ADVANCED BUILDING INDUSTRIES COMPANY (SENAAT)

(Formerly Zamil Industrial Investment Co.)

(A Listed Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements

For the Six-Month Period Ended 30 June 2026

With

Independent Auditor's Review Report on Review of Condensed Consolidated Interim Financial Statements

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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Advanced Building Industries Company (formerly Zamil Industrial Investment Company) (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2026 condensed consolidated interim financial statements of **Advanced Building Industries Company (formerly Zamil Industrial Investment Company)** ("the Company") and its subsidiaries ("the Group"), which comprises of:

- the condensed consolidated statement of financial position as at 30 June 2026;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2026; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Advanced Building Industries Company (formerly Zamil Industrial Investment Company) (A Saudi Joint Stock Company) (continued)

Basis for Qualified Conclusion

Inventories stated at ⃁ 1,309 million as at 30 June 2026 include inventories of the Air Conditioners business segment stated at ⃁ 525 million for which during the six-month period ended 30 June 2026, management identified shortages and discrepancies between the inventory general ledger and the inventory subledger (see the note 22 to the condensed consolidated interim financial statements). Consequently, as a result of an investigation to date, to restate previously reported inventory balances, management recorded adjustments amounting to ⃁ 48 million as at 31 December 2024 and ⃁ 69 million as at 31 December 2025. The adjustments as at 30 June 2026 in relation to this investigation amounted to ⃁ 63.7 million.

Further, following physical inventory counts performed end of April 2026, management recorded inventory shortage adjustments amounting to ⃁ 21 million (refer note 6), taking the total adjustment as at 30 June 2026 to ⃁ 84.7 million.

As of the date of our review report, management's investigation into the nature and completeness of the identified inventory shortages and discrepancies is still in progress. Consequently, we were unable to complete our review procedures regarding:

- the nature, completeness and accuracy of the adjustments recorded to reconcile the inventory general ledger and inventory subledger;
- whether the inventory shortage adjustment of SR 21 million relates wholly to the six-month period ended 30 June 2026 or, in whole or in part, to prior interim periods or prior financial years; and
- the appropriateness of the allocation of these adjustments between the current period, comparative periods and opening retained earnings, as applicable.

Accordingly, we were unable to determine whether any further adjustments may have been necessary to inventory and related items in the statements of financial position as at 30 June 2026 and 31 December 2025, retained earnings as at 30 June 2026, 31 December 2025, 30 June 2025 and 1 January 2025, related items in the condensed consolidated statements of profit or loss, changes in equity and cash flows for the three and six months periods ended 30 June 2026 and 30 June 2025, as well as the related disclosures included in the accompanying condensed consolidated interim financial statements.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the **Basis for Qualified Conclusion** section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Group as at and for the six-month period ended 30 June 2026 are not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Advanced Building Industries Company (formerly Zamil Industrial Investment Company) (A Saudi Joint Stock Company) (continued)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024, excluding the adjustments described in Note 22 to the accompanying condensed consolidated interim financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 Shawwal 1446H (corresponding to 8 April 2025G).

KPMG Professional Services Company

Mohammed Najeeb Alkhlaiwi
License no. 481

Al Khobar, 18 August 2026G
Corresponding to: 5 Rabi Ul Awwal 1448H

Advanced Building Industries Company (formerly Zamil Industrial Investment Company)
(A Saudi Joint Stock Company)

Condensed consolidated statement of financial position
As at 30 June 2026
(All amounts stated in ⃁ '000 unless otherwise stated)

	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited) (Restated – note 22)
ASSETS			
Non-current assets			
Property, plant and equipment	3	**786,947**	772,999
Right-of-use assets		**59,423**	64,212
Investments in an associate and joint venture	4	**151,509**	148,488
Equity instruments at FVOCI	21	**65,951**	65,951
Net investment in finance lease	5	**136,903**	152,601
Deferred tax assets, net		**9,918**	10,013
Total non-current assets		**1,210,651**	1,214,264
Current assets			
Inventories	6	**1,308,543**	1,452,201
Accounts receivable	7	**2,012,962**	1,942,504
Contract assets	8	**618,456**	559,207
Amount due from an associate		**10,324**	10,324
Advances, prepayments and other receivables	9	**299,683**	201,475
Current portion of net investment in finance lease		**31,059**	30,399
Short term deposits		**109,454**	139,915
Cash and cash equivalents	10	**281,928**	299,300
Total current assets		**4,672,409**	4,635,325
Total assets		**5,883,060**	5,849,589
EQUITY AND LIABILITIES			
Equity			
Share capital		**600,000**	600,000
Accumulated losses		**(827)**	(55,004)
Foreign currency translation reserve		**(101,473)**	(95,994)
Fair value reserve		**29,767**	29,767
Equity attributable to the shareholders of the Company		**527,467**	478,769
Non-controlling interests		**172,922**	146,016
Total equity		**700,389**	624,785
Non-current liabilities			
Term loans	11	**220,906**	217,310
Employees' defined benefit liabilities		**326,349**	320,007
Lease liabilities		**37,361**	41,257
Deferred tax liability, net		**43**	45
Total non-current liabilities		**584,659**	578,619
Current liabilities			
Accounts payable	12	**564,616**	665,184
Accruals and other payables	13	**913,432**	958,152
Short term loans	14	**1,872,834**	1,888,262
Current portion of term loans	11	**97,750**	81,402
Current portion of lease liabilities		**11,874**	11,730
Contract liabilities	15	**1,088,949**	1,002,436
Zakat and income tax provision	17	**48,557**	39,019
Total current liabilities		**4,598,012**	4,646,185
Total liabilities		**5,182,671**	5,224,804
Total equity and liabilities		**5,883,060**	5,849,589

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 26 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

Abdulla Al Zamil	**Ahmed Zaatari**	**Ozgur Oncu**
(Chairman)	(CEO)	(CFO)

Advanced Building Industries Company (formerly Zamil Industrial Investment Company)
(A Saudi Joint Stock Company)

Condensed consolidated statement of profit or loss
For the three-month and six-month periods ended 30 June 2026
(All amounts stated in ⃁ '000 unless otherwise stated)

