

Earnings Press Release

Red Sea International

Q3 2026

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CEO Message



Ghassan Nassif
Group Chief Executive Officer

Our results for the first nine months of 2026 reflect a challenging period for Red Sea International, particularly in General Construction and non-concrete and commercial buildings, while Facilities Management and rental of investment properties continue to demonstrate encouraging growth and profitability.

We are now focused on a fundamental realignment of the Group, supported by the planned carve-out of our principal businesses into separate legal entities and the proposed rights issue. The remainder of 2026 represents an important phase in advancing this transformation and establishing a stronger financial and operational foundation for the future.

Red Sea International has longstanding customer relationships, established capabilities and a strong market presence. We are confident that the steps we are taking will position the Group to build on these strengths and deliver sustainable long-term value for our shareholders.

Financial Highlights

Q3 2026

REVENUE

Q3 2026

₪ 375.2 million

Q3 2025: ₪ 986.0 million (-62%)

NET PROFIT (LOSS)

Q3 2026

₪ (31.2) million

Q3 2025: ₪ (1.7) million

EARNINGS PER SHARE

Q3 2026

₪ (0.65) per share

Q3 2025: ₪ (0.06) per share

OPERATING LOSS

Q3 2026

₪ (33.6) million

Q3 2025: operating profit of ₪ 25.0 million

CASHFLOWS USED IN OPERATIONS

₪ (243.8) million

9M 2026 | 9M 2025: ₪ (2.9) million

(ACCUMULATED LOSSES) / SHARE CAPITAL

-17.1% (₪ 82.5 million)

31 Dec 2025: -69.7% | ₪ (336.6) million

Quarterly figures are for the three months ended 30 September 2026 against the same quarter of 2025; operating cash flow is for the nine months ended 30 September.
Net loss and EPS are attributable to shareholders of the Parent Company.

Financial Performance

Q3 2026

- Red Sea International Company (RSI) reported consolidated revenue of SAR 1.614 billion for the nine months ended 30 September 2026, compared with SAR 2.465 billion in the corresponding period of 2025, a decline of 35%. The Group recorded a net loss of SAR 88.0 million, compared with a net profit of SAR 7.7 million a year earlier. Out of which SAR 73.1 million is the non-cash purchase price allocation amortization.
- The results reflect a strong growth and improved revenues in Facilities Management of 52% YOY.
- **Revenue fell 62% to SAR 375.2 million** in Q3 (Q3 2025: SAR 986.0 million) due to lesser percentage of completion and lesser performance obligations satisfied in the current period. 9M revenue fell 35% to SAR 1,614.4 million:
  - Revenue from **General construction** fell 33% to SAR 1,356.4 million (SAR 663.0 million of the decline)
  - Revenue from **Non-concrete residential and commercial buildings** fell 79% to SAR 65.8 million (SAR 253.9 million of the decline)
  - Revenue from **Facility management and rental of investment property** grew 52% to SAR 192.2 million (+SAR 65.4 million)
- **Gross profit fell 55% to SAR 39.9 million** on lower revenue, while gross margin rose to 10.6% from 9.0%. Nine-month gross margin was 10.8% (9M 2025: 11.0%).
- **Operating loss of SAR 33.6 million** against a SAR 25.0 million profit in Q3 2025, from lower gross profit, higher expected credit loss allowances (SAR 9.0 million vs SAR 4.9 million) and higher G&A.
- **Net loss attributable to shareholders increased to SAR 31.2 million** (Q3 2025: SAR 1.7 million). Finance costs rose 25% to SAR 14.0 million as borrowings increased to SAR 648.0 million (31 Dec 2025: SAR 401.6 million).
- **Non-cash PPA amortisation of SAR 73.1 million** is included in nine-month selling and distribution expenses; excluding it, nine-month operating profit was SAR 38.8 million (9M 2025: SAR 141.0 million). The charge would stay similar in Q4 2026 and fall significantly from Q1 2027, when a major intangible asset reaches the end of its useful life.

Financial Results Summary (SAR millions unless stated)

Item	Q3 2026	Q3 2025	Change	9M 2026	9M 2025	Change
Revenue	375.2	986.0	-62%	1,614.4	2,465.9	-35%
Gross profit	39.9	88.5	-55%	174.6	271.5	-36%
Gross margin	10.6%	9.0%	+1.6 pts	10.8%	11.0%	-0.2 pts
Operating profit (loss)	(33.6)	25.0	n.m.	(34.3)	67.9	n.m.
Net loss attributable to shareholders	(31.2)	(1.7)	n.m.	(45.5)	(14.2)	n.m.
Loss per share (SAR)	(0.65)	(0.06)	n.m.	(0.94)	(0.47)	n.m.

n.m. = not meaningful (movement from profit to loss, or loss widening). Q3 = three months, 9M = nine months ended 30 September.

