**	9,868,828
Employee receivables		**3,377,956**	4,723,113
Others		**444,682**	13,282,762
		334,920,985	180,463,171
Less: Allowance for impairment of other receivables	12.4	**-**	-
Non-current portion of prepayments and other receivables		**(1,845,908)**	(3,293,684)
		333,075,077	177,169,487

12.1 As of December 31, 2025, and 2024, value added tax ("VAT") represents VAT to be recovered from eligible Real Estate Developers Portal in addition to VAT returns portal.

12.2 As of December 31, 2025, the Group has certain projects under its management. As per the terms of the agreements with the projects' owners, the Group will be entitled for development fee at certain percentage agreed with the projects' owners. This balance includes amounts due from associates Remal Park Fund and Wajha Alpha for Investment Company (Ewan Tharwa) amounting to SR 1.2 million (2024: SR 0.21 million) and SR 2.8 million (2024: SR 1.8 million) respectively.

12.3 The Group incurred certain expenses on behalf of Specialized Construction Company ("SNSA"). Accordingly, as of December 31, 2025, the balance includes an amount due from SNSA amounting to SAR 18,762,813.

12.4 Movement in allowance for impairment of other receivables is as follows:

	2025	2024
	SR	SR
Opening balance	**-**	-
Charge for the year	**5,771,791**	1,288,585
Written off	**(5,771,791)**	(1,288,585)
Closing balance	**-**	-

13. ACCOUNTS RECEIVABLE

	Note	2025	2024
		SR	SR
Accounts receivable - third parties		**530,486,657**	421,345,543
Accounts receivable - related parties	27	**15,018,322**	30,319,122
Retentions receivable		**11,262,871**	6,427,221
		556,767,850	458,091,886
Less: Non-current retentions		**(4,333,262)**	-
Less: allowance for expected credit losses		**(393,719)**	(1,291,053)
		552,040,869	456,800,833

Accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days.

Movement in allowance for expected credit losses is as follows.

	2025	2024
	SR	SR
Opening balance	**1,291,053**	11,368
Charge for the year	**-**	1,291,053
Written off	**(897,334)**	(11,368)
Closing balance	**393,719**	1,291,053

Aging analysis of accounts receivable - third parties are as follows:

	1-180 days	181-365 days	366-730 days	Total
December 31, 2025	**SR**	**SR**	**SR**	**SR**
Accounts receivable – Gross	**442,737,115**	**59,400,260**	**28,349,282**	**530,486,657**
Less: ECL allowance	**-**	**-**	**(393,719)**	**(393,719)**
Net accounts receivables	**442,737,115**	**59,400,260**	**27,955,563**	**530,092,938**
Average loss rates (%)	**-**	**-**	**-1.39%**	**-0.07%**
December 31, 2024				
Accounts receivable – Gross	385,469,422	23,009,295	12,866,826	421,345,543
Less: ECL allowance	-	-	(1,291,053)	(1,291,053)
Net accounts receivables	385,469,422	23,009,295	11,575,773	420,054,490
Average loss rates (%)	-	-	-10.03%	-0.31%

The Group, in relation to the sale of development properties, holds implicitly a collateral in the form of the fair value of the property sold where the title deed to the property is to be transferred to the customer only upon receipt of the full payment for the contract. There has been no change in the collateral. Given the factors mentioned, the Group has not recorded any expected credit loss allowance against the sale of development properties.

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHNSIVE INCOME

		2025	2024
		SR	SR
Investments at fair value through profit or loss	**14.1**	**98,995,901**	2,304,432
Investments at fair value through other comprehensive income (OCI)	**14.2**	**6,000,000**	6,000,000
		104,995,901	8,304,432
Less: Investment at fair value through OCI – non - current		**(6,000,000)**	(6,000,000)
Investment at fair value through profit or loss - current		**98,995,901**	2,304,432

14.1. Movement in investments at fair value through profit or loss is as follows:

	2025	2024
	SR	SR
January 1	**2,304,432**	100,702
Additions during the year	**111,770,867**	20,408,881
Sold during the year	**(21,702,317)**	(21,857,260)
Realized gain	**2,575,518**	3,647,760
Unrealized gain on change in fair value	**4,047,401**	4,349
Gain on investments at fair value through profit or loss, net	**6,622,919**	3,652,109
December 31	**98,995,901**	2,304,432

The Closing balance of year 2024 includes advance of SR 2.3 million against investments at fair value through profit or loss. Fair values of equity investments at fair value through profit or loss are determined based on the quoted market price available on the Saudi Stock Exchange, which is a Level 1 input in terms of IFRS 13 Fair Value Measurement.

The closing balance amounting to SR 99 million is determined based on the price which is a Level 3 input in terms of IFRS 13 Fair Value Measurement.

14.2. Movement in investments at fair value through other comprehensive income is as follows:

	2025	2024
	SR	SR
January 1	**6,000,000**	-
Additions during the year	**-**	6,000,000
December 31	**6,000,000**	6,000,000

15. CASH AND CASH EQUIVALENTS

15.1 Cash and cash equivalents for the purpose of preparing consolidated statement of cash flows are as follows:

	2025	2024
	SR	SR
Cash on hand	**1,334,339**	1,010,497
Cash at banks	**66,598,372**	33,101,978
	67,932,711	34,112,475

Cash at banks represent balances with local banks with a sound credit rating. Furthermore, these balances bear no interest. The carrying amount of these assets is approximately equal to their fair value.

15.2 Escrow bank balances

As at December 31, 2025, cash at banks include bank balances amounting to SR 664.45 million (December 31, 2024: SR 798.99 million) in local banks in restricted escrow accounts. Drawings from these escrow accounts is restricted for developing projects which are sold off-plan and the payment of the amount due to National Housing Company for the lands of projects.