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025	**2026**	2025
		(Unaudited)	(Unaudited) (Restated – note 22)	**(Unaudited)**	(Unaudited) (Restated – note 22)
Revenue					
Revenue from contracts with customers	16	**1,416,918**	1,456,514	**2,762,613**	2,974,319
Finance lease income		**1,835**	2,140	**3,750**	4,373
		1,418,753	1,458,654	**2,766,363**	2,978,692
Direct costs					
Cost of revenue		**(1,118,455)**	(1,210,067)	**(2,222,130)**	(2,465,121)
Gross profit		**300,298**	248,587	**544,233**	513,571
Other operating income and expenses					
Selling and distribution expenses		**(60,071)**	(47,552)	**(99,640)**	(91,184)
General and administration expenses		**(130,536)**	(138,195)	**(259,375)**	(246,761)
Allowance for expected credit losses		**(14,405)**	(7,685)	**(28,637)**	(45,191)
Other operating expenses		**(373)**	(6,197)	**-**	(2,887)
Other operating income		**-**	-	**155**	173
Operating profit		**94,913**	48,958	**156,736**	127,721
Share in results of an associate and joint ventures		**8,756**	6,767	**18,026**	12,946
Other income, net		**12,258**	7,869	**19,166**	17,091
Finance costs		**(41,499)**	(37,815)	**(77,074)**	(77,841)
Profit before zakat and income tax		**74,428**	25,779	**116,854**	79,917
Zakat and income tax	17	**(11,319)**	(579)	**(26,951)**	(13,184)
Profit for the period		**63,109**	25,200	**89,903**	66,733
Attributable to:					
Shareholders of the Company		**44,371**	7,878	**54,177**	37,195
Non-controlling interests		**18,738**	17,322	**35,726**	29,538
		63,109	25,200	**89,903**	66,733
Earnings per share (⃁)					
Basic and diluted earnings per share attributable to the shareholders of the Company		**0.74**	0.13	**0.90**	0.62

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Abdulla Al Zamil	**Ahmed Zaatari**	**Ozgur Oncu**
(Chairman)	(CEO)	(CFO)

Advanced Building Industries Company (formerly Zamil Industrial Investment Company)
(A Saudi Joint Stock Company)

Condensed consolidated statement of comprehensive income
For the three-month and six-month periods ended 30 June 2026
(All amounts stated in ⃁ '000 unless otherwise stated)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited) (Restated – note 22)	**(Unaudited)**	(Unaudited) (Restated – note 22)
Profit for the period	**63,109**	25,200	**89,903**	66,733
Other comprehensive income				
Items that may be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**8,693**	1,018	**(5,479)**	1,456
Other comprehensive income / (loss) for the period	**8,693**	1,018	**(5,479)**	1,456
Total comprehensive income for the period	**71,802**	26,218	**84,424**	68,189
Attributable to:				
Shareholders of the Company	**53,064**	8,896	**48,698**	38,651
Non-controlling interests	**18,738**	17,322	**35,726**	29,538
	71,802	26,218	**84,424**	68,189

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 26 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

Abdulla Al Zamil	**Ahmed Zaatari**	**Ozgur Oncu**
(Chairman)	(CEO)	(CFO)

Advanced Building Industries Company (formerly Zamil Industrial Investment Company)
(A Saudi Joint Stock Company)

Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2026
(All amounts stated in ⃁ '000 unless otherwise stated)

	Share capital	Retained earnings / (accumulated losses)	Foreign currency translation reserve	Fair value reserve	Total	Non-controlling interests	Total equity
As at 1 January 2026 (Audited)	**600,000**	**13,996**	**(95,994)**	**29,767**	**547,769**	**146,016**	**693,785**
Impact of restatement (Note 22)	-	(69,000)	-	-	(69,000)	-	(69,000)
As at 1 January 2026 (as restated – note 22)	**600,000**	**(55,004)**	**(95,994)**	**29,767**	**478,769**	**146,016**	**624,785**
Total comprehensive income for the period							
Profit for the period	-	54,177	-	-	54,177	35,726	89,903
Other comprehensive loss for the period	-	-	(5,479)	-	(5,479)	-	(5,479)
Total comprehensive income / (loss) for the period	-	54,177	(5,479)	-	48,698	35,726	84,424
Dividends for NCI	-	-	-	-	-	(8,820)	(8,820)
As at 30 June 2026 (Unaudited)	**600,000**	**(827)**	**(101,473)**	**29,767**	**527,467**	**172,922**	**700,389**
As at 1 January 2025 (Audited)	600,000	(52,153)	(96,985)	27,656	478,518	190,669	669,187
Impact of restatement (Note 22)	-	(76,289)	-	-	(76,289)	(95,661)	(171,950)
As at 1 January 2025 (as restated – note 22)	600,000	(128,442)	(96,985)	27,656	402,229	95,008	497,237
Total comprehensive income for the period							
Profit for the period	-	37,195	-	-	37,195	29,538	66,733
Other comprehensive income for the period	-	-	1,456	-	1,456	-	1,456
Total comprehensive income for the period	-	37,195	1,456	-	38,651	29,538	68,189
As at 30 June 2025 (as restated – note 22)	600,000	(91,247)	(95,529)	27,656	440,880	124,546	565,426

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 26 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

Abdulla Al Zamil	**Ahmed Zaatari**	**Ozgur Oncu**
(Chairman)	(CEO)	(CFO)

Advanced Building Industries Company (formerly Zamil Industrial Investment Company)
(A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2026
(All amounts stated in ⃁ '000 unless otherwise stated)

	For the six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited) (Restated – note 22)
Cash flows from operating activities		
Profit for the period	**89,903**	66,733
Adjustment for:		
Zakat and income tax expenses	**26,951**	13,184
Depreciation of property, plant and equipment	**49,209**	45,199
Depreciation of right-of-use assets	**6,114**	3,087
Provision for employees' defined benefit liabilities	**25,178**	15,048
Dividend received from equity instrument at FVOCI	**(1,895)**	-
Finance costs	**77,074**	77,841
Share in results of an associate and joint ventures	**(18,026)**	(12,946)
Gain on disposal of property, plant and equipment	**-**	(173)
Allowance for impairment of accounts receivables and contract assets	**28,637**	45,191
Bargain purchase gain	**-**	(152)
Inventories discrepancies and net realizable value adjustment	**28,049**	15,586
	311,194	268,598
Changes in:		
Inventories	**115,609**	(84,760)
Accounts receivable	**(99,095)**	32,485
Contract assets	**(59,249)**	25,021
Advances, prepayments and other receivables	**(96,313)**	(57,117)
Net investment in finance lease	**15,038**	14,416
Accounts payable	**(100,568)**	120,609
Accruals and provisions	**(44,720)**	15,854
Contract liabilities	**86,513**	(265,248)
Cash generated from operations	**128,409**	69,858
Finance cost paid	**(71,802)**	(69,651)
Employees' benefits paid	**(22,843)**	(8,089)
Zakat and income tax paid	**(17,095)**	(52,373)
Net cash generated / (used in) from operating activities	**16,669**	(60,255)
Cash flows from investing activities		
Additions to property, plant and equipment	**(66,812)**	(70,970)
Net movement in short term deposits	**30,461**	(7,348)
Dividends received from an associate / investment	**15,000**	-
Proceeds from disposal of property, plant and equipment	**17**	294
Net cash used in investing activities	**(21,334)**	(78,024)
Cash flows from financing activities		
Acquisition of NCI	**-**	(110,943)
Net movement in short term loans	**(15,428)**	(10,709)
Net movement in term loans	**19,944**	111,764
Payments against lease liabilities	**(6,341)**	(2,327)
Dividends paid to NCI	**(8,820)**	-
Net cash used in financing activities	**(10,645)**	(12,215)
Net change in cash and cash equivalents	**(15,310)**	(150,494)
Cash and cash equivalents at beginning of the period	**299,300**	551,735
Effect of exchange rate fluctuations on cash and cash equivalents	**(2,062)**	1,550
Cash and cash equivalents at end of the period	**281,928**	402,791
Significant non-cash transactions:		
Payable for purchase of a subsidiary	**-**	14,171

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 26 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

Abdulla Al Zamil	**Ahmed Zaatari**	**Ozgur Oncu**
(Chairman)	(CEO)	(CFO)

(All amounts stated in ⃁ '000 unless otherwise stated)

1. CORPORATE INFORMATION

Advanced Building Industries Company (formerly Zamil Industrial Investment Company) ("the Company") was converted to a Saudi Joint Stock Company in accordance with the Ministerial Resolution number 407 dated 14 Rabi' I 1419 H (corresponding to 9 July 1998). Prior to that the Company was operating as a limited liability company under the name of Zamil Steel Buildings Company Limited.

