

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors
Metal and Recycling Company - K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (collectively the "Group") as of September 30, 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and nine months period then ended, statements of changes in equity and cash flows for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of a matter

Without qualifying our conclusion:

- We draw attention to Note (3) to the interim consolidated financial information, which describes the Group's financial position as at September 30, 2025, wherein its current liabilities exceeded its current assets due to the maturity date of the convertible loan. The interim condensed consolidated financial information has been prepared on a going concern basis, based on management's assessment and plans, as disclosed in Note (3).
- We draw attention to Note (11), which describes the right of utilization for land leased by the Group and held within the associate company.

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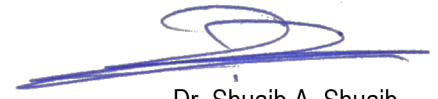


Report on other Legal and Regulatory Requirements

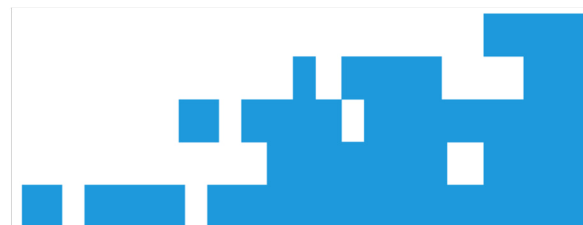
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended September 30, 2025, that might have had a material effect on the Parent Company's financial position or results of its operation, except for the Group's ownership of investment property and conducting rental activities, not disclosed in the Parent Company Articles of Association.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the nine months period ended September 30, 2025, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
November 11, 2025

A stylized blue ink signature of Dr. Shuaib A. Shuaib, consisting of a large loop and a horizontal stroke.

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.



METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

		September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
ASSETS				
	Notes			
Current assets:				
Cash and cash equivalents	4	3,294,387	1,046,064	2,211,142
Time deposits	5	2,870,396	2,968,078	3,259,655
Accounts receivable and other debit balances	6	8,385,466	9,352,121	7,647,409
Due from related parties	7	30,023	26,573	26,573
Inventories		555,156	132,532	191,790
Total current assets		15,135,428	13,525,368	13,336,569
Non-current assets:				
Financial assets at fair value through profit or loss		34,972	34,972	34,972
Investment in associate		6,794,426	6,794,426	6,795,326
Investment property		1,432,000	1,432,000	1,409,000
Property, plant and equipment		10,647,275	9,048,173	8,846,149
Right of use assets		1,752,164	2,176,720	1,455,374
Goodwill		406,889	406,889	406,889
Total non-current assets		21,067,726	19,893,180	18,947,710
Total assets		36,203,154	33,418,548	32,284,279
LIABILITIES AND EQUITY				
Current liabilities:				
Due to banks		1,177,917	235,301	251,543
Ijara payable		677,700	690,000	690,000
Term loans	8	9,837,950	1,668,587	2,514,974
Lease liabilities		460,725	599,549	454,085
Accounts payable and other credit balances		5,309,296	4,737,679	4,060,954
Due to related parties	7	5,128,542	4,417,717	4,194,971
Total current liabilities		22,592,130	12,348,833	12,166,527
Non-current liabilities:				
Term loans	8	-	7,567,450	7,232,950
Lease liabilities		1,654,301	2,015,564	1,341,111
Provision for end of service indemnity		1,214,986	1,134,677	1,198,002
Total non-current liabilities		2,869,287	10,717,691	9,772,063
Total liabilities		25,461,417	23,066,524	21,938,590
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	9	(1,057,640)	(1,057,640)	(1,057,640)
Effect of change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(2,964,844)	(3,222,775)	(3,155,075)
Equity attributable to shareholders of the Parent Company		7,900,547	7,642,616	7,710,316
Non-controlling interests		2,841,190	2,709,408	2,635,373
Total equity		10,741,737	10,352,024	10,345,689
Total liabilities and equity		36,203,154	33,418,548	32,284,279