NON-CASH TRANSACTIONS:

	2025	2024
	SR	SR
Dividend receivable from an associate	**-**	23,700,000
Addition to investment in associates and join ventures against due from related party balance (note 10.3-G)	**-**	28,791,836
Additions to right of use assets and lease liabilities	**580,881**	4,248,058
Transfer to other receivables from investment in associates and joint ventures	**-**	1,596,376
Reversal / utilization of provision for expected credit loss	**-**	11,368
Employees' end of service benefits transferred to a related party	**-**	(5,444)
Unrealized profit, net on downstream and upstream transaction of associates and joint ventures	**9,830,911**	15,996,420
Addition to equity accounted investments against other payable	**-**	300,000
Transfer of land from investment properties to development properties	**83,897,230**	-
Realization of unrealized profit on upstream transaction of an associate adjusted against development properties	**1,138,024**	-

Reconciliation of liabilities arising from financing activities:

	2025	**2025**	2024	2024
	SR	**SR**	SR	SR
	Loans	**Leases liabilities**	Loans	Lease liabilities
January 1,	**1,734,936,366**	**36,975,716**	1,451,786,112	36,796,053
Cash transactions:				
Funds (paid) / received, net	**(279,725,511)**	**(4,878,461)**	277,871,222	(4,068,395)
Interest paid	**(102,471,289)**	**(2,041,872)**	(113,166,165)	(2,067,402)
Non-cash transactions:				
Additions	**-**	**580,881**	-	4,248,058
Amortization of finance charges	**106,242,754**	**2,041,872**	118,445,197	2,067,402
December 31,	**1,458,982,320**	**32,678,136**	1,734,936,366	36,975,716

16. SHAREHOLDERS' EQUITY

16.1 Share Capital

	2025	2024
	SR	SR
Authorized share capital		
500 million shares of SR 1 each	**500,000,000**	500,000,000
Issued, subscribed and fully paid up share capital		
500 million shares of SR 1 each	**500,000,000**	500,000,000

	2025	2024
Reconciliation of number of shares outstanding		
January 1	**500,000,000**	500,000,000
December 31	**500,000,000**	500,000,000

During the year 2023, in the extraordinary general assembly meeting held on May 2, 2023, the shareholders approved to reduce the nominal value of shares from SR 10 per share to SR 1 per share and increase the number of shares from 40 million shares to 400 million shares with no change in the share capital of the Group. Legal formalities in this regard were completed during 2023.

Further, in the extraordinary general meeting held on Muharram 2, 1445H corresponding to July 20, 2023, the shareholders approved the increase of share capital by granting bonus shares to the Company's shareholders through capitalization of SR 100 million from retained earnings by way of granting 1 share for every 4 shares owned by the shareholders. Legal formalities for issuance of bonus shares were completed during 2023.

16.2 Statutory reserve

In accordance with Company's by-laws, the Group was required to transfer at least 10% of its net income each year to a statutory reserve until such reserve equals to 20% of the share capital. As of December 31, 2023, this reserve was not available for distribution to the shareholders.

The requirement to maintain statutory reserve is no longer applicable with the introduction of new Regulations for Companies in the KSA effective January 2023. During the year ended December 31, 2025, the shareholders approved the transfer of the statutory reserve amounting to SR 83 million to retained earnings.

16.3 Treasury shares

The Board of Directors recommended purchasing maximum 2,000,000 shares as treasury shares for the employees long-term incentive program. On Dhu al-Hijjah 21, 1445H corresponding to June 27, 2024, the shareholders approved a resolution at the extraordinary general assembly meeting based on the board recommendation, this purchase will be financed from the Group's own resources and must be completed within 12 months from the date of approval. The Group is permitted to hold the purchased shares for up to 3 years from the date of approval and once the 3-year period lapses, the Company will follow the procedures and controls stipulated in the relevant laws and regulations.

As of December 31, 2025, the total number of treasury shares purchased amounting 961,583 shares at a market value of SR 14.77 million and the shares par value is SR 0.96 million. Further, during the year ended December 31, 2025, management communicated the employee share scheme to the employees, with the grant date determined as June 2, 2025.

16. SHAREHOLDERS' EQUITY (Continued)

16.3 Treasury shares (Continued)

	2025	2024
Reconciliation of number of shares		
January 1	**755,678**	-
Purchased during the year	**205,905**	755,678
December 31	**961,583**	755,678

	2025	2024
Reconciliation of amounts of shares	**SR**	SR
January 1	**11,959,198**	-
Purchased during the year	**2,811,093**	11,959,198
December 31	**14,770,291**	11,959,198

16.4 Other reserves

Other reserves include actuarial reserve, reserve for change in ownership interests in a subsidiary and share based payment reserve as disclosed in the consolidated statement of changes in equity.

16.4.1 Share based payment reserve

The Group operates a long-term incentive plan for eligible employees under which eligible employees receive remuneration in the form of equity settled share-based payments. Awards granted under the plan are conditional share awards subject to continued employment over the vesting period and achievement of defined performance targets.

For the year 2025 grant cycle, the performance condition was based on net profit achievement, which represents a non-market performance condition under IFRS 2. Awards vest in three tranches over three years: 20% after year one; 30% after year two and 50% after year three. The awards are to be settled using treasury shares.

During the year ended December 31, 2025, the award was made at a Grant date of June 2, 2025, issued at a Grant price SR 16.23 per share. This represent total number of shares granted of 256,424 shares. The grant fair value as of December 31, 2025 is of SR 4.16 million.

Movements in share-based payment reserve for the year is as follows:

	2025	2024
	SR	SR
January 1,	**-**	-
Expense for the year	**483,878**	-
December 31,	**483,878**	-

16. SHAREHOLDERS' EQUITY (Continued)

16.5 Non-controlling interests

During the year 2023, the Group disposed off 20% of its shareholding in one of its subsidiaries, "Building Construction Company Limited", effective from July 1, 2023, while still retaining the control. Shareholding have been disposed off as 10% to one of the executive management of the subsidiary and 10% to one of the Board of Directors of the Parent Company. Consideration received against this disposal amounted to SR 19.94 million, representing the share of SR 9.97 million for each shareholder. This resulted in a realized gain amounting to SR 8.16 million which has been classified as "Reserve for change in ownership interests in subsidiary" under equity. During the year ended December 31, 2025, the shareholders approved the transfer of the reserve for change in ownership interest in a subsidiary amounting to SR 8.16 million to retained earnings.

During the year 2024, one of the executive management of the Group purchased 70% shares in 'Nesaj Construction Company for Project Management' and remaining 30% is owned by a subsidiary - Nesaj Urban Development Company.

In year 2025, the building construction Company, pursuant to a resolution passed by the shareholders on 03 Dhul-Qi'dah 1446H (corresponding to 01 May 2025), the shareholders approved the conversion of the Company from a "Limited Liability Company" to a "Closed Joint Stock Company" and an increase in the Company's share capital by SAR 5 million through the capitalization of retained earnings. All required legal and regulatory formalities relating to the conversion of the Company have been duly completed during the year 2025, accordingly existing shareholders were issued 5,000 shares having a value of SR 5,000,000.

	2025	2024	**2025**	2024
	Ownership %	Ownership %	**SR**	SR
Building Construction Company Limited (BCC)	**20%**	20%	**20,289,818**	8,454,135
Nesaj Construction Company for Project Management (NCC)	**70%**	70%	**63,238**	56,328
			20,353,056	8,510,463

16. SHAREHOLDERS' EQUITY (Continued)

16.5 Non-controlling interests (Continued)

Set out below the summarized financial information for the subsidiaries that have non-controlling interest for the years ended 2025 and 2024.