The registered address of the Company is Street 11, 1st Industrial District, Postal code 32234, Dammam, Kingdom of Saudi Arabia. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration number 7001686273 dated 19 Ramadan 1396H (corresponding to 13 September 1976).

On 21 September 2025, following the approval of the Extraordinary General Assembly, Zamil Industrial Investment Company's name was changed to Advanced Building Industries Company. Following the approval, the Company has obtained regulatory approvals and fulfilled the necessary formalities for the change of name.

The Company has investment in the following subsidiaries:

		Effective ownership at	
	Country of Incorporation	**30 June 2026**	31 December 2025
- Zamil Steel Holding Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioners Holding Company Limited	Saudi Arabia	**100%**	100%
- ZODCON Holding Company Limited	Saudi Arabia	**100%**	100%
- Advanced Construction Solutions for Projects Company	Saudi Arabia	**100%**	100%
- Arabian Stonewool Insulation Company	Saudi Arabia	**100%**	100%
- Second Insulation Company Limited	Saudi Arabia	**100%**	100%
- Saudi Preinsulated Pipes Industries	Saudi Arabia	**51%**	51%
- Gulf Insulation Group	Saudi Arabia	**51%**	51%
- Middle East Air Conditioners Company Limited	Saudi Arabia	**100%**	100%
- Zamil Steel Building Company	Egypt	**100%**	100%
- Zamil Industrial Investment Company	UAE	**100%**	100%
- Zamil Information Technology Global Private Limited	India	**100%**	100%
- Zamil Higher Institute for Industrial Training	Saudi Arabia	**100%**	100%
- Zamil Air Conditioners India Private Limited	India	**100%**	100%
- Saudi Central Energy Company Limited	Saudi Arabia	**100%**	100%
Subsidiaries of Zamil Steel Holding Company Limited			
- Zamil Steel Pre-Engineered Buildings Company Limited	Saudi Arabia	**100%**	100%
- Zamil Structural Steel Company Limited	Saudi Arabia	**100%**	100%
- Zamil Towers & Galvanizing Company	Saudi Arabia	**100%**	100%
- Zamil Process Equipment Company Limited	Saudi Arabia	**100%**	100%
- Zamil Inspection & Maintenance of Industrial Projects Company Limited	Saudi Arabia	**100%**	100%
- Zamil Steel Buildings Malaysia	Malaysia	**100%**	100%
- Zamil Steel Holdings Company Limited	Bahrain	**100%**	100%
- ZAMGETS Engineering and Management Services	Egypt	**100%**	100%
- Zamil Construction India Private Limited	India	**100%**	100%
- Zamil Steel Buildings India Private Limited	India	**100%**	100%
- Zamil Steel Engineering India Private Limited	India	**100%**	100%
- Zamil Steel Buildings Vietnam Company Limited	Vietnam	**100%**	100%
- Zamil Steel Holding Singapore PTE. Limited	Singapore	**100%**	100%
- Zamil Steel Buildings (Shanghai) Company Limited	China	**100%**	100%
- Zamil Structural Steel Company	Egypt	**100%**	100%
- Metallic Construction and Contracting Company Limited	Egypt	**100%**	100%
- Zamil Steel Pre-Engineered Buildings Company Limited	Saudi Arabia	**100%**	100%

(All amounts stated in ⃁ '000 unless otherwise stated)

1. CORPORATE INFORMATION (Continued)

		Effective ownership at	
Subsidiaries of Zamil Air Conditioners Holding Company Limited	**Country of Incorporation**	**30 June 2026**	31 December 2025
- Zamil Air Conditioners & Home Appliances Company Limited	Saudi Arabia	**100%**	100%
- Zamil Central Air Conditioners Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioning & Refrigeration Services Company Limited	Saudi Arabia	**100%**	100%
- Ikhtebar Company Limited	Saudi Arabia	**100%**	100%
- Eastern District Cooling Company Limited	Saudi Arabia	**100%**	100%
- Zamil Energy Services Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioning and Refrigeration Services Company W.L.L.	Bahrain	**100%**	100%
- Professionals for Engineering and Design Company	Saudi Arabia	**100%**	100%
Subsidiaries of Gulf Insulation Group			
- Saudi Rockwool Factory Company	Saudi Arabia	**51%**	51%
- Arabian Fiberglass Insulation Company Limited	Saudi Arabia	**51%**	51%
- Building Component Solutions Company Limited	Saudi Arabia	**51%**	51%
- Arabian Gulf Insulation Trading LLC	UAE	**51%**	51%

The Company and its subsidiaries listed above (collectively referred to as the "Group") are engaged in design and engineering, manufacturing and fabrication of construction materials, pre-engineering steel buildings, steel structures, air conditions and climate control systems for commercial, industrial and residential applications, telecom and broadcasting towers, process equipment, fiberglass, rockwool and engineering plastic foam insulation, and solar power projects.

On 31 May 2026, the Company announced that Gulf Insulation Group, one of the subsidiaries of the Company has submitted an application to the Capital Market Authority ("CMA") to register its shares and offer a portion of such shares for public subscription, and an application to the Saudi Exchange ("Tadawul") to list its shares on the Main Market. The application for subscription is subject to review and approval of CMA, subsequent to which the Board of directors of the Company will decide whether to proceed with the initial public offering (IPO) plan or not. Pending the completion of review of CMA and approval of IPO plan, the Company has not classified the subsidiary as non-current assets held for sale as per the requirement of IFRS 5.

The evolving geopolitical developments in the Middle East have increased economic and operational uncertainty across the region. The situation remains fluid and circumstances may change rapidly. These developments have brought about additional uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of these developments and has implemented a number of contingency measures which include maintaining adequate inventory levels, reviewing alternative logistics routes, closely monitoring project execution schedules, liquidity and working capital requirements. As far as the Group's businesses are concerned, these developments may cause disruptions in the supply of key raw materials, challenges in logistics and shipping, and delays in project execution. As a result, depending on how the situation evolves, these developments might have a negative impact on the financial performance of the Group. As the situation is rapidly evolving and remains uncertain, the effect of these developments is subject to significant levels of uncertainty, with the full range of possible impacts currently unknown.