Operating Highlights

Facilities Management and rental of investment properties delivered revenue growth of 52% year-on-year to SAR 191.8 million, with net profit increasing to SAR 51.5 million from SAR 17.8 million. Gross margin improved from 16% to 30%, demonstrating the strength of the business's underlying operations.

General Construction recorded revenue of SAR 1.356 billion, a decline of 33% year-on-year, and a net loss of SAR 13.3 million compared with a net profit of SAR 121.1 million in the corresponding period. Performance was affected by reduced project activity, which is mainly due to geopolitical situation in region.

Non-Concrete and commercial buildings recorded revenue of SAR 67 million, reflecting a period of transition as the business prepares for the execution of new, larger-scale orders and the associated production requirements.

Outlook

Looking ahead, RSI's priorities are cantered on three areas:

Operational performance: Strengthening project execution, operational efficiency and profitability across the Group, with particular emphasis on General Construction and non-concrete and commercial buildings.

Financial resilience: Improving working-capital management, cash generation and financial discipline to support the Group's ongoing transformation.

Sustainable growth: Building on the Group's established capabilities and market positions to pursue profitable opportunities, supported by a more focused and financially resilient business structure.

Health, safety and readiness

Q3 2026

RSI's Q3 safety program combined a 1,367-person workforce and more than 1.06 million working hours with extensive HSE training, toolbox talks, and emergency drills. Mandatory site-wide compliance, firefighting readiness, and incident monitoring supported strong performance, including zero lost-time injuries, fire incidents, motor-vehicle accidents, and environmental incidents.

Workforce and manhours

Average manpower: 1,367

Total working hours: 1,063,895

Safety training

Safety Orientation:

Attendees: 17 | Training Hours: 17

HSE Trainings:

Attendees: 8,582 | Training Hours: 4,291

Toolbox Talk:

Attendees: 36,272 | Training Hours: 9,068

Reported cases

Lost time injury (LTI): 00

First aid case (FAC): 02

Near miss (NM): 03

Fire incident: 00

Property damage (PD): 01

Motor vehicle accident (MVA): 00

Environmental incident: 00

Emergency Drills

Drill 01:

Oil Spill Response Drill

Drill 02:

Emergency Evacuation Drill

ESG Highlights

Q3 2026

RSI's ESG program combines an MSCI provisional 'A' rating and a goal to reach 'AA' with measurable action across emissions, energy efficiency, water reuse, and waste management. Its ESG Policy, supported by senior leadership, also advances workforce development, inclusion, employee benefits, ethical conduct, and responsible supply-chain practices.

Emissions and energy

GHG monitoring:
We monitor Scope 1, 2, and 3 GHG emissions.

Remote energy:
We are exploring renewable energy solutions for remote camps to reduce diesel consumption and carbon emissions.

Efficiency and awareness:
Nearly 90% of our offices and building units have been equipped with LED lighting, supporting our energy-efficiency targets. We also conduct energy conservation and carbon awareness sessions to promote sustainable practices across our operations.

Water and waste

Water reuse:
35% of wastewater is treated at installed Sewage Treatment Plants (STPs) and reused for landscaping at remote camps.

Oil recycling:
Used cooking oil and generator oil are recycled through approved providers, including United Lub and Al Hajar Ltd.

Waste intensity:
Municipal solid waste intensity is 0.854 kg per occupant-day, remaining below the established target.

Employees and inclusion

Workforce:
825 permanent employees across 13 nationalities: 253 Saudi nationals and 572 employees of other nationalities.

Development and benefits:
118 professional and technical trainings; 477 employees entitled to parental leave; all 825 permanent employees have medical insurance.

Female representation:
7.35% in 2026, compared with 2.84% in 2025.

Governance

Leadership support:
The ESG Policy is supported by senior management, with commitment from the Group CEO.

Scope:
The policy applies to all employees and contractors.

Core principles:
It promotes ethical conduct, legal compliance, sustainability, ESG risk management, and responsible supply chain practices.



Investor Relations

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