



Advanced Building Industries Co. (SENAAT)

(Formerly Zamil Industrial Investment Co.)

(A Listed Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements

For the Three-Month and Nine-Month Period Ended
30 September 2025 with Independent Auditors' Review
Report on Review of Condensed Consolidated Interim
Financial Statements

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

Condensed consolidated interim financial statements with independent auditor's review report
For the three-month and nine-month periods ended 30 September 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

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Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرغاش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب. ٤٨٠٣
الخير 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 September 2025 condensed consolidated interim financial statements of **Advanced Building industries Company (formerly Zamil Industrial Investment Company)** ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2025;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2025; 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٠٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.

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)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2025 condensed consolidated interim financial statements of Advanced Building Industries Company (formerly Zamil Industrial Investment Company) ("the Company") and its subsidiaries ("the Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter – Comparative Information

We draw attention to Note 19 to the condensed consolidated interim financial statements, which indicates that the comparative information presented as at 31 December 2024 has been restated. Our conclusion is not modified in respect of this matter.

Other Matter – Comparative Information

The condensed consolidated interim financial statements of the Group for the three-month and nine-month periods ended 30 September 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 10 Jumada Al-Ula 1446H (corresponding to 12 November 2024G).

Furthermore, the consolidated financial statements of the Group as at and for the year ended 31 December 2024, excluding the adjustments described in Note 19 to the 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 Alkhelaiwi
License no. 481



Al Khobar, 22 Jumada Al-Awwal , 1447H
Corresponding to 13 November 2025G

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

Condensed consolidated statement of financial position

As at 30 September 2025

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

	Note	30 September 2025 (Unaudited)	31 December 2024 (Audited) (Restated – note 19)
ASSETS			
Non-current assets			
Property, plant and equipment	4	754,592	691,280
Right-of-use assets		34,480	35,222
Investments in an associate and joint ventures	5	134,457	106,058
Equity instruments at FVOCI	18	63,840	63,840
Net investments in finance lease		160,317	183,002
Amount due from a joint venture		-	10,324
Deferred tax assets, net		10,578	10,211
Total non-current assets		1,158,264	1,099,937
Current assets			
Inventories	6	1,578,693	1,438,895
Accounts receivable	7	1,945,777	1,923,695
Contract assets	8	519,149	697,543
Amount due from a joint venture		10,644	-
Advances, prepayments and other receivables		326,635	258,949
Current portion of net investment in finance lease		30,085	29,139
Short term deposits		66,866	33,223
Cash and cash equivalents		333,040	551,735
Total current assets		4,810,889	4,933,179
Total assets		5,969,153	6,033,116
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000	600,000
Accumulated losses		(3,020)	(80,242)
Foreign currency translation reserve		(95,814)	(96,985)
Fair value reserve		27,656	27,656
Equity attributable to the shareholders of the Company		528,822	450,429
Non-controlling interests		146,050	95,008
Total equity		674,872	545,437
Non-current liabilities			
Term loans	9	100,529	21,335
Employees' defined benefit liabilities		308,352	289,784
Lease liabilities		23,743	24,474
Deferred tax liability, net		-	6,654
Total non-current liabilities		432,624	342,247
Current liabilities			
Accounts payable	11	770,111	570,224
Accruals and other payables		912,497	959,223
Short term loans	10	2,047,581	2,112,308
Current portion of term loans	9	30,750	5,783
Current portion of lease liabilities		7,283	6,786
Contract liabilities	12	1,047,153	1,402,594
Zakat and income tax provision	14	46,282	88,514
Total current liabilities		4,861,657	5,145,432
Total liabilities		5,294,281	5,487,679
Total equity and liabilities		5,969,153	6,033,116

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 22 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:

Abdulla Al Zamil
(Chairman)



Ahmed Zaatari
(CEO)