The condensed consolidated interim financial statements of the Group as of 30 June 2026 were authorised for issuance in accordance with the Board of Directors resolution on 10 August 2026 (corresponding to 28 Safar 1448H).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Statement of compliance (Continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025 ("Last Annual Consolidated Financial Statements").

However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements.

2.2 Basis of preparation

These condensed consolidated interim financial statements have been prepared on a going concern basis, applying a historical cost convention, except for employees' benefits obligation which is recognized at the present value of future obligations using the Projected Unit Credit Method and financial assets classified as fair value through other comprehensive income items that have been measured at fair value.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals ("⃁") which is the functional and presentation currency of the Group. All values are rounded to the nearest thousands ("⃁ '000"), except when otherwise indicated.

2.4 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Last Annual Consolidated Financial Statements.

2.5 Material accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2025.

A number of amendments to existing standards, as detailed in note 2.6 below, became effective from 1 January 2026 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 New standards, amendments and interpretations

a) New and revised standards with no material effect on the condensed consolidated interim financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods:

- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, effective for annual periods beginning on or after 1 January 2026;
- Annual Improvements to IFRS Accounting Standards, effective for annual periods beginning on or after 1 January 2026 - Amendments to:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash flows
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 New standards, amendments and interpretations (Continued)

b) New and revised standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective for annual periods beginning on or after 1 January 2027; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely.

The above-mentioned standards are not expected to have a significant impact on the condensed consolidated interim financial statements of the Group.

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements and becomes effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces new requirements and updates to the statement of profit or loss, with the main objective of improving comparability in the statement of profit or loss and enhancing transparency over management-defined performance measures.

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss, requiring classification of income and expenses into five defined categories based on the entity's main business activities and presentation of mandatory subtotals;
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and the notes in general; and
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

Advanced Building Industries Company (formerly Zamil Industrial Investment Company) and its subsidiaries (the "Group") has not early adopted the new accounting standard in preparing the interim condensed consolidated financial statements; however, the Group is in the process of assessing the potential impact of initial application of IFRS 18 on the consolidated financial statements.

Based on the preliminary assessment performed to date, the expected impact is mainly on presentation and disclosure, including the structure of the consolidated statement of profit or loss, classification of certain income and expenses, statement of cash flows presentation and additional note disclosures. IFRS 18 is not expected to change the recognition or measurement of the Group's assets, liabilities, income or expenses.

(i) Structure of the Statement of Profit or Loss

The standard is expected to result in changes to the presentation of certain line items and subtotals in the statement of profit or loss namely operating, investing, financing, zakat/income tax and discontinued operations. This classification depends on the main business activities of the Group.

The Group is currently in the process of assessing the impact of IFRS 18; following is a very high level preliminary IFRS 18 assessment, which will be refined at the time of implementation of IFRS 18:

Investing Category

The investing category will include income and expenses from assets that generate returns individually and largely independently of the Group's other resources. Accordingly, income from short-term deposits, cash and cash equivalents, and similar assets will be classified in the investing category.

The Group's share in results of associates and joint ventures will also be classified in the investing category, as income and expenses from investments accounted for using the equity method are classified in this category.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 New standards, amendments and interpretations (Continued)

b) New and revised standards issued but not yet effective (Continued)

(i) Structure of the Statement of Profit or Loss (Continued)

Financing Category

The financing category will include income and expenses from liabilities that involve only the raising of finance. Accordingly, finance costs on term loans, and short-term loans will be classified in the financing category.

For lease liabilities, and employees' defined benefit liabilities, only interest expense or net interest expense/income will be classified in financing. Depreciation on right-of-use assets, and current or past service cost will remain in the operating category.

Operating Category

The operating category will include income and expenses that are not classified in the investing, financing, zakat/income taxes or discontinued operations categories under IFRS 18. The remaining income and expenses will generally be classified in the operating category. The classification of individual line items currently presented within revenue, cost of revenue, other income/expense and operating expenses will be assessed based on the nature of the underlying income or expense in line with the requirements of IFRS 18.

Income Taxes Category

The income taxes category includes income tax expense or income within the scope of IAS 12. The Group expects Zakat to be presented in income tax category of IFRS 18 hence, there is no change expected from existing presentation under IAS 1.

Discontinued Operations Category

The discontinued operations category, if applicable, will be presented after profit or loss from continuing operations and before the subtotal, profit or loss. Based on the interim condensed consolidated financial statements, no discontinued operations have been identified. Accordingly, no impact is currently expected in relation to the discontinued operations category under IFRS 18.

(ii) Aggregation and Disaggregation

The new aggregation and disaggregation requirements will lead into changes to present the most useful structured summary. The Group is assessing how items are aggregated and disaggregated in the primary financial statements and the notes on the basis of similar and dissimilar characteristics. Certain profit or loss line items description and aggregations may change to provide useful structured summaries, and disclosure of additional material information would be included in the notes. The Group also expects expanded disclosure requirements relating to the aggregation and disaggregation of information. The Group is also assessing line items currently labeled as "other" and will use more informative labels that describes the aggregated items as precisely as possible.

The Group currently presents operating expenses primarily by function, including cost of revenue, selling and distribution expenses, and general and administration expenses. Management is currently assessing whether this presentation continues to provide the most useful structured summary or whether IFRS 18 is expected to require additional note disclosures for specified expenses by nature.

(iii) Management Performance Measures "MPMs"

Management-defined Performance Measures (MPMs) are subtotals of income and expenses that entity uses in public communication outside the financial statements that communicates management's view of an aspect of the financial performance of the entity. Upon implementation of IFRS 18, the Group will assess performance measures communicated to investors, analysts and other stakeholders, outside the Group's financial statements and any subtotals of income and expenses used in public communications outside the financial statements meet the definition of management-defined performance measures under IFRS 18. Where applicable, these measures may require quantitative reconciliation to IFRS-defined subtotals together with expanded explanatory disclosures.

(All amounts stated in ⃁ '000 unless otherwise stated)

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 New standards, amendments and interpretations (Continued)

b) New and revised standards issued but not yet effective (Continued)

(iv) Consequential Amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses profit for the year/period as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

The Group's assessment remains subject to completion of the implementation process, the review of Group's chart of accounts and reporting systems, review of information and public communications available at the date of initial application, and developments arising from ongoing discussions and agenda decisions of the IFRS Interpretations Committee (IFRIC).

3. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2026, the Group acquired assets with a cost of ⃁ 66,812 thousand (six-month period ended 30 June 2025: ⃁ 70,970 thousand) and disposed assets with a carrying amount of ⃁ 17 thousand (six-month period ended 30 June 2025: ⃁ 120 thousand) resulting in a gain on disposal amounting to ⃁ Nil (six-month period ended 30 June 2025: gain of ⃁ 173 thousand), which was included in other operating income in the condensed consolidated interim financial statements. Depreciation for the six-month period ended 30 June 2026 amounted to ⃁ 49,209 thousand (six-month period ended 30 June 2025: ⃁ 45,199 thousand).

4. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURE

Carrying values of the Group's share for investment in an associate and joint venture are as follows:

	Effective ownership at		**30 June 2026**	31 December 2025
	30 June 2026	31 December 2025	**(Unaudited)**	(Audited)
Associate				
Perma Pipe Gulf Arabia Industry – Saudi Arabia	**40%**	40%	**48,571**	42,767
			48,571	42,767
Joint Venture				
Rabiah Nasser and Zamil Concrete Industries Company Limited - Saudi Arabia ("RANCO")	**50%**	50%	**102,938**	105,721
			102,938	105,721
			151,509	148,488

(All amounts stated in ⃁ '000 unless otherwise stated)

5. NET INVESTMENT IN FINANCE LEASE

Eastern District Cooling Company ("EDCC"), a subsidiary, entered into an energy performance contract during 2008 with Saudi Iron and Steel Company ("Hadeed") for a period of 20 years. As per the terms stipulated in the agreement, it is agreed to design, construct, operate and maintain a District Cooling Plant (DCP) at the premises of Hadeed. At the end of the contract term, all the rights, title and interest in the DCP will be transferred to Hadeed for an all-inclusive lump sum payment of ⃁ 53.3 million. During 2013, the construction of DCP was completed and it was transferred to Hadeed under finance lease agreement on 1 April 2013.

The net investment in finance lease and the future minimum lease payments are as follows:

(a) Net investment in finance lease consists of:	**30 June 2026**	31 December 2025
Gross investments in finance lease	**184,802**	203,590
Less: Unearned finance income	**(16,840)**	(20,590)
	167,962	183,000

Analysed as:	**30 June 2026**	31 December 2025
Net investment in finance lease, current	**31,059**	30,399
Net investment in finance lease, non-current	**136,903**	152,601
	167,962	183,000

(b) The future minimum lease payments to be received consists of:

	2026	2025
Within one year	**37,577**	37,578
After one year but not more than five years	**147,225**	166,012
More than five years	**-**	-
	184,802	203,590

6. INVENTORIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited) (Restated – note 22)
Raw materials	**1,006,875**	1,044,523
Work-in-progress	**54,970**	41,373
Finished goods	**262,265**	363,171
Goods-in-transit	**32,330**	101,173
Spares	**72,364**	57,913
	1,428,804	1,608,153
Less: net realisable value adjustment	**(120,261)**	(155,952)
	1,308,543	1,452,201

(All amounts stated in ⃁ '000 unless otherwise stated)

6. INVENTORIES (Continued)

During the current reporting period, the Group's management completed a comprehensive review of inventory balances within Zamil Air Conditioners and Home Appliances Co. Ltd. and Zamil Central Air Conditioners Co. Ltd., two business units within the Air Conditioners business segment. The Group's management initiated the review after it identified inventory-related irregularities and concerns regarding the reliability of certain inventory records and valuation methodologies. Management engaged an independent third-party adviser to perform an inventory valuation assessment and quantify the financial impact of the identified matters. In parallel, internal investigations and physical verification procedures were undertaken to assess inventory existence, valuation, reconciliation processes, and related accounting adjustments. The review identified, among other matters, a net inventory shortage of ⃁ 21 million.

Management has implemented remedial measures to prevent similar losses from recurring and continues to investigate the circumstances surrounding the identified shortages, including when and how they occurred. The shortages have been recognized in cost of revenue for the three-month period ended 30 June 2026, as there is no conclusive evidence indicating that they arose in prior periods. Refer also to Note 22.

7. ACCOUNTS RECEIVABLE

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	**2,135,023**	2,019,403
Retentions receivable	**493,413**	513,998
	2,628,436	2,533,401
Less: Allowance for expected credit losses	**(628,784)**	(606,627)
	1,999,652	1,926,774
Receivables from related parties	**13,310**	15,730
	2,012,962	1,942,504

7.1 During the period ended 30 June 2026, the Group has recognized provision for expected credit loss amounting to ⃁ 28,637 thousand (six-month period ended 30 June 2025: ⃁ 45,191 thousand).

7.2 During 2023, Zamil Air Conditioning & Refrigeration Services Company Limited, a subsidiary of the Company, received notice for immediate termination of a contract from a customer (contractor) mainly due to project delays and violation of certain technical specification as per contract.

The Group had rejected the termination notice on grounds that the termination notice was not served in line with the contractual terms, failure to provide proper technical design, lack of clarity in the scope of work and time.

The Group had filed a legal case against the contractor in the Court for settlement of the amount due to the Group. The Court appointed an external independent expert to review and assess the value of the work executed by the Group.

As of the end of the reporting period, the total due from customer amounted to ⃁ 87.1 million (31 December 2025: ⃁ 87.1 million), which includes ⃁ 12.5 million (31 December 2025: ⃁ 12.5 million) billed to the customer, retention receivables of ⃁ 6.5 million (31 December 2025: ⃁ 6.5 million) and contract assets (note 8) of ⃁ 68.1 million (31 December 2025: ⃁ 68.1 million). Based on the management assessment and considering the contractual rights confirmed by the management's legal advisor, the management believes that the amounts due from customer are expected to be fully recoverable; however, considering the delay in settlement and inherent uncertainty, the Group has made full provision against the amount due from customer during the year 2025.

During the year ended 31 December 2025, the court issued ruling in said case by imposing a penalty of ⃁ 29 million and ordered the Group to pay ⃁ 7.1 million to customer by adjusting ⃁ 21.9 million from receivables from the customer. Accordingly, the Group adjusted the accounts receivable balance and paid the amount to the customer in July 2025.

In addition, during the year 2025, the customer filed a claim for compensation of anticipated profits amounting to ⃁ 376 million, including compensation for damages resulting from litigation amounting to ⃁ 37.6 million in attorney's fees; however, during the period, a preliminary ruling was issued by Second Circuit Commercial Court of Dammam, rejecting the lawsuit filed by the customer. Accordingly, management does not expect any outflow of economic resources arising from this claim and, therefore, no provision has been recognized in the condensed consolidated interim financial statements.

(All amounts stated in ⃁ '000 unless otherwise stated)

8. CONTRACT ASSETS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Contract assets	**813,527**	749,444
Less: Allowance for expected credit losses	**(195,071)**	(190,237)
	618,456	559,207

9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Advances to suppliers	**155,026**	91,567
Prepaid expenses	**64,629**	33,025
Value added tax refundable	**23,721**	12,910
Deposits	**7,286**	4,063
Other receivables	**49,021**	59,910
	299,683	201,475

10. CASH AND CASH EQUIVALENTS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Bank balances	**248,008**	275,200
Short-term deposits	**32,443**	22,615
Cash in hand	**1,477**	1,485
	281,928	299,300

11. TERM LOANS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current portion	**97,750**	81,402
Non-current portion	**220,906**	217,310
Term loans	**318,656**	298,712

The term loans are obtained by the Group's subsidiaries for working capital and for certain capital expenditures. The loans are repayable in unequal instalments. The loans carry financial charges at prevailing market rates. As at 30 June 2026 and 31 December 2025, the Group was in compliance with certain loan covenants as per the agreement with the bank.