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

Mosaed Ibrahim Al-Holi
Chairman

Tarek Ibrahim Mosaed Al-Mousa
Vice Chairman and CEO

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2025	2024	2025	2024
Revenues:					
Net sales		217,241	4,822	341,259	14,133
Service revenue		4,548,373	3,778,712	12,491,726	10,537,113
Rental income		549,487	500,527	1,629,462	1,379,943
		<u>5,315,101</u>	<u>4,284,061</u>	<u>14,462,447</u>	<u>11,931,189</u>
Expenses:					
Cost of sales		(211,155)	(3,298)	(319,730)	(9,613)
Service costs		(3,620,999)	(2,933,284)	(9,648,837)	(7,747,461)
Rental costs		(370,291)	(283,961)	(1,048,723)	(842,034)
		<u>(4,202,445)</u>	<u>(3,220,543)</u>	<u>(11,017,290)</u>	<u>(8,599,108)</u>
Gross profit		<u>1,112,656</u>	<u>1,063,518</u>	<u>3,445,157</u>	<u>3,332,081</u>
Staff costs		(275,346)	(316,067)	(872,551)	(996,786)
General and administrative expenses		(150,450)	(163,198)	(426,596)	(485,955)
Selling and marketing expenses		(8,639)	(785)	(21,630)	(6,696)
Depreciation and amortization		(328,634)	(287,546)	(942,200)	(870,044)
Net allowance for expected credit losses	6 – a	(102,021)	(159,866)	(314,866)	(416,633)
Bad debts written off	6 – b	(12,000)	(23,941)	(41,408)	(47,141)
		<u>(877,090)</u>	<u>(951,403)</u>	<u>(2,619,251)</u>	<u>(2,823,255)</u>
Profit from operations		<u>235,566</u>	<u>112,115</u>	<u>825,906</u>	<u>508,826</u>
Share of results from associate		-	-	-	(760)
Interest income		27,877	68,704	95,599	121,281
Gain on sale of property, plant, and equipment		40,287	65,625	41,487	69,625
Finance costs		(194,402)	(163,480)	(510,631)	(477,940)
Other income		42,238	18,760	92,076	75,462
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		<u>151,566</u>	<u>101,724</u>	<u>544,437</u>	<u>296,494</u>
NLST		(4,094)	(5,108)	(11,026)	(13,230)
Contribution to Zakat		(1,637)	(2,043)	(4,410)	(5,292)
Profit for the period		<u>145,835</u>	<u>94,573</u>	<u>529,001</u>	<u>277,972</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>145,835</u>	<u>94,573</u>	<u>529,001</u>	<u>277,972</u>
Attributable to:					
Shareholders of the Parent Company		59,483	17,873	257,931	5,685
Non-controlling interests		86,352	76,700	271,070	272,287
		<u>145,835</u>	<u>94,573</u>	<u>529,001</u>	<u>277,972</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	10	<u>0.66</u>	<u>0.20</u>	<u>2.86</u>	<u>0.06</u>

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						Non - controlling interests	Total equity
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal		
Balance as at January 1, 2025	10,000,000	1,520,581	(1,057,640)	402,450	(3,222,775)	7,642,616	2,709,408	10,352,024
Total comprehensive income for the period	-	-	-	-	257,931	257,931	271,070	529,001
Cash dividends to non-controlling interests	-	-	-	-	-	-	(139,288)	(139,288)
Balance as at September 30, 2025	10,000,000	1,520,581	(1,057,640)	402,450	(2,964,844)	7,900,547	2,841,190	10,741,737
Balance as at January 1, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,160,760)	7,704,631	2,763,086	10,467,717
Total comprehensive income for the period	-	-	-	-	5,685	5,685	272,287	277,972
Cash dividends to non-controlling interests	-	-	-	-	-	-	(400,000)	(400,000)
Balance as at September 30, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,155,075)	7,710,316	2,635,373	10,345,689