George Eapen
(Acting 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 nine-month periods ended 30 September 2025
(All amounts stated in # '000 unless otherwise stated)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
Revenue from contracts with customers	13	1,575,529	1,639,079	4,549,848	4,273,805
Finance lease income		2,072	2,375	6,445	7,346
		<u>1,577,601</u>	<u>1,641,454</u>	<u>4,556,293</u>	<u>4,281,151</u>
Direct costs					
Cost of revenue		<u>(1,259,119)</u>	<u>(1,369,333)</u>	<u>(3,703,793)</u>	<u>(3,596,334)</u>
Gross profit		<u>318,482</u>	<u>272,121</u>	<u>852,500</u>	<u>684,817</u>
Other operating income and expenses					
Selling and distribution		(66,357)	(56,188)	(170,100)	(152,699)
General and administration		(117,242)	(119,747)	(331,033)	(308,443)
Allowance for expected credit losses		(51,071)	(59,050)	(96,262)	(108,011)
Other operating expenses	7	(10,528)	-	(42,473)	-
Other operating income		929	11,594	1,102	5,678
Operating profit		<u>74,213</u>	<u>48,730</u>	<u>213,734</u>	<u>121,342</u>
Share in results of an associate and joint ventures	5	19,025	8,731	31,971	18,258
Other income, net		10,353	13,446	27,444	66,398
Finance costs		(42,795)	(41,356)	(120,636)	(129,151)
Profit before zakat and income tax		<u>60,796</u>	<u>29,551</u>	<u>152,513</u>	<u>76,847</u>
Zakat and income tax		<u>(11,065)</u>	<u>(11,107)</u>	<u>(24,249)</u>	<u>(26,098)</u>
Profit for the period		<u>49,731</u>	<u>18,444</u>	<u>128,264</u>	<u>50,749</u>
Attributable to:					
Shareholders of the Company		28,227	7,053	77,222	18,578
Non-controlling interests		21,504	11,391	51,042	32,171
		<u>49,731</u>	<u>18,444</u>	<u>128,264</u>	<u>50,749</u>
Earnings per share (#)					
Basic and diluted earnings per share attributable to the shareholders of the Company		<u>0.47</u>	<u>0.12</u>	<u>1.29</u>	<u>0.31</u>

These condensed consolidated interim financial statements including accompanying notes appearing on pages 6 to 22 were authorized for issue by the Board of Directors of the Group and signed on their behalf by:


Abdulla Al Zamil
 (Chairman)


Ahmed Zaatar
 (CEO)



George Eapen
 (Acting 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 nine-month periods ended 30 September 2025
(All amounts stated in S '000 unless otherwise stated)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	49,731	18,444	128,264	50,749
Other comprehensive income				
<i>Items that may be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(285)	(640)	1,171	(22,404)
Other comprehensive income / (loss) for the period	(285)	(640)	1,171	(22,404)
Total comprehensive income for the period	49,446	17,804	129,435	28,345
Attributable to:				
Shareholders of the Company	27,942	6,413	78,393	(3,826)
Non-controlling interests	21,504	11,391	51,042	32,171
	49,446	17,804	129,435	28,345

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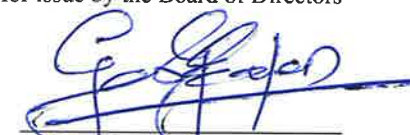
Condensed consolidated statement of changes in equity
For the nine-month period ended 30 September 2025
(All amounts stated in S '000 unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Foreign currency translation reserve	Fair value reserve	Total	Non-controlling interests	Total equity
As at 1 January 2025 (Audited)	600,000	-	(52,153)	(96,985)	27,656	478,518	190,669	669,187
Impact of restatement (Note 19)	-	-	(28,089)	-	-	(28,089)	(95,661)	(123,750)
As at 1 January 2025 (as restated)	600,000	-	(80,242)	(96,985)	27,656	450,429	95,008	545,437
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	77,222	-	-	77,222	51,042	128,264
Other comprehensive income for the period	-	-	-	1,171	-	1,171	-	1,171
Total comprehensive income for the period	-	-	77,222	1,171	-	78,393	51,042	129,435
As at 30 September 2025 (Unaudited)	600,000	-	(3,020)	(95,814)	27,656	528,822	146,050	674,872
As at 1 January 2024 (Audited)	600,000	10,747	(109,810)	(70,370)	21,236	451,803	195,753	647,556
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	18,578	-	-	18,578	32,171	50,749
Other comprehensive loss for the period	-	-	-	(22,404)	-	(22,404)	-	(22,404)
Total comprehensive income for the period	-	-	18,578	(22,404)	-	(3,826)	32,171	28,345
Dividends	-	-	-	-	-	-	(22,674)	(22,674)
As at 30 September 2024 (Unaudited)	600,000	10,747	(91,232)	(92,774)	21,236	447,977	205,250	653,227

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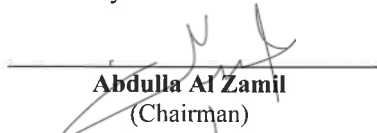
Condensed consolidated statement of cash flows