Following are the combined aggregate amounts of future maturities of the term loans:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Less than one year	**97,750**	81,402
Between one to two years	**100,389**	85,107
More than two years	**120,517**	132,203
	318,656	298,712

(All amounts stated in ⃁ '000 unless otherwise stated)

12. ACCOUNTS PAYABLE

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade payables	**514,243**	615,291
Retentions payable	**47,646**	49,752
Related parties	**2,727**	141
	564,616	665,184

13. ACCRUALS AND OTHER PAYABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Accrued expenses	**466,093**	450,544
Warranties provision	**368,022**	424,368
Value Added Tax (VAT) payable	**39,689**	39,828
Payable against acquisition of additional shares in a subsidiary	**14,171**	14,171
Other payables	**25,457**	29,241
	913,432	958,152

14. SHORT TERM LOANS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Murabaha and tawarruq financing	**1,807,693**	1,822,125
Short term loans – conventional	**65,141**	66,137
	1,872,834	1,888,262

The short term loans, Murabaha and Tawarruq finances were obtained from various local banks to meet the working capital requirements. These loans are secured by promissory notes and assignment of corporate guarantees. These loans carry commission charges at prevailing market borrowing rates.

15. CONTRACT LIABILITIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Advance from customers	**624,163**	782,607
Billings in excess of value of work executed	**464,786**	219,829
	1,088,949	1,002,436

(All amounts stated in ⃁ '000 unless otherwise stated)

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contract with customers:

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sale of goods	**999,718**	945,449	**1,926,112**	1,864,659
Revenue from long-term contracts	**336,031**	429,818	**671,189**	947,789
Rendering of services	**81,169**	81,247	**165,312**	161,871
Total revenue from contracts with customers	**1,416,918**	1,456,514	**2,762,613**	2,974,319

Reconciliation of the Group's disaggregate revenue for its reportable segments, geographical markets, and timing of revenue recognition is disclosed in note 20.

17. ZAKAT AND INCOME TAX

(a) Zakat

(i) The Company and its wholly owned subsidiaries

During the year 2025, the Group completed the settlement of its prior years' zakat assessments for the years from 2015 to 2023 with the Zakat, Tax and Customs Authority ("ZATCA"). The settlement included additional Zakat Liabilities of ⃁ 61 million relating to the years 2015 to 2018 and ⃁ 2.9 million relating to the years 2019 to 2023, which were fully settled by the Group. Accordingly, there are no outstanding liabilities in respect of these assessments as at 30 June 2026. Zakat declaration for the year 2024 & 2025 has been filed with ZATCA.

Subsequent to the period end, the Group has received a zakat assessment for 2024 from ZATCA with total additional zakat liability amounting to ⃁ 2.09 million, which has been accepted by the Group. No assessment for 2025 has been raised by ZATCA yet.

(ii) Partially owned subsidiaries

Saudi Pre-insulated Pipes Industries ("Saudi Pre-insulated)
Zakat returns for all the years up to 31 December 2025 have been filed with the Zakat, Tax and Customs Authority ("ZATCA"). Zakat assessment of the Saudi Pre-insulated has been agreed with the ZATCA up to 2020 and for 2023 while the assessments for the remaining years are not yet reviewed by ZATCA.

Gulf Insulation Group
Zakat assessments have been agreed with the ZATCA up to 2019. The zakat declarations for the years from 2020 to 2025 have been filed with ZATCA; however, the assessments have not yet been raised by ZATCA.

(b) Income tax

Income tax provision is provided for in accordance with authorities in which the Group's subsidiaries operate outside the Kingdom of Saudi Arabia. Income tax has been computed based on the management's understanding of the income tax regulations enforced in their respective countries.

The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective subsidiary.

There is no change in the status of income tax assessments of all foreign subsidiaries from those disclosed in the last annual consolidated financial statements.

(All amounts stated in ⃁ '000 unless otherwise stated)

17. ZAKAT AND INCOME TAX (Continued)

(c) Deferred tax

During the period ended 30 June 2026, the Group has recorded a net deferred tax benefit of ⃁ 0.13 million (30 June 2025: net deferred tax benefit of ⃁ 0.03 million).

18. CONTINGENCIES

The Group's bankers have issued performance & payments guarantees and letter of credit, on behalf of the Group, amounting to ⃁ 2,041 million (31 December 2025: ⃁ 1,712 million).

19. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include the Group's major shareholders having control, joint control or significant influence, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties ("Other Related Parties"). Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and to be settled in cash.

The details of the related parties are as follows:

Name	Relationship
Sons of Abdullah Hamad Al Zamil Company	Parent Company
Zamil Group Holding Company	Entity with significant influence over the Group
Rabiah Nasser and Zamil Concrete Industries Company Limited	Joint venture

During the period, the Group transacted with the following related parties.

		For the three-month period ended 30 June		For the six-month period ended 30 June	
Name of related party	Nature of transactions	**2026 (Unaudited)**	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Zamil Group Holding Company	Sales	**2,517**	3,116	**3,879**	4,063
	Purchases	**1,638**	3,804	**8,168**	8,041
Other related parties	Sales	**-**	-	**-**	188
	Purchases	**656**	1,259	**742**	2,265

The compensation to the key management personnel during the period amounted to ⃁ 7.085 million (30 June 2025: ⃁ 4.620 million).

The compensation to the Board of Directors during the period amounted to ⃁ 0.850 million (30 June 2025: ⃁ 0.850 million).

Amounts due from related parties at 30 June 2026 amounting to ⃁ 13.3 million (31 December 2025: ⃁ 15.73 million) have been included in accounts receivable in the condensed consolidated statement of financial position. Amounts due to related parties at 30 June 2026 amounting to ⃁ 2.73 million (31 December 2025: ⃁ 0.14 million) have been included in the accounts payable in the condensed consolidated statement of financial position.

20. SEGMENT INFORMATION

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

- The air conditioners industry, which is engaged in the manufacture and sale of residential, commercial, and industrial HVAC equipment, including window, split, and central air-conditioners, as well as fabrication of air-conditioning ducts and channels, and the installation, leasing, operation, and after-sales maintenance of air-conditioning and refrigeration systems.
- The steel industry, which is engaged in engineering, manufacturing, and supplying pre-engineered steel buildings, structural steel, and plate work; fabricating steel sheets, storage tanks, pressure vessels, silos, heavy-equipment parts, installation containers, and pumps; and providing related design, detailing, galvanizing, erection, and after-sales services for industrial, commercial, and infrastructure projects.
- The construction industry, which is engaged in turnkey industrial and commercial projects, encompassing civil, structural, mechanical, electrical, and plumbing (MEP) works; engineering, procurement, and construction (EPC) contracting; project management; warehouses, logistics parks, and specialised facilities; the installation of fire-protection and communication-tower systems; and the provision of integrated building solutions from concept design through commissioning.
- The insulation industry, which is engaged in production of complete line of insulation products including fiberglass for using in thermal insulation of central air conditioners, pre-insulated pipes, glass wool, rock wool and engineering plastic foam insulations.