	2025		
	BCC	**NCC**	**Total**
Non-controlling interest percentage	**20%**	**70%**	
	SR	**SR**	
Summarized statements of financial position:			
Non-current assets	**95,591,197**	**19,465**	
Current assets	**1,279,730,583**	**3,634,736**	
Non-current liabilities	**16,828,886**	**198,755**	
Current liabilities	**1,226,572,776**	**3,365,106**	
Net equity of subsidiaries	**131,920,118**	**90,340**	
Proportionate share of NCI in equity of subsidiaries	**26,384,023**	**63,238**	**26,447,261**
Consolidation adjustment attributable to non-controlling interest	**(6,094,205)**	**-**	**(6,094,205)**
Accumulated non-controlling interest	**20,289,818**	**63,238**	**20,353,056**
Summarized statement of total comprehensive income:			
Revenue for the year	**1,503,708,115**	**3,615,753**	
Net profit for the year	**172,319,044**	**17,552**	
Total comprehensive income for the year	**170,590,327**	**9,871**	
Proportionate share of NCI in total net profit	**34,463,809**	**12,286**	**34,476,095**
Consolidation adjustment attributable to NCI	**(3,282,382)**	**-**	**(3,282,382)**
Total net profit allocated to NCI	**31,181,427**	**12,286**	**31,193,713**
Proportionate share of NCI in total comprehensive income	**30,835,683**	**6,910**	**30,842,593**
Summarized cash flows:			
Cash flows generated from / (used in) operating activities	**78,217,364**	**(2,632,580)**	**75,584,784**
Cash flows used in investing activities	**(66,817,440)**	**(20,318)**	**(66,837,758)**
Cash flows used in financing activities	**(20,191,308)**	**(2,751,247)**	**(22,942,555)**

16. SHAREHOLDERS' EQUITY (Continued)

16.5 Non-controlling interests (Continued)

Set out below the summarized financial information for the subsidiaries that have non-controlling interest for the years ended 2025 and 2024.

	2024		
	BCC	**NCC**	**Total**
Non-controlling interest percentage	**20%**	**70%**	
	SR	**SR**	
Summarized statements of financial position:			
Non-current assets	32,789,045	-	
Current assets	587,541,429	105,000	
Non-current liabilities	12,273,590	-	
Current liabilities	551,727,052	24,532	
Net equity of subsidiaries	56,329,832	80,468	
Proportionate share of NCI in equity of subsidiaries	11,265,970	56,328	11,322,298
Consolidation adjustment attributable to non-controlling interest	(2,811,835)	-	(2,811,835)
Accumulated non-controlling interest	8,454,135	56,328	8,510,463
Summarized statement of total comprehensive income:			
Revenue for the year	971,946,661	-	
Net profit / (loss) for the year	88,252,014	(19,532)	
Total comprehensive income / (loss) for the year	87,257,539	(19,532)	
Proportionate share of NCI in total net profit / (loss)	17,650,403	(13,672)	17,636,731
Consolidation adjustment attributable to NCI	(829,980)	-	(829,980)
Total net profit / (loss) allocated to NCI	16,820,423	(13,672)	16,806,751
Proportionate share of NCI in total comprehensive income / (loss)	16,621,528	(13,672)	16,607,856
Summarized cash flows:			
Cash flows generated from / (used in) operating activities	33,986,600	(19,532)	33,967,068
Cash flows used in investing activities	(15,136,786)	-	(15,136,786)
Cash flows (used in) / generated from financing activities	(20,655,466)	124,532	(20,530,934)

17. LOANS

Classification of loans:

	2025	2024
	SR	SR
Short term loan	**380,508,702**	489,793,252
Term loans	**1,078,473,618**	1,245,143,114
	1,458,982,320	1,734,936,366
Less: short term loan	**(380,508,702)**	(489,793,252)
Less: term loans - current portion	**(487,797,401)**	(193,577,812)
Term loans - non-current portion	**590,676,217**	1,051,565,302

The repayment schedule for term loans is as follows:

	2025	2024
	SR	SR
Within one year	**487,797,401**	193,577,812
Later than one year and not later than five years	**590,676,217**	1,051,565,302
	1,078,473,618	1,245,143,114

The Group has obtained, short and medium-term, shariah compliant loan facilities from commercial banks and a financing company within the Kingdom of Saudi Arabia bearing financial charges at SIBOR plus a fixed margin. As per the terms of the agreement, the Group is required to comply with certain loan covenants. As of December 31, 2025, the Group has obtained all required waiver letters from financial institutions for applicable covenant non-compliance.

As of December 31, 2025, the Group has outstanding short and medium-term loans. During the year, the Group received proceeds from borrowings of SR 985.59 million (2024: SR 1,448.96 million) and repaid borrowings of SR 1,265.31 million (2024: SR 1,171.1 million). The finance costs paid during the year amounted to SR 102.4 million (2024: SR 113.17 million) against finance cost of SR 106.24 million (2024: SR 118.45 million).

18. EMPLOYEES' END-OF-SERVICE BENEFIT

The Group carried out actuarial valuations to account for its obligations under defined benefit plan. Following mentioned results are extracted from actuarial valuation reports.

Movement in employees' end of service benefits during the year is as follows:

	2025	2024
	SR	SR
January 1	**26,097,934**	17,829,196
Charge for the year	**9,931,920**	6,972,467
Re-measurement loss	**1,092,678**	2,921,130
Employee benefits paid	**(4,593,157)**	(1,619,415)
Transfer to a related party	**-**	(5,444)
December 31	**32,529,375**	26,097,934

Charge to consolidated statement of profit or loss and other comprehensive income for the year:

	2025	2024
	SR	SR
Current service cost	**8,428,165**	6,099,256
Gain on settlement	**-**	(37,156)
Interest cost (note 26)	**1,503,755**	910,367
Cost recognized in profit or loss	**9,931,920**	6,972,467

Principal actuarial assumptions

	2025	2024
Discount rate	**4.90%**	5.25%
Average rate of salary increase	**5.90%**	5.00%
Rate of employee turnover	**Age Based**	Heavy
Mortality rates (WHO)	**WHO SA19**	WHO SA19

Sensitivity analysis on present value of defined benefit obligations plan are as below:

	2025		2024	
	Percentage	**Amount**	Percentage	Amount
		SR		SR
Discount rate				
Increase	**+0.5%**	**31,495,950**	+0.5%	25,279,855
Decrease	**-0.5%**	**33,627,474**	-0.5%	26,967,900
Expected rate of salary				
Increase	**+0.5%**	**33,651,124**	+0.5%	26,780,068
Decrease	**-0.5%**	**31,463,461**	-0.5%	25,449,073

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employees end-of-service benefits recognized within the consolidated statement of financial position.