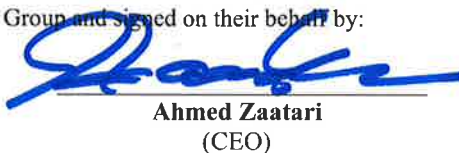
For the nine-month period ended 30 September 2025

(All amounts stated in S\$ '000 unless otherwise stated)

	For the nine-month period ended 30 September	
	2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities		
Profit for the period	128,264	50,749
<i>Adjustment for:</i>		
Zakat and income tax expenses	24,249	26,098
Depreciation of property, plant and equipment	70,356	60,330
Depreciation of right-of-use assets	3,995	3,429
Provision for employees' defined benefit liabilities	23,882	21,414
Dividend received from an associate	(1,768)	(1,642)
Finance costs	120,636	129,151
Share in results of an associate and joint ventures	(31,971)	(18,258)
(Gain) on disposal of property, plant and equipment	(1,102)	(473)
Allowance for impairment of accounts receivables and contract assets	96,262	108,011
Bargain purchase gain	(152)	-
Net realizable value adjustment	11,252	5,693
Unwinding of interest	(320)	-
	443,583	384,502
<i>Changes in:</i>		
Inventories	(151,050)	(34,138)
Accounts receivable	(40,442)	(193,678)
Contract assets	106,575	(93,330)
Advances, prepayments and other receivables	(67,686)	(43,893)
Net investment in finance lease	21,739	20,838
Accounts payable	185,716	213,860
Accruals and provisions	76,031	81,885
Contract liabilities	(355,441)	53,286
Cash generated from operations	219,025	389,332
Finance cost paid	(108,596)	(120,563)
Employees' benefits paid	(16,298)	(3,766)
Zakat and income tax paid	(73,696)	(23,217)
Net cash generated from operating activities	20,435	241,786
Cash flows from investing activities		
Additions to property, plant and equipment	(135,131)	(72,774)
Net movement in short term deposits	(33,643)	166,308
Dividends received from an associate / investment	1,768	1,642
Proceeds from disposal of property, plant and equipment	1,246	782
Net cash (used in) / generated from investing activities	(165,760)	95,958
Cash flows from financing activities		
Acquisition of NCI	(110,943)	-
Net movement in short term loans	(64,727)	(140,471)
Proceeds from term loans	120,062	-
Repayment of term loans	(15,901)	(7,607)
Payments against lease liabilities	(5,142)	(1,271)
Dividends paid	-	(22,674)
Net cash used in financing activities	(76,651)	(172,023)
Net change in cash and cash equivalents	(221,976)	165,721
Cash and cash equivalents at beginning of the period	551,735	427,813
Effect of exchange rate fluctuations on cash and cash equivalents	3,281	(20,810)
Cash and cash equivalents at end of the period	333,040	572,724
Significant non-cash transactions:		
Payable for purchase of a subsidiary	14,171	-

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George Eapen
 (Acting CFO)

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

Notes to the condensed consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2025

(All amounts stated in ﷲ '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, P.O Box 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 14 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 and subsequent to period end, the Company has obtained regulatory approvals and fulfilled the necessary formalities for the change of name.

The Company has investment in the following subsidiaries:

	Country of Incorporation	Effective ownership at 30 September 2025	31 December 2024
			(Restated – note 19)
- Zamil Steel Holding Company Limited	Saudi Arabia	100%	100%
- Zamil Air Conditioners Holding Company Limited	Saudi Arabia	100%	100%
- Advanced Building 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 (refer note 3)	Saudi Arabia	100%	-
- Zamil Steel Building Company	Egypt	100%	100%
- Zamil Steel Buildings (Shanghai) Company Limited	China	100%	100%
- Zamil Steel Buildings India Private Limited	India	100%	100%
- Zamil Steel Engineering India Private Limited	India	100%	100%
- Zamil Industrial Investment Company	UAE	100%	100%
- Zamil Structural Steel Company	Egypt	100%	100%
- Zamil Construction India Private Limited	India	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%
- Zamil Industrial Investment Company Asia Pte. Limited	Singapore	100%	100%
- Zamil Steel Buildings Vietnam Company Limited	Vietnam	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%
- Metallic Construction and Contracting Company Limited	Egypt	100%	100%

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

Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2025
(All amounts stated in ﷲ '000 unless otherwise stated)

1. CORPORATE INFORMATION (Continued)

		Effective ownership at	
	Country of Incorporation	30 September 2025	31 December 2024
			(Restated – note 19)
Subsidiaries of Zamil Air Conditioners Holding Company Limited			
- 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%
Subsidiaries of Gulf Insulation Group			
- Saudi Rockwool Factory Company	Saudi Arabia	51%	51%
- Arabian Fiberglass Insulation Company Limited (refer note 19)	Saudi Arabia	100%	100%
- Building Component Solutions Company Limited	Saudi Arabia	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.