The Board of Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in those condensed consolidated interim financial statements.

(All amounts stated in ⃁ '000 unless otherwise stated)

20. SEGMENT INFORMATION (Continued)

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliation presented below.

Business segments:

	For the six-month period ended 30 June 2026 (Unaudited)							
	Air conditioners industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Timing of revenue recognition:								
At a point in time	427,744	1,228,301	-	316,492	1,972,537	1,128	(47,553)	1,926,112
Over time	326,439	288,562	221,500	-	836,501	-	-	836,501
	754,183	1,516,863	221,500	316,492	2,809,038	1,128	(47,553)	2,762,613
Revenue from contracts with customers:								
External customers	753,784	1,516,863	221,500	269,338	2,761,485	1,128	-	2,762,613
Inter-segment	399	-	-	47,154	47,553	-	(47,553)	-
	754,183	1,516,863	221,500	316,492	2,809,038	1,128	(47,553)	2,762,613
Finance lease income	3,750	-	-	-	3,750	-	-	3,750
Total revenue	757,933	1,516,863	221,500	316,492	2,812,788	1,128	(47,553)	2,766,363
Cost of revenue	(671,236)	(1,135,941)	(255,448)	(208,795)	(2,271,420)	-	49,290	(2,222,130)
Gross profit	86,697	380,922	(33,948)	107,697	541,368	1,128	1,737	544,233
Operating profit / (loss)	(25,487)	187,805	(75,786)	73,988	160,520	(5,521)	1,737	156,736
Unallocated profit / (expenses):								
Share in results of an associate and a joint venture								18,026
Other income, net								19,166
Finance costs								(77,074)
Profit before zakat and income tax								116,854
Zakat and income tax								(26,951)
Profit for the period								89,903

(All amounts stated in ⃁ '000 unless otherwise stated)

20. SEGMENT INFORMATION (Continued)

Business segments (continued):

	For the six-month period ended 30 June 2025 (Unaudited) (Restated – note 22)							
	Air conditioners industry	**Steel industry**	**Construction industry**	**Insulation industry**	**Total segments**	**Corporate and others**	**Adjustments and eliminations**	**Consolidated**
Timing of revenue recognition:								
At a point in time	561,632	1,247,081	-	276,709	2,085,422	512	(59,405)	2,026,529
Over time	160,034	202,664	585,092	-	947,790	-	-	947,790
	721,666	1,449,745	585,092	276,709	3,033,212	512	(59,405)	2,974,319
Revenue from contracts with customers:								
External customers	721,666	1,449,745	585,092	217,304	2,973,807	512	-	2,974,319
Inter-segment	-	-	-	59,405	59,405	-	(59,405)	-
	721,666	1,449,745	585,092	276,709	3,033,212	512	(59,405)	2,974,319
Finance lease income	4,373	-	-	-	4,373	-	-	4,373
Total revenue	726,039	1,449,745	585,092	276,709	3,037,585	512	(59,405)	2,978,692
Cost of revenue	(589,636)	(1,218,289)	(530,739)	(187,249)	(2,525,913)	-	60,792	(2,465,121)
Gross profit	136,403	231,456	54,353	89,460	511,672	512	1,387	513,571
Operating profit / (loss)	29,703	84,489	(24,521)	62,448	152,119	(26,632)	2,234	127,721
Unallocated (expenses) / profit:								
Share in results of an associate and a joint venture								12,946
Other income, net								17,091
Finance costs								(77,841)
Profit before zakat and income tax								79,917
Zakat and income tax								(13,184)
Profit for the period								66,733

(All amounts stated in ⃁ '000 unless otherwise stated)

20. SEGMENT INFORMATION (Continued)

Business segments (continued):

	As at 30 June 2026 (Unaudited)							
	Air conditioner industry	**Steel industry**	**Construction industry**	**Insulation industry**	**Total segments**	**Corporate and others**	**Adjustments and eliminations**	**Consolidated**
Total assets	**1,967,110**	**2,744,103**	**661,996**	**674,863**	**6,048,072**	**727,336**	**(892,348)**	**5,883,060**
Total liabilities	**1,743,075**	**1,875,976**	**841,243**	**321,968**	**4,782,262**	**1,292,757**	**(892,348)**	**5,182,671**

	As at 31 December 2025 (Audited) (Restated – note 22)							
	Air conditioner industry	**Steel industry**	**Construction industry**	**Insulation industry**	**Total segments**	**Corporate and others**	**Adjustments and eliminations**	**Consolidated**
Total assets	2,036,342	2,476,826	853,264	644,407	6,010,839	543,549	(704,799)	5,849,589
Total liabilities	1,755,174	1,782,496	1,143,012	346,423	5,027,105	902,498	(704,799)	5,224,804

Geographic information:

The revenue for the three-month and six-month periods ended 30 June 2026 and 2025, categorized by the geographical segments is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Kingdom of Saudi Arabia	**1,097,450**	1,171,418	**2,145,527**	2,384,784
Other Asian countries	**196,507**	169,951	**380,753**	349,700
Egypt	**124,796**	117,285	**240,083**	244,208
	1,418,753	1,458,654	**2,766,363**	2,978,692

(All amounts stated in ⃁ '000 unless otherwise stated)

20. SEGMENT INFORMATION (Continued)

The non-current operating assets of the Group as at 30 June 2026 and 31 December 2025 are categorized by the geographical segments as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Kingdom of Saudi Arabia	**666,005**	677,729
Other Asian countries	**67,574**	61,444
Egypt	**112,791**	98,038
	846,370	837,211

Non-current operating assets for this purpose consist of property, plant and equipment and right-of-use assets.

21. FAIR VALUE MEASUREMENT

The Group's principal financial assets include cash and cash equivalents, equity instruments at fair value through other comprehensive income, accounts receivable, net investment in finance lease and some other current assets that arise directly from its operations. The Group's principal financial liabilities comprise of term loans, short term loans, lease liabilities, accounts payable and some other current liabilities.

Fair values hierarchy
All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the periods ended 30 June 2026 and 31 December 2025 respectively.

(All amounts stated in ⃁ '000 unless otherwise stated)

21. FAIR VALUE MEASUREMENT (Continued)

The table below presents the financial assets at their fair values as at 30 June 2026 and 31 December 2025 based on the fair value hierarchy:

Financial Assets at FVOCI	Carrying value	Level 1	Level 2	Level 3	Total
30 June 2026 (Unaudited)					
Equity instruments at fair value through other comprehensive income	**65,951**	**-**	**-**	**65,951**	**65,951**
Total as at 30 June 2026 (Unaudited)	**65,951**	**-**	**-**	**65,951**	**65,951**
31 December 2025					
Equity instruments at fair value through other comprehensive income	65,951	-	-	65,951	65,951
Total as at 31 December 2025 (Audited)	65,951	-	-	65,951	65,951

The fair value of the Group's investment in unquoted equity shares at 30 June 2026 and 31 December 2025 was measured using Level 3 (significant unobservable inputs). The Group estimated the fair value of the investment using adjusted net asset method. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities. The management believes that there have been no significant changes in the value of investment from 31 December 2025.