19. ACCOUNTS PAYABLE

	Note	2025	2024
		SR	SR
Accounts payable		**732,255,548**	255,699,338
Retentions payable		**47,432,310**	31,159,613
Accounts payable to related parties	27	**90,168,259**	21,483,930
		869,856,117	308,342,881

The accounts payable include amount payable for purchase of lands amounting SR 538 million (2024: SR 135.9 million).

20. ACCRUED EXPENSES AND OTHER PAYABLES

	2025	2024
	SR	SR
		Restated Note 34
Project related accruals	**696,677,013**	509,490,280
Employees' accruals	**50,788,795**	31,750,459
Provision for warranty obligation	**20,734,381**	10,328,321
Accrued expenses	**13,014,070**	14,868,068
Unearned revenue	**4,615,520**	1,158,559
VAT payable	**200,955**	946,879
Others	**744,804**	648,772
	786,775,538	569,191,338

21. ZAKAT PAYABLE

Effective from year 2020, the Group and its 100% owned subsidiaries submit zakat return on combined basis. The movement of Zakat payable is as follows:

	2025	2024
	SR	SR
January 1	**21,163,802**	19,511,830
Charge for the year	**20,694,711**	12,529,556
Paid during the year	**(16,650,908)**	(10,877,584)
December 31	**25,207,605**	21,163,802

21. ZAKAT PAYABLE (Continued)

Zakat assessment status

The Group has submitted its consolidated zakat returns up to the year ended December 31, 2024, which consolidated the 100% owned Saudi entities and obtained the required certificates and official receipt. As of December 31, 2025, the final assessments from 2015 till 2018 and from 2020 till 2023 were received. The final assessment for 2024 is still under review by the ZATCA.

During the year 2023, the ownership in BCC has decreased to 80%, having previously stood at 100% in year 2022. Consequently, BCC no longer meets the criteria for inclusion in the consolidated Zakat return for the year 2023. As a result, BCC is required to file its own separate Zakat return from year 2023. The group will maintain the provision for Zakat related to BCC for the periods during which it was consolidated until final assessment is completed by ZATCA.

TLC

Tadbeir has submitted its zakat returns up to the year ended December 31, 2024, and obtained the required certificates and official receipt. The final assessments for the years from 2016 till 2018 and from 2020 till 2023 were received. The final assessment for 2024 is still under review by ZATCA.

NUDC

Nesaj has submitted its zakat returns up to the year ended December 31, 2024, and obtained the required certificates and official receipt. The final assessments for the years from 2016 till 2018 and from 2020 till 2023 were received. The final assessment for 2024 is still under review by ZATCA.

BCC

BCC has submitted its zakat returns up to the year ended December 31, 2024, and obtained the required certificates and official receipt. The final assessment for the years from 2023 till 2024 is still under review by the ZATCA.

AREC

Arec has submitted its zakat returns up to the year ended December 31, 2024, and obtained the required certificates and official receipt. The final assessments for the years 2021 till 2023 were received. The final assessment for 2024 is still under review by ZATCA.

TES

During the year 2022, TES registered in ZATCA and submitted its zakat returns up to the year ended December 31, 2024, and obtained the required certificate and official receipt. The final assessments for the years 2022 and 2023 were received. The final assessment for 2024 is still under review by ZATCA.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

22.1 Disaggregated revenue information

Revenue of goods and services	**2025**	2024
	SR	SR
Development contracts revenue	**2,392,601,285**	1,979,089,545
Revenue from sales of real estate units / lands	**7,134,470**	48,982,567
Revenue from property and facility management	**32,199,032**	28,954,797
Rent contracts revenue	**5,872,937**	6,183,650
	2,437,807,724	2,063,210,559

Revenue for the year from sales of real estate units / lands includes revenue from sales of development properties and investment properties amounting to SR 7.13 million (2024: SR 8.35 million) and SR nil million (2024: SR 40.63 million), respectively.

Revenue by timing of revenue recognition	**2025**	2024
	SR	SR
Revenue recognized over a period of time	**2,430,673,254**	2,014,227,992
Revenue recognized at point in time	**7,134,470**	48,982,567
	2,437,807,724	2,063,210,559

22. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

22.2 Contract balances

	Note	2025	2024
		SR	SR
Accounts receivable – third parties	13	**530,486,657**	421,345,543
Accounts receivable - related parties	27	**15,018,322**	30,319,122
Contract assets (see note (a) below)		**809,449,778**	300,025,928
Contract liabilities (see note (b) below)		**514,402,514**	100,834,563

Movement on contract balances during the year 2025 and 2024:

	2025	2024
	SR	SR
January 1	**199,191,365**	91,719,011
Revenue for the year	**2,291,766,722**	1,869,857,274
Revenue recognized from the opening contract liabilities	**100,834,563**	109,232,271
Billings raised during the year	**(2,296,745,386)**	(1,871,617,191)
December 31	**295,047,264**	199,191,365

Contract balances have been presented in the consolidated statement of financial position as follows:

	2025	2024
	SR	SR
Contract assets	**809,449,778**	300,025,928
Contract liabilities	**(514,402,514)**	(100,834,563)
	295,047,264	199,191,365

a) Contract assets:
Contract assets are initially recognized for revenue earned over a period of time from development contracts as receipt of consideration is conditional on successful satisfaction of specific milestones. Upon completion of a invoicing milestone and acceptance by the customer, the amounts previously recognized as contract assets are transferred to account receivables.

b) Contract liabilities:
Contract liabilities include advances from customers towards unsatisfied performance obligations. A contract liability is the obligation to complete the project for a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group completes a project, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the terms of the contract.

Management expects that a significant portion of the contract liabilities of SR 514 million (2024: SR 100.83 million) will be recognized as revenue in the next financial year.

22.3 Payable to National Housing Company
When the development is made on a land not owned by the Group, Revenue is not recognized for the land portion. The amount received in respect of land not owned by the Group is recorded separately as a Payable to National Housing Company.

As of December 31, 2025, the payable to National Housing Company includes an amount of SR 463.19 million (December 31, 2024: SR 501.91 million) related to land not owned by the Group. In addition, SR 565.41 million (December 31, 2024: SR 93.46 million) relates to contracts with National Housing Company for land owned by the Group and is recognized once the raw land and the related infrastructure have been received by the Group from National Housing Company.

23. COST OF REVENUE

	Note	2025	2024
		SR	SR
Cost of development contracts	23.1	**1,800,673,321**	1,494,779,518
Cost of sale of real estate units / projects		**4,503,527**	41,618,225
Cost of facility and property management		**25,006,739**	26,994,074
Cost of rent contracts		**1,648,058**	1,474,132
		1,831,831,645	1,564,865,949

23.1 Cost of development contracts include cost from development services of SR 21 million (2024: SR 39 million), in addition, this includes provision for warranty amounting to SR 10.4 million (2024: SR 10.3 million).