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

		Nine months ended September 30,	
	Notes	2025	2024
Cash flows from operating activities:			
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		544,437	296,494
Adjustments for:			
Net allowance for expected credit losses	6 – a	314,866	416,633
Bad debts written-off	6 – b	41,408	47,141
Depreciation and amortization		942,200	870,044
Gain on sale of property, plant and equipment		(41,487)	(69,625)
Share of results from associate		-	760
Interest income		(95,599)	(121,281)
Finance costs		510,631	477,940
Net provision for end of service indemnity		161,975	160,268
		<u>2,378,431</u>	<u>2,078,374</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		610,381	(754,992)
Net movement in related parties		371,041	238,017
Inventories		(422,624)	(96,313)
Accounts payable and other credit balances		556,181	268,630
Cash flows generated from operations		<u>3,493,410</u>	<u>1,733,716</u>
Paid for end of service indemnity		(81,666)	(85,555)
Paid for KFAS		-	(4,043)
Net cash flows generated from operating activities		<u>3,411,744</u>	<u>1,644,118</u>
Cash flows from investing activities:			
Time deposits		97,682	699,423
Paid for property, plant, and equipment		(2,141,659)	(1,078,701)
Proceeds from sale of property, plant and equipment		66,400	69,625
Interest income received		95,599	121,281
Net cash flows used in investing activities		<u>(1,881,978)</u>	<u>(188,372)</u>
Cash flows from financing activities:			
Net movement in due to banks		942,616	(5,457)
Net movement in ijara payables		(12,300)	(4,058)
Net movement in term loans		601,913	634,059
Payment of lease liabilities		(575,150)	(517,550)
Cash dividends paid to non-controlling interests		(139,288)	(400,000)
Finance costs paid		(99,234)	(124,937)
Net cash flows generated from (used in) financing activities		<u>718,557</u>	<u>(417,943)</u>
Net increase in cash and cash equivalents		2,248,323	1,037,803
Net movement in restricted cash		97,866	(216,346)
Cash and cash equivalents at the beginning of the period		863,017	1,095,966
Cash and cash equivalents at the end of the period	4	<u>3,209,206</u>	<u>1,917,423</u>

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2025

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Metal and Recycling Company "The Parent Company" is a Kuwaiti Public Shareholding Company, registered in the State of Kuwait and was incorporated pursuant to Memorandum of Incorporation Ref. No. 113/Volume 17, dated June 10, 1987, and its subsequent amendments, the latest of which was notarized in the commercial registration under Ref. No. 12320 on June 21, 2022.

The address of the Parent Company's registered office is P.O. Box 4520, Safat 13045, State of Kuwait.

The Parent Company is 66.48% owned by Agility Public Warehousing Company – K.S.C.P. (The ultimate Parent Company) listed on the Kuwait Bursa.

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on November 11, 2025.

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2024.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time on January 1, 2025, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunctions with the Group's annual consolidated financial statements for the year ended December 31, 2024. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended September 30, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2024.

3. Working Capital

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will realize its assets and settle its liabilities in the normal course of business. No adjustments have been made to reflect any potential effects of uncertainty regarding the Group's ability to continue as a going concern.

As of September 30, 2025, the Group's current liabilities exceeded its current assets by KD 7,456,702.

The Group's ability to continue as a going concern depends on its ability to generate profits, improve future cash flows, reschedule credit facilities, and obtain financial support from its major shareholders.

Management has reasonable expectations that the Group's lending institutions will continue to support its operations.

Subsequent to the reporting date, the Group renewed and extended its facility agreement, with a new maturity date of April 12, 2027. This renewal reflects the lenders' confidence in the Group's high-quality investments and strong asset base. Accordingly, it is not expected that the lender will demand settlement prior to maturity, considering the conversion option embedded in the related party loan amounting to KD 9,187,950 as of September 30, 2025, which is now due for repayment or conversion by April 12, 2027 (Notes 7 and 8).

