شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

Heavy Engineering Industries & Shipbuilding Co. K.S.C (Public)

HEISCO

Date: 17th August 2026

Reference: CM/AR/077/2026

التاريخ : 17 أغسطس 2026

إشارة : CM/AR/077/2026

To: Boursa Kuwait

Greetings,

السادة / شركة بورصة الكويت المحترمين

تحية طيبة وبعد،،،

Subject: Supplementary disclosure of analyst conference transcript for the second quarter for the period ended 30/6/2026

الموضوع: إفصاح عن معلومات جوهرية – إفصاح مُكمل محضر مؤتمر المحللين للربع الثاني للفترة المنتهية في 2026/6/30:

Reference to Our disclosure dated 13/8/2026 & article No. (7-8) "Listed Company Obligations" of Boursa Kuwait rulebook.

بالإشارة إلى إفصاحنا المؤرخ في 2026/8/13، وإلى المادة (7-8) "إلتزامات الشركة المُدرجة" من كتاب قواعد البورصة.

Attached is the analyst conference transcript & presentation for the second quarter for the period ended June 30, 2026, which was held through a network conference call (live webcast) at 2:00 pm on Thursday, August 13, 2026, local time.

مرفق طيه محضر مؤتمر المحللين والعرض التقديمي للربع الثاني للفترة المنتهية في 2026/6/30 الذي إنعقد عن طريق بث مباشر على شبكة الإنترنت (Live Webcast) في تمام الساعة 2:00 ظهراً يوم الخميس الموافق 2026/8/13 (وفق التوقيت المحلي).

Yours Sincerely

وتفضلوا بقبول وافر التقدير والاحترام،،،

مرزوق ناصر الخرافي

رئيس مجلس الإدارة

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نموذج الإفصاح المكمل
Supplementary Disclosure Form

Date	17th August 2026	17 أغسطس 2026	التاريخ
Name of the listed company	Heavy Engineering Industries & Shipbuilding Co. K.S.C. (Public)	شركة الصناعات الهندسية الثقيلة وبناء السفن (ش.م.ك) عامة	إسم الشركة المدرجة
Disclosure title *	Analyst conference held for second quarter ended 30/6/2026	إفصاح مُكمل –إنعقاد مؤتمر المحللين للربع الثاني للفترة المنتهية في 2026/6/30	عنوان الإفصاح*
Date of Previous disclosure	13/8/2026	2026/8/13	تاريخ الإفصاح السابق
Developments that occurred to the disclosure	Publish the analyst conference transcript for the second quarter for the period ended 30/6/2026	نشر محضر مؤتمر المحللين للربع الثاني للفترة المنتهية في 2026/6/30.	التطور الحاصل على الإفصاح
The financial effect of the occurring developments (if any)	Not Applicable	لا ينطبق	الأثر المالي للتطور الحاصل (إن وجد)

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HEISCO

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C (Public)

ANALYST CONFERENCE TRANSCRIPT FOR THE FINANCIAL RESULTS

for 2nd Quarter 2026

Thursday 13/8/2026

HEISCO Participations:

Mr. Abdulrazzaq Alothman	Corporate Director – General Affairs
Mr. Joseph Mathew	Chief Financial Officer
Mr. Waleed Attiya	Corporate Director - Project Controls
Mr. Ahmed Jenada	Investor Affairs Unit Lead

Conference Management:

Ms. Zeina Faris	EFG Hermes

Zeina Fares:

Good afternoon, ladies and gentlemen. This is Zeina Faris from EFG Hermes Research speaking, and I'd like to welcome you all to HEISCO's 2Q '26 Results Conference Call. With us on the line today, we have Mr. Abdulrazzaq Abdulqader, Corporate Director - General Affairs; Mr. Waleed Attiya, Corporate Director - Project Controls; Mr. Joseph Mathew, Chief Financial Officer; and Mr. Ahmed Mohamed, Investor Affairs Unit Lead. Without further delay, I'd like to hand over the call to management.

Waleed Attiya:

Good afternoon, everyone. Welcome to second quarter results presentation. First, I would like to give a brief update about the business updates and the upcoming projects and the company's strategic initiatives. HEISCO continues to strengthen its market presence across the Gulf region with a strategic focus on expanding operations, securing key approvals and forming strategic alliances. The company is actively pursuing projects in various sectors, including oil and gas, refineries, power, and infrastructure.