The condensed consolidated interim financial statements of the Group as of 30 September 2025 were authorised for issuance in accordance with the Board of Directors resolution on 6 November 2025 (corresponding to 15 Jumada Al-Awwal 1447H).

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").

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 2024 ("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.

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

Notes to the condensed consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2025

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

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

2.2 Basis of preparation (continued)

The Group has reported a profit of ﷲ 128.2 million for the nine-month period ended 30 September 2025 (30 September 2024: ﷲ 50.749 million), and as of the reporting date, its current liabilities exceed its current assets by ﷲ 50.8 million (31 December 2024: ﷲ 212 million). In addition, as at 30 September 2025, the accumulated losses were amounting to ﷲ 3 million (31 December 2024: ﷲ 80.2 million). Management believes that, despite the net current liability position, the Group can pay its liabilities falling due over the next 12 months through its operational cash flows and unutilized external financing facilities.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (“ﷲ”) which is the functional and presentation currency of the Company. All values are rounded to the nearest thousands (“ﷲ '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 2024.

A number of amendments to existing standards, as detailed in note 2.6 below, became effective from 1 January 2025 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:

- Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective for annual periods beginning on or after 1 January 2025.

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:

- Amendments to the 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;

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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)

- 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
- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026;
- 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 statement of the Group.

3. BUSINESS COMBINATIONS

3.1 Acquisition of Middle East Air Conditioners Company Limited

On 6 Shawwal 1445H (corresponding to 15 April 2024), the Company entered into an agreement with the foreign shareholder of Middle East Air Conditioners Company Limited ("MEAC"), pursuant to which the Company has agreed to acquire the remaining 49% shareholding in MEAC from the foreign shareholder. Middle East Air Conditioners Company Limited ("MEAC") is a limited liability company registered in Dammam, Kingdom of Saudi Arabia under commercial registration number 2050032242 dated 20 Thul-Hijjah 1417H (corresponding to 27 April 1997). The registered office of the Company is P.O Box 14441, Dammam 31424, Kingdom of Saudi Arabia. MEAC is engaged in manufacturing and trading of room and split air conditioners.

During the period ended 30 September 2025, on 26 Shaban 1446H (corresponding to 25 February 2025), the Company acquired the control of MEAC and all legal formalities have been completed. As a result, the ownership of the Company increased from 51% to 100%, transforming MEAC from a joint venture into a wholly-owned subsidiary.

The acquisition has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the "Standard") with Company being the acquirer and subsidiary being the acquiree. As required by the Standard, the Company is in the process of allocating the purchase consideration to the identifiable assets and liabilities till the date of these condensed consolidated interim financial statements were authorized for issue. Accordingly, the Company has accounted for the acquisition based on the provisional fair values of the acquired assets and liabilities as at the acquisition date as the independent valuations have not been finalized. Adjustments to those provisional values will be finalized within twelve months of the date of acquisition as allowed by the Standard.

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3. BUSINESS COMBINATIONS (Continued)

3.1 Acquisition of Middle East Air Conditioners Company Limited (continued)

The provisional fair value of assets acquired and liabilities assumed at the acquisition date 25 February 2025 are as follows:

	<u>Amounts in ﷲ ‘000</u>
Assets:	
Due from related parties	6,083
Cash and cash equivalents	2,227
Total assets	<u>8,310</u>
Liabilities:	
Trade payables	-
Accrued expenses and other payables	672
Total liabilities	<u>672</u>
Total identifiable net assets	<u>7,638</u>
Total identifiable net assets attributable to the Company before acquisition @ 51%	<u>3,895</u>
Total identifiable net assets attributable to the Company for the acquisition @ 49%	<u>3,743</u>
Gain arising on bargain purchase	<u>(152)</u>
Purchase consideration transferred	<u><u>3,591</u></u>

Analysis of cash flows on acquisition:

	<u>Amounts in ﷲ ‘000</u>
Assets:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	2,227
Cash paid	<u>(3,591)</u>
Net cash flow used in acquisition	<u><u>(1,364)</u></u>

4. PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2025, the Group acquired assets with a cost of ﷲ 135,131 thousand (nine-month period ended 30 September 2024: ﷲ 72,774 thousand) and disposed assets with a carrying amount of ﷲ 144 thousand (nine-month period ended 30 September 2024: ﷲ 309 thousand) resulting in a gain on disposal amounting to ﷲ 1,102 thousand (nine-month period ended 30 September 2024: gain of ﷲ 473 thousand), which was included in other operating income / (expenses) in the condensed consolidated statement of profit or loss. Depreciation for the nine-month period ended 30 September 2025 amounted to ﷲ 70,356 thousand (nine-month period ended 30 September 2024: ﷲ 60,300 thousand).

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5. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

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

	Effective ownership at		30 September	31 December
	30 September	31 December	2025	2024
	2025	2024	(Unaudited)	(Audited)
Associate				
Rabiah Nasser and Zamil Concrete Industries Company Limited - Saudi Arabia	50%	50%	<u>94,597</u>	<u>72,157</u>
			<u>94,597</u>	<u>72,157</u>
Joint Venture				
Perma Pipe Gulf Arabia Industry - Saudi Arabia	20.4%	20.4%	39,860	30,329
Middle East Air Conditioners Company Limited - Saudi Arabia	-	51%	<u>-</u>	<u>3,572</u>
			<u>39,860</u>	<u>33,901</u>
			<u>134,457</u>	<u>106,058</u>

Middle East Air Conditioner Company Limited ("MEAC") is registered in the Kingdom of Saudi Arabia and is engaged in the sale of air conditioners. In 2024, the Group entered into an agreement with the foreign shareholder, who owned 49% interest in MEAC, a joint venture, to acquire their ownership stake in the joint venture. The agreed consideration for this acquisition amounted to ﷲ 3.59 million. During the period ended 30 September 2025, the Group has acquired the shares and legal formalities have been completed. Refer to note 3 for more details.

6. INVENTORIES

	30 September	31 December
	2025	2024
	(Unaudited)	(Audited)
Raw materials	1,077,420	1,006,764
Work-in-progress	56,060	67,620
Finished goods	455,345	369,460
Goods-in-transit	72,839	80,316
Spares	58,222	62,377
	1,719,886	1,586,537
Less: net realisable value adjustment	(141,193)	(147,642)
	<u>1,578,693</u>	<u>1,438,895</u>

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7. ACCOUNTS RECEIVABLE

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Trade receivables	2,086,858	2,071,934
Retentions receivable	489,084	441,796
	2,575,942	2,513,730
Less: Allowance for expected credit losses	(644,958)	(614,940)
	1,930,984	1,898,790
Receivables from related parties	14,793	24,905
	1,945,777	1,923,695

During 2023, Zamil Air Conditioning & Refrigeration Services Company Limited, a subsidiary of the Company, received a 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 ﷲ 87.1 million (31 December 2024: ﷲ 115.1 million), which includes ﷲ 12.5 million (31 December 2024: ﷲ 38.3 million) billed to the customer, retention receivables of ﷲ 6.5 million (31 December 2024: ﷲ 8.7 million) and contract assets (note 8) of ﷲ 68.1 million (31 December 2024: ﷲ 68.1 million). The Company has maintained a full provision against the amount due from customer.

During the period ended 30 September 2025, the court issued ruling in the said case by imposing a penalty of ﷲ 29 million (included under other operating expenses) on Zamil Air Conditioning & Refrigeration Services Company Limited for the delay in completion of contract and ordered the Group to pay ﷲ 7.1 million to the customer by adjusting ﷲ 21.9 million from receivables from the customer. Accordingly, Zamil Air Conditioning & Refrigeration Services Company Limited, adjusted the accounts receivable balance and paid the amount to the customer in July 2025.

8. CONTRACT ASSETS

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Contract assets (refer note 7)	702,406	808,981
Less: Allowance for expected credit losses	(183,257)	(111,438)
	519,149	697,543

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9. TERM LOANS

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Non-current portion	100,529	21,335
Current portion	30,750	5,783
Term loans	131,279	27,118

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 September 2025 and 31 December 2024, the Group was in compliance with loan covenants as per the agreement with the bank.

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

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
2025	7,688	5,783
2026	30,750	5,735
2027 and onwards	92,841	15,600
	131,279	27,118

10. SHORT TERM LOANS

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Murabaha and tawarruq financing	1,948,621	2,070,033
Short term loans – conventional	98,960	42,275
	2,047,581	2,112,308

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.