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

4. Cash and cash equivalents

	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Cash on hand and at banks	3,294,387	1,046,064	2,211,142
Less: restricted cash against letters of guarantee	(85,181)	(183,047)	(293,719)
Cash and cash equivalents as presented in the consolidated statement of cash flows	<u>3,209,206</u>	<u>863,017</u>	<u>1,917,423</u>

As of September 30, 2025, cash restricted by banks against letters of guarantee amounted to KD 85,181 (December 31, 2024: KD 183,047, September 30, 2024: KD 293,719) (Note 12).

5. Time deposits

The effective interest rate on time deposits ranged from 3.8% to 4.25% per annum (December 31, 2024: 3.8% to 4.25% per annum, September 30, 2024: 4.125% to 5% per annum), these deposits have an average maturity of 185 to 365 days.

Time deposits amounting to KD 1,282,999 (December 31, 2024: KD 1,261,038, September 30, 2024: KD 1,124,014) were pledged against letters of guarantee (Note 12).

6. Accounts receivable and other debit balances

	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Trade receivables	15,486,943	16,043,960	13,802,539
Retention receivables	389,680	897,195	812,473
Gross total	15,876,623	16,941,155	14,615,012
Less: Provision for expected credit losses (a)	(8,833,861)	(8,768,065)	(8,683,496)
Net trade receivables & retention receivables	<u>7,042,762</u>	<u>8,173,090</u>	<u>5,931,516</u>
Advance payments to suppliers	1,150,410	1,277,949	1,568,115
Less: Provision for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advance payments to suppliers	<u>305,219</u>	<u>432,758</u>	<u>722,924</u>
Prepaid expenses	490,869	410,402	659,086
Refundable deposits	60,141	33,872	31,949
Staff receivables	269,160	172,380	217,932
Others	217,315	129,619	84,002
	<u>8,385,466</u>	<u>9,352,121</u>	<u>7,647,409</u>

(a) Allowance for expected credit losses

The movement of the allowance for expected credit losses was as follows:

	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Balance at the beginning of the period / year	9,613,256	9,112,054	9,112,054
Charged for the period / year	314,866	538,752	433,557
Provision no longer required	-	(29,725)	(16,924)
Utilized during the period / year	(249,070)	(7,825)	-
Balance at the end of the period / year	<u>9,679,052</u>	<u>9,613,256</u>	<u>9,528,687</u>

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

(b) During the period ended September 30, 2025, the Group's Management approved writing off bad debts for KD 41,408 (September 30, 2024: KD 47,141).

7. Related parties' disclosures

The Group has entered into various transactions with related parties i.e., Major shareholders, Board of Directors, key management personnel, associate, entities under common control, and other related parties in the normal course of business. Prices and terms of payment are approved by the Group's management.

Significant related parties' balances and transactions are as follows:

Balances included in interim condensed consolidated statement of financial position:

	Major shareholder	Entities under common control	Associate	Others	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Due from related parties	-	-	3,300	26,723	30,023	26,573	26,573
Due to related parties	(2,897,315)	(2,231,227)	-	-	(5,128,542)	(4,417,717)	(4,194,971)
Accrued expenses	(188,250)	-	-	-	(188,250)	(188,250)	(188,250)
Term loan (Note 8)	-	(9,187,950)	-	-	(9,187,950)	(7,567,450)	(7,232,950)

The Shareholders' Annual Ordinary General Assembly held on June 25, 2020, approved a convertible loan agreement for a ceiling amount of KD 10,000,000 from Agility International Investment Company – W.L.L. (Subsidiary of the Ultimate Parent Company). Apart from drawing KD 7,567,450 in previous years, the Parent Company withdrew an additional KD 1,620,500 from the loan during the period ended September 30, 2025. The loan was initially due after 60 months from April 12, 2021, subsequently, it has been extended to be repayable on April 12, 2027, renewable for another periods, subject to the lender's discretion, in cash or if the lender elects to convert it to ordinary shares (Note 8) and carries annual interest rate of 4% over the CBK discount rate.