With a strong commitment to regional growth, HEISCO has extended its footprint into Saudi Arabia and pursuing relevant qualifications in Qatar, Oman, Bahrain and Iraq with a view to enhancing its construction, maintenance, and fabrication capabilities. By fostering key partnership with EPC contractors and leveraging strategic initiatives, HEISCO remains well positioned to capitalize on emerging opportunities and drive sustainable growth across its target market.

Regarding the business updates and the regional expansion strategy, HEISCO strives to expand into key markets across Kuwait, Saudi Arabia, Qatar, Bahrain, Oman, and Iraq. Focusing on civil, mechanical, electrical, and instrumentation construction, maintenance, engineering, as well as fabrication services within the oil and gas refinery. Regarding our expansion in Saudi Arabia, HEISCO expanded operations into Saudi Arabia, enhancing its construction capabilities in the region aligned with the Kingdom's Vision 2030.

Supporting its vision, we utilize the recruitment and development of Saudi nationals in our workforce by working closely with the Human Resource Development Fund, HRDF, and other governmental agencies, timely and successfully completing construction projects. A dedicated logistics team will ensure timely resource delivery, prioritizing local suppliers to reduce costs and support local businesses.

Regarding our key approvals in Saudi Arabia, HEISCO's KSA branch has received registration approvals from prominent entities, including Saudi Aramco, SABIC, Saudi Energy, SE, Red Sea Development, National Water Company, and NEOM, Ma'aden, and SASREF, WTTCO, Sadara Chemical Company, Petro Rabigh and the Saudi Energy SE approvals, SE has granted HEISCO prequalification approvals for the supply, installation, maintenance, and repair of heat exchangers following a successful technical evaluation and facility inspection in Saudi Arabia and Kuwait.

In addition, HEISCO has recently obtained prequalification approval for tank construction services. This approval adds to our existing SE prequalification for mechanical works, various civil works and gas pipeline maintenance and installation, further reinforcing our capability to deliver integrated, multidisciplinary solutions. Strategic initiatives, an experienced consultant has been engaged to obtain non-GBS scaffolding services PQ approval from Saudi Aramco, supporting our expansion strategy in Saudi Arabia. A storage yard has been completed and is currently operational.

Submission of the required documents and Saudi Aramco's facility inspection have been completed and currently awaiting approval of the non-GBS specialized scaffolding contract. HEISCO has appointed Al Sahab Energy & Investment SPC as its exclusive agent to secure new opportunities in Oman.

The initial target will be on specialized contaminated soil and sludge treatment projects for Petroleum Development Oman. Expansion of subsidiary operation, Gulf Dredging. Our subsidiary, Gulf Dredging, has secured approval for Saudi Aramco, NEOM, and Red Sea Global, enabling direct bidding and facilitating strategic expansion in KSA.

Due to logistical constraints, GD is currently targeting offshore and marine construction projects in the Eastern Province and plans to move to other regions after establishing a stronger base. GD has secured the requisite Saudi Contractors Authority certificates from relevant authority.

In India, HEISCO established a subsidiary, Engineering India, in India headquartered in Chennai to strengthen the company's EPC capabilities and delivering high-quality engineering solutions across multiple industries while supporting its expanding business activities.

In other markets, HEISCO has secured prequalification approvals from QatarEnergy for the manufacturing of storage tanks, pressure vessels, and columns from Bapco in Bahrain for general, mechanical, and shutdown maintenance service, and from Petroleum Development Oman, PDO, and OQ in Oman, further strengthening its regional presence and operational capabilities across the GCC.

HEISCO and GD have registered with the Oman Tender Board to expand operations through a client-focused marketing strategy. HEISCO continues to establish key alliances with EPC contractors to enhance project execution and ensure effective collaboration.

These partnerships play a crucial role in successfully achieving project objectives across its expanding regional operations. Currently, the project in progress, we have outstanding contract value of KWD 894 million. The major projects in progress as of June in oil and gas sector with Kuwait Oil Company with joint cooperation.

And in KSA, we have -- we still have the three ongoing projects, the C3/C4 with ENPPI Aramco, and the Abqaiq project with ENPPI Aramco also, and the Qurayyah expansion project with Saudi Energy. Now I will hand over the mic to Mr. Joseph Mathew, our Chief Financial Officer, to brief about the financial figures of quarter of 2026.

Joseph Mathew:

Thank you, Mr. Waleed, and good afternoon, everyone. It's a pleasure to reconnect with you following our first quarter call as we present the group's half year results. Before we begin, please note that today's discussion will include forward-looking statements, which reflects management's current views and assumptions.

These statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied. We undertake no obligation to update or revise these statements, except as required by applicable law.