11. ACCOUNTS PAYABLE

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Trade payables	709,841	524,006
Retentions payable	41,611	34,604
Payable to related parties	18,659	11,614
	770,111	570,224

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12. CONTRACT LIABILITIES

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Advance from customers	754,696	922,069
Billings in excess of value of work executed	292,457	480,525
	<u>1,047,153</u>	<u>1,402,594</u>

13. 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 September		For the nine-month period ended 30 September	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of goods	1,046,916	911,488	2,911,575	2,581,479
Revenue from long-term contracts	437,845	653,259	1,385,634	1,449,088
Rendering of services	90,768	74,332	252,639	243,238
Total revenue from contracts with customers	<u>1,575,529</u>	<u>1,639,079</u>	<u>4,549,848</u>	<u>4,273,805</u>

Reconciliation of the Group's disaggregate revenue for its reportable segments, geographical markets, and timing of revenue recognition is disclosed in note 17.

14. ZAKAT AND INCOME TAX

(a) Zakat

(i) The Company and its wholly owned subsidiaries

The provision for the period is based on zakat base of the Company and its wholly owned Saudi subsidiaries as a whole and individual zakat base of other Saudi subsidiaries.

During 2020, the Group received a zakat assessment for years 2014 to 2018 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to ₪ 229 million. The Group submitted an objection letter against the mentioned Zakat assessment and ZATCA issued revised assessment in 2021 amounting to ₪ 225.62 million and the Group submitted an escalation letter against the revised assessment to the Tax Violations and Disputes Resolution Committee (TVDRRC) and an appeal against the TVDRRC resolution with Tax Violations and Disputes Appellate Committee (TVDAC). The TVDAC resolution was issued partially in favour of the Group and the revised assessment was awaited.

During June 2024, the Group received the decision for the year 2014, issued by the General Secretariat of the Zakat, Tax and Customs Committees reducing the additional liability from ₪ 43.6 million to ₪ 7.3 million, the additional liability was accepted by the Group and settled during July 2024. Furthermore, the Group received a separate decision that reduced the additional tax liability for the years 2015 to 2018 from ₪ 185.5 million to ₪ 61 million. Management accepted this decision and agreed settlement of the revised liability in eleven equal monthly installments starting from November 2024 to September 2025. As of the period ended 30 September 2025, the Group has fully settled the liability.

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14. ZAKAT AND INCOME TAX (Continued)

(a) Zakat (continued)

(i) The Company and its wholly owned subsidiaries (continued)

During the period ended 30 September 2025, the Group received a zakat assessment for year 2019 to 2023 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to ₪ 2.9 million. The liability was accepted by the Group and settled during the period.

Zakat declarations for the year 2024 has been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

(ii) Partially owned subsidiaries

Saudi Preinsulated Pipes Industries

Zakat assessments have been agreed with the ZATCA up to 2020. The zakat declarations for the years 2020 to 2024 have been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

Gulf Insulation Group

Zakat and income tax assessments have been agreed with ZATCA up to 2019. The zakat declarations for the years 2019 to year 2024 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.

(c) Deferred tax

During the period ended 30 September 2025, the Group has recorded a net deferred tax benefit of ₪ 6.662 million (30 September 2024: net deferred tax benefit of ₪ 0.852 million).

15. CONTINGENCIES

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to ₪ 1,498 million (31 December 2024: ₪ 1,715 million). Except for the contingencies as disclosed elsewhere to these condensed consolidated interim financial statements, there are no other contingencies as of the period ended 30 September 2025.

16. 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.

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16. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

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

Relationship and name of related party	Nature of transactions	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Ultimate Parent Company</i>					
Zamil Group Holding Company	Sales	764	2,642	4,827	6,712
	Purchases	5,073	11,088	13,114	24,997
<i>Other related parties</i>					
	Sales	256	1,113	974	1,625
	Purchases	333	-	2,598	731

The compensation to the key management personnel during the period amounted to ₪ 6.6 million (30 September 2024: ₪ 3.7 million).

The compensation to the Board of Directors during the period amounted to ₪ 1.275 million (30 September 2024: ₪ 1.125 million).