Transactions included in the interim condensed consolidated statement of profit or loss

	Major shareholder	Entities under common control	Nine months ended September 30,	
			2025	2024
Finance cost	-	(336,334)	(336,334)	(290,982)
General and administrative expenses	(109,080)	-	(109,080)	(105,085)

Compensation to key management personnel

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Short term benefits	76,832	72,412	278,110	239,502
End of service benefits	2,631	2,793	7,891	10,075
	<u>79,463</u>	<u>75,205</u>	<u>286,001</u>	<u>249,577</u>

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2025
(All amounts are in Kuwaiti Dinars)

8. Term loans

	<u>Due date</u>	<u>Currency</u>	<u>September 30, 2025</u>	<u>December 31, 2024 (Audited)</u>	<u>September 30, 2024</u>
Term loan from local bank carrying interest rate of 2.5% over the Central Bank of Kuwait discount rate.	May 31, 2026	KWD	650,000	650,000	650,000
Term loan from local bank carrying interest rate of 3% over the Central Bank of Kuwait discount rate.	June 30, 2025	KWD	-	236,925	338,925
Term loan from local bank carrying interest rate of 3.5% over the Central Bank of Kuwait discount rate.	March 31, 2025	KWD	-	781,662	1,526,049
Term loan from a related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	9,187,950	7,567,450	7,232,950
			<u>9,837,950</u>	<u>9,236,037</u>	<u>9,747,924</u>

Term loans are secured by assignment letters for certain project revenues.

(A) On April 12, 2021, the Parent Company signed a loan agreement with a related party (company under common control) (Note 7), for a maximum amount of KD 10,000,000, bearing interest rate of 4% per annum, over the Central Bank of Kuwait discount rate, due upon which of the following occurs first:

A.

- After the expiration of 5 years from the date of April 12, 2021, subsequently, it has been extended to be repayable on April 12, 2027, pursuant to an approved extension letter from the lender dated October 15, 2025, and is renewable for another periods, subject to the lender's discretion or,
- When there is a change in the control of the Ultimate Parent Company over the Parent Company.

B.

- Upon an early payment request in the event of insolvency or early payment.

The loan is convertible into ordinary shares at a conversion price of 100 fils, on or before the repayment date, at the lender's option.

During the period ended September 30, 2025, the Parent Company withdrew an additional amount of KD 1,620,500 from the original loan facility (Note 7).

The term loans are classified as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024 (Audited)</u>	<u>September 30, 2024</u>
Current portion	9,837,950	1,668,587	2,514,974
Non-current portion	-	7,567,450	7,232,950
	<u>9,837,950</u>	<u>9,236,037</u>	<u>9,747,924</u>

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9. Treasury shares

	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Number of shares	9,911,474	9,911,474	9,911,474
Percentage of paid-up shares	9.91%	9.91%	9.91%
Market value KD	1,655,216	1,189,377	723,538
Cost KD	(1,057,640)	(1,057,640)	(1,057,640)

In accordance with the decision of the Capital Markets Authority on December 30, 2013, The Parent Company's management has allotted an amount equal to the treasury shares balance from the statutory reserve as of September 30, 2025. Such an amount will not be available for distribution during the treasury shares holding period.

10. Basic and diluted earnings per share attributable to Shareholders of the Parent Company

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the profit for the period with the assumed effect of those potential dilutive shares had they been issued.