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2025	2024
		SR	SR
Employee related costs		**79,027,992**	54,803,321
Depreciation for property and equipment and right of use assets	6, 7	**15,609,683**	12,833,449
IT charges		**9,993,948**	8,012,018
Professional fees	24.1	**8,099,753**	6,318,853
Repair and maintenance		**7,590,158**	7,701,911
Board of directors' fees	27	**2,755,452**	2,755,500
Business development expenses		**2,655,189**	3,710,939
Amortization for intangible assets	8	**2,419,832**	2,426,707
Business trips		**2,022,686**	1,209,710
Hospitality		**1,629,912**	1,402,081
Utilities		**1,622,310**	2,090,826
Fee and permits		**830,869**	396,555
Office stationery		**491,977**	893,305
Others		**864,086**	1,661,032
		135,613,847	106,216,207

24.1 Professional fee for the year 2025 includes auditor's remuneration amounting to SR 0.79 million (2024: SR 0.74 million).

25. SELLING AND MARKETING EXPENSES

	Note	2025	2024
		SR	SR
Employee related costs		**22,160,717**	13,452,463
Exhibitions		**20,392,058**	13,941,565
Marketing and advertising		**5,268,914**	5,275,368
Maintenance and after sales expenses		**3,341,838**	12,000,312
Corporate events		**3,277,204**	1,387,384
Depreciation for property and equipment and right of use assets	6, 7	**2,442,255**	957,811
Business trips		**940,335**	731,019
Utilities		**467,199**	339,494
Hospitality		**224,243**	446,039
IT Charges		**128,496**	140,702
Others		**190,758**	650,361
		58,834,017	49,322,518

26. FINANCE COSTS

	Note	2025	2024
		SR	SR
Interest on term loans	17	**106,242,754**	118,445,197
Interest on unwinding of payables		**12,239,052**	-
Interest on lease liabilities	7	**2,041,872**	2,067,402
Interest on employees’ end of service benefits	18	**1,503,755**	910,367
Others		**678,760**	1,103,059
		122,706,193	122,526,025

27. RELATED PARTIES TRANSCTIONS AND BALANCES

The Group entered into transactions with related parties based on terms and conditions approved by the management of the Group.

During the year 2025 and 2024 the Group transacted mainly with the following related parties:

Name	**Relationship**
Al Fozan Holding Company	Shareholder
Mr. Khaled Abdullatif Ahmed Al Fozan	Close Family Member
Mr. Abdullatif Ali Al Fozan	Close Family Member
Mr. Abdullah Bin Faisal Bin Abdul Aziz Al Braikan	Chief Executive Officer
Mr. Omar Bin Ibrahim Al Jalal	Key management personnel
Mr. Abdulrahman Bin Ibrahim Al Jalal	Key management personnel
Saudi Tharwa Company	Associate
Marasi Real Estate Development Fund	Associate
Al-Ahsa Real Estate Fund	Associate
Remal Park Fund	Associate
Business Park Fund	Associate
Mimar Emirate and ARAC Engineering Consultancy Company	Associate
Retal for land and Real Estate Development	Joint venture
Remal Al Khobar Real Estate Company	Joint venture
Noorkom Design Company	Joint venture
Specialized Construction Limited Company	Joint venture
Masal Real Estate Development Company	Joint venture
Specialized Construction Company Limited	Joint venture
ARAC Engineering Consultants Office	Affiliate
United Electronics Company (Extra)	Affiliate
Nesaj Residential Real Estate Compound Company	Affiliate
Madar Electrical Materials Company	Affiliate
Madar Hardware Company	Affiliate
Ajwad Holding Company	Affiliate
United Homeware Company (Nice)	Affiliate
Bawan Metal Industries Company	Affiliate
Madar Building Materials Company	Affiliate
Maali Holding Company	Affiliate
Coffee Taste Company (Dose Cafe)	Affiliate
Saudi Industrial Machinery Company	Affiliate
United Glass Industries Company	Affiliate
United Steel Industries Company	Affiliate
Al Oula Real Estate Development Company	Affiliate
RC Beach Real Estate Fund	Affiliate
Wajha Alpha for Investment Company (Ewan Tharwa)	Affiliate
Alwijha Almutahida for Real Estate Company (Marasi Real Estate Development Company)	Affiliate
Wasm United Real Estate Company	Affiliate

27. RELATED PARTIES TRANSCTIONS AND BALANCES (Continued)

The significant transactions and the related approximate amounts are as follows:

Related party relationship	**Nature of Transactions**	**2025**	2024
		SR	SR
Associates and joint ventures	Revenue	**105,469,852**	61,446,739
Affiliates	Revenue	**35,746,863**	90,308,908
Associates and joint ventures	Contract costs and services/expenses charged	**3,944,425**	4,732,546
Affiliates	Contract costs and services/expenses charged	**166,898,310**	84,345,441
Joint venture	Addition to equity accounted investments against related parties' balance	**10,516,662**	28,791,836
Joint venture	Additions to equity accounted investments	**-**	300,000
Associate	Cash contribution to equity accounted investments	**1,173,711**	5,220,092
Affiliates	Purchase of fixed assets	**25,177,268**	-
Key management personnel	Dividend paid to NCI	**19,000,000**	15,500,000
Key management personnel	Additional shares through retained earnings	**1,000,000**	-
Key management personnel	Purchase of subsidiary shares	**-**	70,000
Associate	Gain on transfer on land in in-kind contribution	**-**	199,843
Associate	Dividend received from associates	**104,096,520**	53,244,994
Associate	Dividend receivable	**-**	23,700,000
Associate	Increase in share capital through Retained Earnings	**212,500**	-
Associate	End of service transfer out	**-**	5,444

27. RELATED PARTIES TRANSCTIONS AND BALANCES (Continued)

Due from related parties classified under accounts receivable includes the following:

	2025	2024
	SR	SR
Business Park Fund	**-**	20,125,907
Noorkom Design Company	**2,416,282**	3,810,322
Wajha Alpha for Investment Company (Ewan Tharwa)	**6,849,305**	-
Mimar Emirate and ARAC Engineering Consultancy Company	**1,002,378**	
RC Beach Real Estate Fund	**-**	1,763,571
Retal for Land and Real Estate Management and Development	**2,790,620**	-
Arac Engineering Consultants Office	**681,695**	-
Specialized Construction Company Limited	**132,801**	-
Alwijha Almutahida for Real Estate Company (Marasi Real Estate Development Company)	**-**	3,205,131
Others	**1,145,241**	1,414,191
	15,018,322	30,319,122

As of December 31, 2025, and December 31, 2024, the Group believes that due from related parties' balances are receivable upon request. As a result, these balances are classified as current assets. These balances bear no interest and there are no repayment schedules. Management believes that all related parties have strong financial position and sufficient funds to repay the balances upon request. Therefore, no allowance has been recognized against these balances.