As at 30 June 2026 and 31 December 2025, the fair values of the Group's financial instruments, other than those mentioned above, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry rates which are based on prevailing market interest rates.

22. RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures in these condensed consolidated interim financial statements have been restated due to the following matters:

(i) Correction of inventories:

During the current reporting period, the Group's management completed a comprehensive review of inventory balances within Zamil Air Conditioners and Home Appliances Co. Ltd. and Zamil Central Air Conditioners Co. Ltd., two business units within the Air Conditioners business segment. The Group's management initiated the review after it identified inventory-related irregularities and concerns regarding the reliability of certain inventory records and valuation methodologies. Management engaged an independent third-party adviser, to perform an inventory value assessment and quantify the financial impact of the identified matters. In parallel, internal investigations and physical verification procedures were undertaken to assess inventory existence, valuation, reconciliation processes, and related accounting adjustments. The review identified, among other matters, a variance between inventory system records and general ledger balances.

The total impact of the said correction amounts to ⃁ 69 million as 31 December 2025, ⃁ 60 million as at 30 June 2025 and ⃁ 48.2 million as at 31 December 2024.

Based on the results of these investigations, management restated inventory balances and cost of sales amounts reported in previous periods.

(All amounts stated in ⃁ '000 unless otherwise stated)

22. RESTATEMENT OF COMPARATIVE FIGURES (Continued)

(ii) Reclassification of expenses

The Group has reclassified certain expense items between cost of revenue, selling and distribution expenses and general and administrative expenses in order to conform with the presentation in the current period.

(iii) Recognition of financial liability

As disclosed in the consolidated financial statements for the year ended 31 December 2025, on 19 December 2024, Gulf Insulation Group ("GIG"), a subsidiary of the Company with 51% shareholding, signed a share purchase agreement (SPA) with the foreign shareholder of Arabian Fiberglass Insulation Company Limited ("AFICO") to acquire the remaining 49% shareholding in AFICO for a consideration amounting ⃁ 123.8 million, subject to securing the approval of the General Authority for Competition in the Kingdom of Saudi Arabia (GAC) as well as satisfying other conditions as per the SPA. During March 2025, GIG and the foreign shareholder secured a waiver letter from GAC to proceed with the deal and satisfied the other conditions stated in the SPA and therefore GIG recognized the acquisition of foreign shareholder's share in AFICO in March 2025 which caused non-controlling interests and retained earnings at 31 March 2025 to decrease by ⃁ 97.6 million and ⃁ 26.2 million, respectively.

During the prior year, management re-examined the SPA and concluded that there was an unconditional obligation to deliver cash to the foreign shareholder of AFICO subject to satisfying conditions that are not within the control of GIG as of 31 December 2024. Consequently, a financial liability should have been recorded at the date of the SPA, i.e. 19 December 2024 for the fixed consideration to be paid and non-controlling interest should have been derecognized, rather than waiting for the conditions of the SPA to be satisfied, i.e. 18 March 2025.

Accordingly, during the preparation of the consolidated financial statements for the year ended 31 December 2025, management restated the comparative figures as at 31 December 2024 by recognising a financial liability, derecognising NCI and recording the resulting excess of consideration paid over book value of NCI in retained earnings.

Consequently, the opening balance as at 1 January 2025 in the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025 has been restated. The restatement had no impact on the Group's total profit for the period.

The impact of the above restatements on the condensed consolidated interim financial statements for the period ended 30 June 2026 is as follows:

Condensed consolidated statement of financial position

As at 31 December 2025	As previously reported	Adjustments	As restated
Assets:			
Inventories	1,521,201	(69,000)	1,452,201
Equity:			
Retained earnings / (accumulated losses)	13,996	(69,000)	(55,004)

(All amounts stated in ⃁ '000 unless otherwise stated)

22. RESTATEMENT OF COMPARATIVE FIGURES (Continued)

Condensed consolidated statement of changes in equity and financial position

As at 1 January 2025	**As previously reported**	**Adjustments**	**As restated**
Assets:			
Inventories	1,438,895	(48,200)	1,390,695
Liabilities:			
Accruals and other payables	835,473	123,750	959,223
Equity:			
Accumulated losses	(52,153)	(76,289)	(128,442)
Non-controlling interests	190,669	(95,661)	95,008

Condensed consolidated statement of profit or loss

For the six-month period ended 30 June 2025 (Unaudited)	**As previously reported**	**Adjustments**	**Reclassifications**	**As restated**
Cost of revenue	(2,444,674)	(11,800)	(8,647)	(2,465,121)
Selling and distribution expenses	(103,743)	-	12,559	(91,184)
General and administrative expenses	(213,791)	-	(32,970)	(246,761)
Other operating expenses	(31,945)	-	29,058	(2,887)
Attributable to:				
Shareholders of the Company	48,995	(11,800)	-	37,195
Earnings per share (⃁)				
Basic and diluted earnings per share attributable to the shareholders of the Company	0.82	(0.20)	-	0.62

Condensed consolidated statement of profit or loss

For the three-month period ended 30 June 2025 (Unaudited)	**As previously reported**	**Adjustments**	**Reclassifications**	**As restated**
Cost of revenue	(1,190,603)	(17,400)	(2,064)	(1,210,067)
Selling and distribution expenses	(53,528)	-	5,976	(47,552)
General and administrative expenses	(105,225)	-	(32,970)	(138,195)
Other operating expenses	(35,255)	-	29,058	(6,197)
Attributable to:				
Shareholders of the Company	25,278	(17,400)	-	7,878
Earnings per share (⃁)				
Basic and diluted earnings per share attributable to the shareholders of the Company	0.42	(0.29)	-	0.13

(All amounts stated in ⃁ '000 unless otherwise stated)

22. RESTATEMENT OF COMPARATIVE FIGURES (Continued)

Condensed consolidated statement of other comprehensive income

For the six-month period ended 30 June 2025 (Unaudited)	As previously reported	Adjustments	Reclassifications	As restated
Attributable to:				
Shareholders of the Company	50,451	(11,800)	-	38,651

Condensed consolidated statement of other comprehensive income

For the three-month period ended 30 June 2025 (Unaudited)	As previously reported	Adjustments	Reclassifications	As restated
Attributable to:				
Shareholders of the Company	26,296	(17,400)	-	8,896

The above restatements did not have an impact on the Group's operating, investing and financing cash flows for the period ended 30 June 2025.

23. SUBSEQUENT EVENTS

Except as otherwise disclosed elsewhere in these condensed consolidated interim financial statements, there are no significant subsequent events occurred between 30 June 2026 and the date of approval of these condensed consolidated interim financial statements, which may have material impact on these condensed consolidated interim financial statements.