The information necessary to calculate basic and diluted earnings per share is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Profit for the period attributable to Parent Company's Shareholders	59,483	17,873	257,931	5,685
Interest on convertible loan (net of tax)	131,299	95,952	324,562	280,798
	190,782	113,825	582,493	286,483
	Shares	Shares	Shares	Shares
Number of outstanding shares:				
Number of issued and fully paid shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(9,911,474)	(9,911,474)	(9,911,474)	(9,911,474)
Weighted average number of shares outstanding used in calculating basic earnings per share	90,088,526	90,088,526	90,088,526	90,088,526
Adjustment for convertible loans	91,879,500	72,329,500	91,879,500	72,329,500
Weighted average number of shares for diluted earnings per share	181,968,026	162,418,026	181,968,026	162,418,026
	Fils	Fils	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	0.66	0.20	2.86	0.06

As at September 30, 2025, the convertible term loan into ordinary shares (Note 8) has an antidilutive effect on earnings per share due to its nature.

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11. Rights of utilization

The Parent Company has the right to use land plot 85, Mina Abdullah, with an area of 548,437.5 square meters, leased from the Public Authority for Industry, pursuant to the contract signed on July 16, 2020, for 5 years ending on December 15, 2025. The Parent Company granted a usufruct contract to the Associate Company – Real Estate Development Company W.L.L., pursuant to a usufruct letter approved by the Public Authority for Industry.

12. Contingent liabilities

The Group is contingently liable against the following:

	September 30, 2025	December 31, 2024 (Audited)	September 30, 2024
Letters of guarantee	15,983,628	13,824,018	13,444,270
Letters of credit	328,000	415,559	925,538
	16,311,628	14,239,577	14,369,808

Certain letters of guarantee are secured by cash and cash equivalents and time deposits (Notes 4 and 5).

13. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 4, 2025, approved the consolidated financial statements for the year ended December 31, 2024, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2024, except for the independent Board of Director member, for whom the Annual Ordinary General Assembly approved a remuneration.

The Shareholders' Annual Ordinary General Assembly held on May 5, 2024, approved the consolidated financial statements for the year ended December 31, 2023, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2023, except for the independent Board of Director member, for whom the Annual Ordinary General Assembly approved remuneration.

14. Legal claims

On June 13, 2017, the Parent Company submitted a financial claim for KD 25,415,961, which is currently under the consideration of the Public Authority for Industry and the Ministry of Commerce, who referred the matter to the Council of Ministers, who in turn referred it to a competent committee to assess the compensation. The management believes that the Parent Company is eligible for compensation by the principles of compensation established by Law No. 105/1980 regarding state property and its executive regulations and based on the contract concluded by contract no 27/103 dated September 19, 2013, with the Public Authority for Industry regarding the exploitation of the land, according to similar cases in the same geographical location.

In a meeting held on September 29, 2019, between the Parent Company and the Public Authority for Industry, it was decided to provide alternative land to the Parent Company for shifting its administrative building, factory, and scrap yard from South Amghara and that the transfer to the new site will take place only after the installation of power, and implementation of organizational structure. However, the Administrative Authority issued an order on January 25, 2021, to displace the Parent Company from this land before alternate arrangements were completed, violating the original decision.

Accordingly, the Parent Company considers that the Administrative Authority's violation has caused further damages, so it prepared a supplementary financial claim to the previous one, bringing the total claim to KD 58,500,000.

The matter was further taken to the Court of Law, where on June 22, 2022, the First Instance Court ruled accepting the claim in form and rejected it in substance. The Parent Company appealed the ruling before the Court of Appeal, which was held on November 21, 2022, and ruled to accept the appeal in form, reject it in substance, and uphold the appealed judgment. As a result of the Court of Appeal ruling, the Parent Company filed an appeal before the Court of Cassation, where multiple sessions were held with no ruling being issued till date; the latest is scheduled to take place on January 21, 2026.

Furthermore, there are certain lawsuits raised by / against the Group, the results of which cannot be assessed until finally cleared by the respective courts. In the opinion of the Group's management, there will not be any material adverse ruling against the Group arising from such legal cases.