Due from related parties classified under prepayments and other receivable includes the following:

	2025	2024
	SR	SR
Specialized Construction Company Limited	**18,762,813**	-
Wajha Alpha for Investment Company (Ewan Tharwa)	**2,819,564**	-
Masal Real Estate Development Company	**156,831**	-
Remal Park Fund	**1,229,763**	-
Saudi Tharwa Company	**-**	23,700,000
	22,968,971	23,700,000

Due to related parties classified under accounts payable includes the following:

	2025	2024
	SR	SR
Remal Al-Khobar Real Estate Company ("Remal")	**14,559,067**	-
Madar Building Materials Company	**48,620,046**	14,588,794
Madar Electrical Materials Company	**5,170,843**	2,543,324
Madar Hardware Company	**1,640,094**	1,897,156
Bawan Metal Industries Company	**16,493,358**	1,637,854
United Glass Industries Company	**3,414,312**	146,462
Others	**270,539**	670,340
	90,168,259	21,483,930

As of December 31, 2025, and 2024, the Group believes that due to related parties' balances are repayable upon request. As a result, these balances have been classified as current liabilities. These balances bear no interest and there is no repayment schedule.

27. RELATED PARTIES TRANSCTIONS AND BALANCES (Continued)

Compensation of key management personnel of the Holding Company during the year is as follows:

	2025	2024
	SR	SR
Short term benefits	**9,467,158**	5,348,055
Share based payment reserve	**106,743**	-
Long term benefits	**3,160,839**	2,332,100
Board of directors fees	**2,755,452**	2,755,500

28. EARNINGS PER SHARE FOR THE YEAR (BASIC AND DILUTED)

Basic earnings per share for the year ended December 31, 2025 and for the year 2024, have been computed by dividing the profit for the year attributable to the shareholders of the Company by the number of shares outstanding during such years.

	2025	2024
	SR	SR
Net profit for the year attributable to the shareholders of the Group	**293,305,537**	266,125,914
	Shares	Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**499,223,134**	499,895,585
Weighted average number of treasury shares	**776,866**	104,415
Weighted average number of ordinary shares used in calculating diluted earnings per share	**500,000,000**	500,000,000
	SR / Share	SR / Share
Basic and diluted earnings per share	**0.59**	0.53

29. CONTINGENCIES AND COMMITMENTS

Guarantees:
The Group is contingently liable for bank guarantees issued in the normal course of business of the Group amounting SR 724.6 million as at December 31, 2025 (December 31, 2024: SR 753.8 million).

As of December 31, 2025, the Group has outstanding corporate guarantees given on behalf of associates amounting to SR 138.2 million (2024: SR 115 million).

Commitments
The Group has the following capital commitments:

	2025	2024
	SR	SR
Capital commitments for development contracts	**1,108,683,724**	464,589,671

The Group has agreements to purchase developed lands on installments from third parties. The recognition of the liabilities associated with such lands is subject to the fulfillment of certain contractual obligations. As of December 31, 2025, the amount is SR 461.6 million (2024: SR 1,260 million).

There are certain ongoing legal cases with the Group in the ordinary course of business, and the management assesses that there is no material impact is expected from the outcome of these legal cases.

30. SEGMENT REPORTING

The Group operations are organized mainly in the following reportable segments:

- Real estate development segment represents properties under development which are acquired, developed and sold. It includes development of affordable, mid-end, luxury / high class residential and commercial units in the Kingdom of Saudi Arabia.

- Investment segment represents Group's strategic investing activities such as investment in associates, investment in land properties for sale and appreciation (developed or undeveloped with or without infrastructure) and Investments in marketable securities listed on Saudi stock exchange ("Tadawul") including short-term investment less than three months classified within cash and cash equivalents.

- Other segment includes revenue from property and facility management and related real estate activities like brokerage and commission fees.

Segment results that are reported to the chief reporting decision maker for the purpose of making decisions about resource allocation and performance assessment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Performance is measured based on segment revenues and net profit, as included in the internal management reports that are reviewed by the top management at least on quarterly basis.

30. SEGMENT REPORTING (Continued)

The financial information as at December 31, 2025 and December 31, 2024 and for the year ended on December 31, 2025 and 2024, summarized by each segment, is as follows:

	Real Estate Development	Investments	Others	Eliminations	Total
As at December 31, 2025	**SR**	**SR**	**SR**	**SR**	**SR**
Total Assets	**5,150,439,623**	**625,376,736**	**24,221,999**	**(16,621,635)**	**5,783,416,723**
Total Liabilities	**4,750,145,420**	**-**	**15,506,521**	**(16,621,635)**	**4,749,030,306**
As at December 31, 2024					
Total Assets	3,502,105,767	716,550,642	42,565,008	(25,822,846)	4,235,398,571
Total Liabilities	3,381,887,592	300,000	36,549,991	(25,822,846)	3,392,914,737
For the year ended December 31, 2025					
Segment revenue	**2,399,735,755**	**5,872,937**	**44,240,033**	**(12,041,001)**	**2,437,807,724**
Share of results of equity accounted investments	**-**	**17,290,596**	**-**	**-**	**17,290,596**
Gain on sale of investments at fair value through profit or loss	**-**	**6,622,919**	**-**	**-**	**6,622,919**
Allowance for expected credit losses	**(5,771,791)**	**-**	**-**	**-**	**(5,771,791)**
Depreciation	**(30,437,518)**	**(1,097,082)**	**-**	**-**	**(31,534,600)**
Amortization	**(2,605,394)**	**-**	**-**	**-**	**(2,605,394)**
General and administrative expenses (without depreciation and amortization)	**(112,053,785)**	**-**	**(5,530,547)**	**-**	**(117,584,332)**
Selling and marketing expenses (without depreciation and amortization)	**(56,391,762)**	**-**	**-**	**-**	**(56,391,762)**
Finance costs	**(122,610,900)**	**-**	**(95,293)**	**-**	**(122,706,193)**
Other income	**5,194,663**	**-**	**350,098**	**-**	**5,544,761**
Zakat	**(20,474,191)**	**-**	**(220,520)**	**-**	**(20,694,711)**
Net profit for the year	**294,556,941**	**27,280,014**	**2,662,295**	**-**	**324,499,250**