We remain hopeful that the most challenging phase of the geopolitical tension in the region is nearing an end and that conditions will gradually return to normal. Nevertheless, the unexpectedly prolonged conflict in the region has to date adversely affected projects in several ways, including reduced manpower productivity, prolonged and unpredictable logistics delays, and higher cost for material, transportation and insurance.

Now, let us look at the numbers closely. In Slide #10, we are seeing the revenue. Revenue increased 17% Q-o-Q and 5% Y-o-Y, mainly driven by accelerated revenue growth generated from KSA market. On EBITDA and net profit side, EBITDA recorded a marginal decline of 9%, both Q-o-Q and Y-o-Y, mainly due to overall lower manpower productivity and margin pressure in the construction business line in Saudi Arabia.

In addition, the prevailing regional instability continued to weigh on overall business performance during the period. These factors collectively impacted operational efficiency and profitability for the quarter. However, the net profit declined 46% Q-o-Q and 40% Y-o-Y, primarily due to higher depreciation charges and increased finance costs incurred during the current period.

The combined impact of these non-operating expenses, together with ongoing regional uncertainties affecting project execution and operational efficiency, weighed significantly on overall profitability. EPS, the decrease is directly attributable to the drop in net profit during the period.

Assets, the 12% increase in contract assets was primarily attributable to higher work-in-progress balances and deferred costs together with an increase in inventory levels. The increase in contract assets mainly relate to MEW contracts where invoicing is tied to the achievement of specific project milestones, typically at more advanced stages of contract execution.

As a result, revenue recognition precedes billing during the early phases of the project progress. In addition, contract assets also include amortization of significant manpower, recruitment, and mobilization costs incurred for long-term manpower supply projects, which are recognized over the duration of the respective contracts.

Inventory levels increased primarily due to the procurement and stocking of pipes, valves, and fittings for the KOC flowline project, along with auxiliary materials for MEW/IHI JV project, in addition to cables and related accessories. Equity, change in equity Q-o-Q is a direct result of reduced net profit for the period.

Liabilities, the increase in liabilities was primarily driven by trade payables, bank overdraft, and employee end-of-service benefits. Trade payables are largely short term and are offset in subsequent months, underpinned by cash collections from last quarter billings.

Borrowings, increase in borrowings was primarily due to higher bank overdrafts and promissory notes, reflecting short-term funding requirements in KSA. These borrowings are managed in line with our cash flow from operations, supported by collections from progress billings, ensuring sufficient liquidity to meet the operational and project-related obligations.

On to next Slide 11. This slide depicts the revenue breakdown by business verticals, highlighting the contributions of each segment to our overall performance in Q2. Starting with oil and gas, revenue increased by 5.7% Y-o-Y and 19% Q-o-Q due to accelerated revenue growth in KSA.

Shipyard revenue increased by constant 22% Y-o-Y and Q-o-Q, reflecting steady progress on ongoing projects despite some softness in activity towards the year-end. In contrast, offshore revenue declined by 18% Y-o-Y and 8% Q-o-Q, primarily due to slower project activity and vessel movements and completion of major contracts during the prior year.

Slide 12. The next slide represents the income statement for 2025 compared with the previous year, providing a clear view of revenue cost and profitability trends. Six months gross profit margin came in at 6% compared to 8.6% last year and 6.7% versus 8.7% Q-o-Q.

The contraction in gross margin is primarily attributable to reduced productivity resulting from temporary project site shutdowns and ongoing regional tensions and instability, coupled with margin pressure in the Kingdom of Saudi Arabia as well as delays in award and commencement of new projects.

Six months net profit margin came at 2.4%, down from 4.2% last year and Q-o-Q 2.3% versus 5%, reasons following the same factors that impacted the gross margin. Now, on Slide 13, we look at the key financial ratios. The ongoing conflict in the Middle East has adversely impacted overall performance during the quarter as reflected across all key financial ratios. Again, margin pressure in KSA has further contributed to the decline.

However, management views this as a temporary phase and expects performance to improve once regional conditions stabilize. Leverage ratios have increased as we deployed debt to accelerate growth initiatives. The rise in debt metrics aligns with our growth strategy, positioning the company for higher future returns. Our liquidity profile remains resilient, providing flexibility to support continued scaling.

On Slide 14, a high-level view of the financial position and cash flow is shown on this slide. The factors driving the increase in assets and liabilities were discussed earlier in Slide 10. So, Slide 15 and 16 is a common size analysis for the financial position provided to a quick assessment of asset allocation, liability structure, and equity composition.