Amounts due from related parties at 30 September 2025 amounting to ₪ 14.8 million (31 December 2024: ₪ 24.9 million) have been included in accounts receivable in the condensed consolidated statement of financial position. Amounts due to related parties at 30 September 2025 amounting to ₪ 18.7 million (31 December 2024: ₪ 11.6 million) have been included in the accounts payable in the condensed consolidated statement of financial position.

17. 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 the condensed consolidated interim financial statements.

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17. 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 nine-month period ended 30 September 2025							
	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	891,112	1,931,639	-	441,098	3,263,849	768	(100,403)	3,164,214
Over time	235,083	315,503	835,048	-	1,385,634	-	-	1,385,634
	1,126,195	2,247,142	835,048	441,098	4,649,483	768	(100,403)	4,549,848
Revenue from contracts with customers:								
External customers	1,126,195	2,247,142	835,048	340,695	4,549,080	768	-	4,549,848
Inter-segment	-	-	-	100,403	100,403	-	(100,403)	-
	1,126,195	2,247,142	835,048	441,098	4,649,483	768	(100,403)	4,549,848
Finance lease income	6,445	-	-	-	6,445	-	-	6,445
Total revenue	1,132,640	2,247,142	835,048	441,098	4,655,928	768	(100,403)	4,556,293
Cost of revenue	896,525	1,884,842	749,920	275,683	3,806,970	-	(103,177)	3,703,793
Gross profit	236,115	362,300	85,128	165,415	848,958	768	2,774	852,500
Operating profit / (loss)	70,764	140,208	(58,586)	104,246	256,632	(46,741)	3,843	213,734
Unallocated profit / (expenses):								
Share in results of an associate and a joint venture								31,971
Other income, net								27,444
Finance costs								(120,636)
Profit before zakat and income tax								152,513
Zakat and income tax								(24,249)
Profit for the period								128,264

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17. SEGMENT INFORMATION (Continued)

Business segments (continued):

	For the nine-month period ended 30 September 2024 (Restated)							
	Air conditioners industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
<i>Timing of revenue recognition:</i>								
At a point in time	868,983	1,739,362	-	239,859	2,848,204	769	(24,256)	2,824,717
Over time	180,815	269,638	998,635	-	1,449,088	-	-	1,449,088
	<u>1,049,798</u>	<u>2,009,000</u>	<u>998,635</u>	<u>239,859</u>	<u>4,297,292</u>	<u>769</u>	<u>(24,256)</u>	<u>4,273,805</u>
<i>Revenue from contracts with customers:</i>								
External customers	1,049,798	2,003,743	998,635	220,860	4,273,036	769	-	4,273,805
Inter-segment	-	5,257	-	18,999	24,256	-	(24,256)	-
	<u>1,049,798</u>	<u>2,009,000</u>	<u>998,635</u>	<u>239,859</u>	<u>4,297,292</u>	<u>769</u>	<u>(24,256)</u>	<u>4,273,805</u>
Finance lease income	7,346	-	-	-	7,346	-	-	7,346
Total revenue	<u>1,057,144</u>	<u>2,009,000</u>	<u>998,635</u>	<u>239,859</u>	<u>4,304,638</u>	<u>769</u>	<u>(24,256)</u>	<u>4,281,151</u>
Cost of revenue	843,283	1,694,321	947,101	138,080	3,622,785	-	(26,451)	3,596,334
Gross profit	<u>213,861</u>	<u>314,679</u>	<u>51,534</u>	<u>101,779</u>	<u>681,853</u>	<u>769</u>	<u>2,195</u>	<u>684,817</u>
Operating profit / (loss)	<u>20,303</u>	<u>104,472</u>	<u>(30,225)</u>	<u>51,545</u>	<u>146,095</u>	<u>(27,889)</u>	<u>3,136</u>	<u>121,342</u>
Unallocated (expenses) / profit:								
Share in results of an associate and a joint venture								18,258
Other income, net								66,398
Finance costs								(129,151)
Profit before zakat and income tax								76,847
Zakat and income tax								(26,098)
Profit for the period								<u>50,749</u>

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17. SEGMENT INFORMATION (Continued)

Business segments (continued):

	As at 30 September 2025							
	Air conditioner industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Total assets	1,760,273	2,690,722	997,358	661,233	6,109,586	397,878	(538,311)	5,969,153
Total liabilities	1,471,587	1,749,135	1,163,543	363,180	4,747,445	1,085,147	(538,311)	5,294,281
	As at 31 December 2024 (Restated)							
	Air conditioner industry	Steel industry	Construction industry	Insulation industry	Total segments	Corporate and others	Adjustments and eliminations	Consolidated
Total assets	1,621,970	2,514,074	1,331,311	554,404	6,021,759	760,310	(748,953)	6,033,116
Total liabilities	1,329,728	1,707,788	1,448,989	360,516	4,847,021	1,389,611	(748,953)	5,487,679

During the nine-month period ended, 30 September 2025, the Group has changed its internal organisation and composition of its operating segments, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the nine-month period ended 30 September 2024 and as at 31 December 2024.