30. SEGMENT REPORTING (Continued)

	Real Estate Development	Investment	Others	Eliminations	Total
	SR	SR	SR	SR	SR
For the year ended December 31, 2024					
Segment revenue	1,979,089,545	48,982,567	48,198,326	(13,059,879)	2,063,210,559
Share of results of equity accounted investments	-	71,108,835	-	-	71,108,835
Gain on sale of investments at fair value through profit or loss	-	3,652,109	-	-	3,652,109
Allowance for expected credit losses	(2,579,638)	-	-	-	(2,579,638)
Depreciation	(20,055,895)	(1,164,113)	-	-	(21,220,008)
Amortization	(2,612,272)	-	-	-	(2,612,272)
General and administrative expenses (without depreciation and amortization)	(84,183,074)	-	(6,772,977)	-	(90,956,051)
Selling and marketing expenses (without depreciation and amortization)	(48,364,707)	-	-	-	(48,364,707)
Finance costs	(122,446,821)	-	(79,204)	-	(122,526,025)
Other income	2,638,000	-	363,055	-	3,001,055
Zakat	(12,262,999)	-	(266,557)	-	(12,529,556)
Net profit for the year	207,403,229	79,503,451	(3,974,015)	-	282,932,665

31. DIVIDENDS

During the year ended December 31, 2025, the Board of Directors in their meeting held on Ramadan 1, 1446H corresponding to March 1, 2025, approved the distribution of cash dividend to the shareholders at the rate of 11% of share capital (equivalent to SR 0.11 per share) amounting to SR 55 million (2024: 0.16 per share amounting to the total of SR 80 million) for the second half of the year 2024 has been paid during the year.

Further, the Board of Directors approved by circulation on Safar 9, 1447H corresponding to August 3, 2025, the distribution of cash dividend to the shareholders at the rate of 11% of the Company's capital (equivalent to SR 0.11 per share) amounting to the total of SR 55 million (2024: SR 0.16 per share amounting to the total of SR 80 million) for the first half of the year 2025.

During the year ended December 31, 2025, one of the subsidiaries (Building Construction Company Limited) declared dividend amounting to SR 95 million (2024: SR 77.5 million) out of which SR 19 million (2024: SR 15.5 million) related to non-controlling interest is paid during the year.

32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to the following financial risks from its use of the financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest rate risk and Foreign currency exchange risk)
- Capital management risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

	2025	2024
	SR	SR
Financial assets at amortized cost:		
Escrow bank balances	**664,454,982**	798,993,919
Cash on hand and at banks	**67,932,711**	34,112,475
Contract assets	**809,449,778**	300,025,928
Accounts receivables, net	**552,040,869**	456,800,833
Other receivables, net	**35,719,890**	53,855,914
	2,129,598,230	1,643,789,069
Financial assets at fair value:		
Investments at fair value through profit or loss	**98,995,901**	2,304,432
Investments at fair value through other comprehensive income	**6,000,000**	6,000,000
Total financial assets	**2,234,594,131**	1,652,093,501

	2025	2024
	SR	SR
Financial liabilities at amortized cost		
Accounts payable	**869,856,117**	308,342,881
Payable to National Housing Company	**1,028,598,701**	595,372,137
Accrued expenses and other payables	**761,224,682**	556,757,579
Lease liabilities	**32,678,136**	36,975,716
Loans	**1,458,982,320**	1,734,936,366
Total financial liabilities	**4,151,339,956**	3,232,384,679

The Group have no financial liability at fair value through profit or loss

32. FINANCIAL RISK MANAGEMENT (Continued)

32.1 Financial instruments and related disclosures

32.1.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Group has policies in place to minimize its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	2025	2024
	SR	SR
Escrow bank balances	**664,454,982**	798,993,919
Cash on hand and at banks	**67,932,711**	34,112,475
Accounts receivable, net	**552,040,869**	456,800,833
Contract assets	**809,449,778**	300,025,928
Other receivables, net	**35,719,890**	53,855,914
	2,129,598,230	1,643,789,06

The carrying amount of financial assets represents the maximum credit exposure.

Accounts receivable and contract assets
The Group seeks to limit its credit risk with respect to accounts receivable and contract assets by grouping based on shared credit risk characteristics. The contract assets relates to unbilled work in progress and have substantially the same risk characteristics as the accounts receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for accounts receivable are reasonable approximation of loss rates for contract assets.

The Group measures the loss allowance for accounts receivable by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. Customers that are graded as "high risk" are placed on a separate list, and future credit sales are made only with approval of key directors. The group assess the recoverable amount of its receivables to ensure adequate allowance for impairment is made by applying simplified approach to measure expected credit loss. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP and inflation rate to be the most relevant factors and accordingly adjusted the historical loss rates based on expected changes in these factors. For aging of receivables from third parties refer note 13.

Cash on hand and at banks and escrow bank balances
Credit risk from balances with banks and financial institutions is managed by the Group’s treasury department in accordance with the Group’s policy. The credit risk on bank balances is low considering the Group has outstanding loans balances and credit facilities with various banks, in Saudi Arabia, with good credit ratings (in the range of A+ to BBB+) as aligned from external credit rating companies such as Moody’s and Fitch, so concentration risk is also low.

Due from related parties
The Group has determined that balances with related parties are collectible and fully recoverable and that the financial position of the related entities sounds good.

32. FINANCIAL RISK MANAGEMENT (Continued)

32.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the undiscounted contractual maturities at the end of the reporting period of financial liabilities

Financial liabilities

December 31, 2025	**Carrying amount SR**	**Contractual cash flows SR**	**Within one year SR**	**1 – 5 Years SR**	**More than five years SR**
Accounts payable	**869,856,117**	**869,856,117**	**869,856,117**	**-**	**-**
Payable to NHC	**1,028,598,701**	**1,028,598,701**	**968,014,863**	**60,583,838**	**-**
Accrued expenses and other payables	**761,224,682**	**761,224,682**	**761,224,682**	**-**	**-**
Loans	**1,458,982,320**	**1,539,436,593**	**918,781,175**	**620,655,418**	**-**
Lease liabilities	**32,678,136**	**39,856,573**	**6,502,829**	**25,957,709**	**7,396,035**
	4,151,339,956	**4,238,972,666**	**3,524,379,666**	**707,196,965**	**7,396,035**

Financial liabilities

December 31, 2024	**Carrying amount SR**	**Contractual cash flows SR**	**Within one year SR**	**1 – 5 Years SR**	**More than five years SR**
Accounts payable	308,342,881	308,342,881	308,342,881	-	-
Payable to NHC	595,372,137	595,372,137	595,372,137	-	-
Accrued expenses and other payables	556,757,579	556,757,579	556,757,579	-	-
Loans	1,734,936,366	1,839,813,109	739,506,928	1,100,306,181	-
Lease liabilities	36,975,716	46,189,807	6,735,833	16,457,939	22,996,035
	3,232,384,679	3,346,475,513	2,206,715,358	1,116,764,120	22,996,035

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

32.1.3 Market risk

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return

a) Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD"). The Group's management believes that their exposure to currency risk associated with USD is limited as the Group's currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

32. FINANCIAL RISK MANAGEMENT (Continued)

32.1.3 Market risk (continued)

b) Interest Rate Risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Group’s financial position and cash flows. The Group’s exposure to interest rate risk is mainly on short and medium-term loans, and lease liabilities. The Group pays floating interest rates on its debts.