Now, we go for an outlook for 2026. Once again, please note that management does not provide forward-looking financial figures. The information presented is intended as general guidance only. The contract backlog stands at KWD 854 million, with contracts awarded pending signature of KWD 67 million, once signed, will bring the total backlog to KWD 932 million.

In addition, we are envisaging securing high potential contracts worth KWD 200 million, further strengthening our growth pipeline, pushing backlog to well over KWD 1 billion range for the first time in HEISCO's history. Moreover, the company is actively evaluating tenders valued at around KWD 650 million, reflecting a robust pipeline for future opportunities.

These initiatives position us well for continued expansion and revenue visibility. The ongoing conflict in the Middle East has adversely impacted overall performance during the quarter as reflected across all key financial ratios and numbers. Margin pressure in the Kingdom of Saudi Arabia has further contributed to decline in results.

Looking ahead, the company anticipates continued near-term challenges during the current period and the coming months until the Middle East crisis stabilizes and supply chain and logistics disruptions normalize. The prevailing situation may impact revenue and profitability during second half of 2026.

However, management expects a gradual recovery towards Q4, which should partially compensate for the time and financial impact experienced during these turbulent times. As we move ahead, we expect revenue growth to continue, supported by ramp-up of newly awarded projects and steady execution of our existing backlog.

While margins may experience some pressure in certain segments during the early stages of project execution, we anticipate overall profitability to improve as operations stabilize. We remain focused on disciplined working capital management and maintaining strong liquidity to support ongoing project execution and strategic growth initiatives. So, with that, thank you, everyone, and we have now concluded the financial presentation and are happy to take any questions you may have.

Zeina Fares:

Thank you for the presentation. We have our first question coming in through the Q&A box from [Anas]. Thanks for the call. Can you break down the current backlog by business segment and expected execution period? The second question is, to what extent is the current margin pressure temporary versus structural?

What are the key drivers behind the significant increase in contract assets? What are management's expectations for revenue growth and net profit margin for the full year of 2026? And lastly, what expected revenue and net profit margin from the Pure Works acquisition? And when is it going to show up in the income statement?

Joseph Mathew:

These were too many questions in one shot. So, can you just show it to us on the screen so that we can answer one by one?

Zeina Fares:

I can repeat them one by one. So, the first is, can you break down the current backlog by business segment and expected execution period? I'm sorry, can you...

Joseph Mathew:

On the business line backlog, at the oil and gas sector, we have KWD 689 million, shipyard is KWD 21 million and Gulf Dredging is KWD 90 million, and HEISCO KSA is KWD 53.6 million, and miscellaneous is KWD 0.5 million.

Zeina Fares:

Perfect. And the expected execution period?

Joseph Mathew:

3 years.

Zeina Fares:

Okay. The next question is, to what extent is the current margin pressure temporary versus structural?

Joseph Mathew:

See, the margin pressure is very temporary. It depends on how far the regional instability will go. And once things stabilizes, we are confident to come back to what we are actually strategically planned and positioned. Plus moreover, we are expecting some restoration works for the damages, which has happened during these turbulent times, which could compensate us for some of the margins and revenues we have lost during the period.

Zeina Fares:

Perfect. The next question is, what are the key drivers behind the significant increase in contract assets?

Waleed Attiya:

The main reason for the increase in contract assets is due to the invoices that we are facing difficulties to submit our invoices with different clients. So, the work is already done, but we have some difficulties in invoicing. We are working on this issue. Also, in other cases, we have -- the payment terms is concluding the issue of invoicing such as the -- our project and SCADA project.

So, we have to so that we can concluding the issue of invoicing in project and the SCADA project, the payment terms is subject to delivery all the material. So, even if you are constructing the work, 80% or 90%, you cannot invoice unless you deliver all the material -- all the requisite material as the contract. So right now, we are trying to overcome this issue by using a different or alternative way for delivery, such as the A3 to allow us to mobilize the material and make.

Zeina Fares:

Okay. Understood. So what are management's expectations for revenue growth and net profit margins for the full year of 2026?

Waleed Attiya:

It depends on the current situation and how soon it will be resolved. So, we don't have a solid figure how we will end up 2026.

Zeina Fares:

Okay. And the expected revenue and net profit margin from the Pure Works acquisition, when is that going to be reflected in the income statement?

Joseph Mathew:

It will be reflected from Q3 and with retrospective effect from 1st of March.

Zeina Fares:

Okay. Great. That answers all of Anas' questions. Please go ahead if you have any other follow-up. As a reminder to ask a question, you can either use the raise hand function or type a question through the Q&A box. So, we will give it a few more minutes for questions to come in. We have a question from Abdul Rahman Please unmute locally and ask a question.