15. Income taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million (approx. KD 250 million) are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The jurisdiction in which the Group operates has joined the IF.

Currently the Group's revenue does not exceed the above threshold but may be exposed to the global minimum tax by virtue of the ultimate Parent Company. On December 31, 2024, the State of Kuwait enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025, on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations, and the Group has not yet received any expected estimation from the Ultimate Parent Company.

16. Segments information

The Group is organized into functional divisions to manage its various lines of business. The Group operates only in the State of Kuwait. For the purposes of segment reporting, the Group's management has allocated its products and services into the following operating segments:

A. Waste Management & Recycling

Represents importing machines and material necessary for shredding, sorting, cutting, and shearing of metals, selling waste scrap inside and outside State of Kuwait, cutting and shearing of metals, recycling waste, plastic, rubbles, environmental waste, and trading in the recycled materials. Includes recycling, treatment, and disposal of metallic, plastic and medical waste.

B. Services Department – HVAC

Represents maintenance of tools and technical supplies, electric generators, cleaning services, metal pipes, constructions ceiling maintenance, bridges erection, cleaning and sanitary contracts, selling and buying cleaning powders, extinguishing tool works, fire alarm machines and air conditions contracts and maintenance.

C. Services Department – Cleaning

Includes cleaning roads and buildings, cities cleaning contracts, and security services.

D. Other

Includes all investments and rentals activities.

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Financial details of the above operating segments are as follows:

	September 30, 2025		December 31, 2024 (Audited)		September 30, 2024	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	14,030,614	19,595,445	12,957,315	18,532,523	13,376,924	18,682,134
Services Department – HVAC	12,911,792	5,410,657	12,226,855	4,168,103	10,746,252	2,976,438
Services Department – Cleaning	2,070,337	418,610	967,948	253,959	984,822	240,057
Others	7,190,411	36,705	7,266,430	111,939	7,176,281	39,961
	<u>36,203,154</u>	<u>25,461,417</u>	<u>33,418,548</u>	<u>23,066,524</u>	<u>32,284,279</u>	<u>21,938,590</u>

	Three months ended September 30,				Nine months ended September 30,			
	2025		2024		2025		2024	
	Segments revenues	Segments results	Segments revenues	Segments results	Segments revenues	Segments results	Segments revenues	Segments results
Waste Department – Metal Shredding	145,064	(2,161)	4,822	1,524	162,550	5,690	14,133	4,520
Waste Department – Plastic Recycling	72,177	(41,595)	-	(9,989)	178,709	(51,651)	-	(22,092)
Waste Department – Medical Waste	685,334	323,745	610,594	222,861	2,020,133	810,199	1,745,559	594,382
Services Department – HVAC	3,559,898	280,873	3,100,593	300,953	9,686,997	904,176	8,563,733	1,038,095
Services Department – Cleaning	303,141	5,225	67,525	(34,409)	784,596	(458)	227,821	(98,306)
Others	549,487	(420,252)	500,527	(386,367)	1,629,462	(1,138,955)	1,379,943	(1,238,627)
	<u>5,315,101</u>	<u>145,835</u>	<u>4,284,061</u>	<u>94,573</u>	<u>14,462,447</u>	<u>529,001</u>	<u>11,931,189</u>	<u>277,972</u>

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17. Fair value of financial instruments

The Group measures financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

September 30, 2025	
	Level 3
	Total
Financial assets at fair value through profit or loss	34,972
Investment property	1,432,000
Total	1,466,972
December 31, 2024 (Audited)	
	Level 3
	Total
Financial assets at fair value through profit or loss	34,972
Investment property	1,432,000
Total	1,466,972
September 30, 2024	
	Level 3
	Total
Financial assets at fair value through profit or loss	34,972
Investment property	1,409,000
Total	1,443,972

During the period ended September 30, 2025, there were no transfers among levels of fair value hierarchy.