An increase of 50 basis points in the interest rate would have increased finance costs for the year ended December 31, 2025 by SR 8.1 million (December 31, 2024: SR 8.7 million).

Management monitors the changes in interest rates and manages its impact on the consolidated financial statements accordingly.

32.1.4 Fair values of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group’s financial assets consist of cash and cash equivalents, trade receivables, investments at fair value through profit or loss and investments at fair value through other comprehensive income and other receivables, while its financial liabilities consist of borrowings, lease liabilities, accounts payables, payable to National Housing Company, accrued expenses and other liabilities. The fair values of financial instruments are not materially different from their carrying values.

The carrying value of financial assets not measured at fair value have a reasonable approximation to its fair value. All financial liabilities are at amortized cost and their carrying value is a reasonable approximation of fair value.

32.1.5 Capital risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total of long-term and short-term borrowings. Total capital comprises shareholders’ equity as shown in the statement of financial position under share capital and reserves and net debt (net of cash and bank balances including escrow bank balances).

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements.

32. FINANCIAL RISK MANAGEMENT (Continued)

32.1.5 Capital risk management (Continued)

The salient information relating to capital risk management of the Group as of December 31, 2025 and 2024 were as follows:

	2025	2024
	SR	SR
Total debt	**1,458,982,320**	1,734,936,366
Less: cash and bank balances including escrow account bank balances	**(732,387,693)**	(833,106,394)
Net debt	**726,594,627**	901,829,972
Total equity	**1,034,386,417**	842,483,834
Total capital employed	**1,760,981,044**	1,744,313,806
Gearing ratio	**41%**	52%

33. SUBSEQUENT EVENTS

Subsequent to the year end, the Group has signed a Share Swap Agreement dated February 14, 2026 with one of the shareholders (“Seller”), pursuant to which the Group has agreed to acquire Seller entire shareholding in Ajdan Real Estate Development Company equivalent to 14,250,000 ordinary shares, representing 47.5% of Ajdan Company’s share capital in exchange for the issuance of new ordinary shares to the Seller.

In the opinion of the management, there have been no other significant subsequent events since the year end that would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

34. RECLASSIFICATIONS / RESTATEMENTS

The Group has made certain reclassification / restatements in the comparative figures and has restated the 2024 comparative financial information for appropriate presentation. The details of such restatements on 2024 comparative financial information are explained as follows:

Impact on the consolidated statement of financial position as at December 31, 2024.

	Note	**As previously reported**	**Restatements / Reclassification**	**As restated**
Development properties	34.2	1,038,668,505	35,288,499	1,073,957,004
Escrow bank balance	34.1	-	798,993,919	798,993,919
Cash on hand and at banks	34.1	833,106,394	(798,993,919)	34,112,475
Investments at fair value through other comprehensive income	34.4	6,000,000	(6,000,000)	-
Total current assets		**2,923,138,481**	**29,288,499**	**2,952,426,980**
Investments at fair value through other comprehensive income	34.4	**-**	**6,000,000**	**6,000,000**
Total non-current assets		**1,276,971,591**	**6,000,000**	**1,282,971,591**
Total assets		**4,200,110,072**	**35,288,499**	**4,235,398,571**
Accrued expenses and other payables	34.2/34.3	533,902,839	35,288,499	569,191,338
Total current liabilities		**2,247,649,001**	**35,288,499**	**2,282,937,500**
Total liabilities		**3,357,626,238**	**35,288,499**	**3,392,914,737**
Total Equity and liabilities		**4,200,110,072**	**35,288,499**	**4,235,398,571**

34. RECLASSIFICATIONS / RESTATEMENTS (Continued)

Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2024:

	Note	As previously reported	Restatements / Reclassification	As restated
Cost of revenue	34.3	1,563,554,228	1,311,721	1,564,865,949
Gross profit		**499,656,331**	**(1,311,721)**	**498,344,610**
General and administrative expenses	34.3	107,527,928	(1,311,721)	106,216,207

Impact on the consolidated statement of cash flows for the year ended December 31, 2024

	As previously reported	Restatements/ Reclassification	As restated
Cash flows from operating activities	**3,904,806**	**(147,844,304)**	**(143,939,498)**
Net change in cash and cash equivalent	**127,223,247**	**(147,844,304)**	**(20,621,057)**

34.1 As at December 31, 2024, the Group has reclassified the escrow bank balances amounting to SR 798.9 million (2023: SR 651 million) from “Cash on hand and at banks” to “Escrow bank balances” in the consolidated statement of financial position as a separate line item under current assets. This change was made to enhance presentation of consolidated financial statements, and it did not impact the equity and net profit, however the cash flows of the Group for the previous year was revised by SR 148 million (2023: SR152.3 million) in respect of cash flows from operating activities and net change in cash and cash equivalents.

34.2 As at December 31, 2024, certain assets and liabilities were previously recognized in the consolidated statement of financial position based on a practical estimation approach applied by management using the information available at that time. During the current year, the Group performed a more detailed assessment as per IFRS 15 requirements to determine the related liability and the corresponding allocation of costs to the appropriate asset categories. As a result, development properties increased by an amount of SR 35.28 million with a corresponding increase in project accruals. This reclassification affects the consolidated statement of financial position and the consolidated cash flow statement, however, the total cash flow from operating, investing and financing activities did not change. Furthermore, it did not have a material impact on Group’s equity or net profit for the years ended December 31, 2024, and December 31, 2023.

34.3 For the year ended December 31, 2024, the Group has reclassified the warranty provision amounting to SR 1.3 million from general and administrative expenses to cost of revenue. In addition, as at December 31, 2024, the Group has reclassified the warranty provision amounting to SR 9 million from “Project related accruals” to “Provision for warranty obligation” separately classified within accrued expenses and other payables in the consolidated statement of financial position. These changes were made to enhance presentation of consolidated financial statements did not impact the equity, net profit or cash flows of the Group for the previous year.

34.4 As at December 31, 2024, the Group has reclassified SR 6 million from current asset to non-current assets related to investments at fair value through other comprehensive income. These changes were made to enhance presentation of consolidated financial statements did not impact the equity, net profit or cash flows of the Group for the previous year.

35. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Group's Board of Directors on March 14, 2026 (corresponding to Ramadan 25th, 1447).