Geographic information:

The revenue for the three-month and nine-month periods ended 30 September 2025 and 2024, categorized by the geographical segments is as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	1,259,533	1,299,966	3,644,317	3,390,386
Other Asian countries	202,433	209,641	552,133	504,119
Egypt	115,635	131,847	359,843	386,646
	1,577,601	1,641,454	4,556,293	4,281,151

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17. SEGMENT INFORMATION (Continued)

The non-current operating assets of the Group as at 30 September 2025 and 31 December 2024 are categorized by the geographical segments as follows:

	30 September 2025	31 December 2024
	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	651,100	607,262
Other Asian countries	81,700	64,891
Egypt	56,272	54,349
	<u>789,072</u>	<u>726,502</u>

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

18. 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 September 2025 and 31 December 2024 respectively.

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18. FAIR VALUE MEASUREMENT (Continued)

The table below presents the financial assets at their fair values as at 30 September 2025 and 31 December 2024 based on the fair value hierarchy:

Financial Assets at FVOCI	Carrying value	Level 1	Level 2	Level 3	Total
30 September 2025 (Unaudited)					
Equity instruments at fair value through other comprehensive income	63,840	-	-	63,840	63,840
Total as at 30 September 2025 (Unaudited)	63,840	-	-	63,840	63,840
31 December 2024 (Audited)					
Equity instruments at fair value through other comprehensive income	63,840	-	-	63,840	63,840
Total as at 31 December 2024 (Audited)	63,840	-	-	63,840	63,840

The fair value of the Group's investment in unquoted equity shares at 30 September 2025 and 31 December 2024 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 2024.

As at 30 September 2025 and 31 December 2024, 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.

19. RESTATEMENT OF COMPARATIVES FIGURES

19.1. Recognition of financial liability

On 19 December 2024, Gulf Insulation Group ("GIG"), a subsidiary of the Company with 51% shareholding (see note 1), 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 SR 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 SR 97.6 million and SR 26.2 million, respectively. This transaction was also disclosed as a subsequent event in the financial statements for the year ended 31 December 2024.

During the preparation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2025, 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 the year ended 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.

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19. RESTATEMENT OF COMPARATIVES FIGURES (Continued)

19.1. Recognition of financial liability (continued)

Accordingly, management restated the comparative figures as at 31 December 2024. The restatement impacted on the following accounts:

- Accruals and Other Payables at 31 December 2024 increased by SR 123.8 million rather than the similar increase which was recognized in March 2025.
- Non-controlling interests at 31 December 2024 decreased by SR 95.7 million rather than the decrease of SR 97.6 million which was recognized in March 2025.
- Retained earnings at 31 December 2024 decreased by SR 28.1 million rather than the decrease of SR 26.2 million which was recognized in March 2025.

The restatement did not have an impact on profit or cash flows for the year ended 31 December 2024. The restatement also did not have an impact on Group's profit for the three-month period ended 31 March 2025 but have caused profit attributable to the shareholders of the Company to increase by SR 1.9 million.

The impact of restatement on the condensed consolidated interim financial statements for the three-month and nine-month periods ended is as follows:

Condensed consolidated statement of financial position

	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
<u>31 December 2024</u>			
Liabilities:			
Accruals and other payables	835,473	123,750	959,223
Equity:			
Accumulated losses	(52,153)	(28,089)	(80,242)
Non-controlling interests	190,669	(95,661)	95,008

The restatement did not have an impact on the condensed consolidated statement of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2024. There was no impact on the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024.

The third statement of financial position has not been presented as the agreement was entered into on 19 December 2024 therefore there is no impact on or before 1 January 2024.

19.2. Comparative figures

During the period, certain comparative figures have been reclassified to conform with the current period presentation of the condensed consolidated interim financial statements.

20. SUBSEQUENT EVENTS

There are no significant subsequent events occurred between 30 September 2025 and the date of approval of these condensed consolidated interim financial statements which may have material impact on these condensed consolidated interim financial statements.