Abdul Rahman:

Hi. Thanks to everyone for the nice presentation. I would like to ask about allocation of manpower because as you said in the presentation regarding manpower shortage. So, allocation of manpower, is it like an option to reallocate manpower from other regions to Kuwait, like from Saudi to Kuwait or vice versa or like subcontracting the manpower to other companies just to make sure that all works are being done in a timely manner?

Waleed Attiya:

This issue was a challenge for us during the time that airport was closed. But right now, after the opening of the airport, we are gradually having a smooth mobilization for the upcoming works. And also, we are subcontracting some scope for it.

Abdul Rahman:

Perfect. And also regarding the gradual recovery after, like, ending the conflicts here in the Middle East. So, how fast the recovery do you think?

Joseph Mathew:

No, we can recover very fast because we haven't scaled down much on our resources or we haven't scaled down on any of our procurement plans. Everything is intact. So, as soon as the doors open, we are there.

Waleed Attiya:

And we have many potential work.

Joseph Mathew:

And we have the work also. So, we can really, really gear up much really fast.

Abdul Rahman:

That's very nice. That's perfect. My last question, I think, regarding the power plants and the effectivity of, like, the shortage in the electricity here in Kuwait, especially during the peak season like nowadays. So, is there like any direct orders or direct work orders from the government to the company for fixing the power plants or whatever, so -- to assure, like, flexible continuous electricity supply to everywhere here in Kuwait?

Waleed Attiya:

Not only for the power plant, we have -- there is directly awarded works for us regarding the restoration works. And this work is around -- as a total, for all the orders, it's around KWD 10 million, and it's already part of our backlog. It's included in our backlog.

Abdul Rahman:

That's perfect. I think I can end my questions here. Thank you very much. I appreciate everything. Thank you.

Zeina Fares:

Thank you. We have a question coming through the Q&A box from [Hamed]. He's asking, what percentage of the backlog currently is on hold due to the conflict?

Joseph Mathew:

We cannot generalize, like, because none of the contracts are completely held due to the conflict. So, there is a general slowdown on and off on a couple of projects. It depends on the sensitivity of the areas and depends on how aggressive the attacks and counter attacks, which happens at time. So, we cannot quantify particularly on a number to say that how much of the backlog is on hold because everything is running, but smooth on and off, on and off.

Waleed Attiya:

And also, it is not on hold. It depends on the mobilization of each project, such as the Flowline project, it's KWD 174 million. It's already included in our backlog, but the revenue of it can be recognized based on the action plans released by KOC. And it is expected to be starting from January 2027.

Zeina Fares:

Understood. Perfect. If anyone has any other questions, please type them in the Q&A box or raise your hand. We have a follow-up question from [Anas] in the Q&A box. Debt levels have increased compared to full year of 2025. Could management elaborate on the key drivers behind the increase in debt levels?

Joseph Mathew:

Debt levels have grown up for three reasons. One is the payables to vendors to subcontractors, the mix to increase in overdraft by KWD 4 million. Reason for this is on the counter side, you see the contract assets going up where the billing is delayed and the whole process have been slightly affected due to the current situation. So to fund -- to compensate for the contract assets being converted to accounts receivable later to cash. So, this is an interim thing, which should normalize regularize once the region stabilizes.

Zeina Fares:

Perfect. Another question through the Q&A box is what is the expected capital expenditure for the full year of 2026? And which key projects or initiatives are going to be driving the spending?

Waleed Attiya:

Of course, in the beginning of the year, we had ambitious CapEx plan, but it has been changing due to the current situation. And right now, out of the approved capital expenditures, we have only KWD 4.3 million up to June 2026. And we are not expecting too much increase in our capital expenditure in the second half only.

Zeina Fares:

Thank you. We have a raised hand from [Anas]. Please unmute locally and ask your question.

Anas:

Hello. Hi. This is actually, we work on the same team. A quick question on the margins. So, when do we expect margins to go back to the historical trend of around 5%, 5.5%, the net profit margin? That’s the first question.

Joseph Mathew:

Let me answer that question straight away. We cannot give a confirmation when these numbers can return to normal. Considering the current situation in the geographical region, no one can give a definite answer when the numbers can go back to its normal state. Second question, please.

Anas:

The other question is that some of the acquisitions which happened, the one in Kuwait, I think so there was some acquisition in Saudi Arabia as well. When do these assets start contributing to the group P&L? And what size are we talking about?

Joseph Mathew:

Acquisition in Kuwait is complete. Acquisition in Saudi is in very early stages. It's in its agreement stage only. Kuwait numbers are coming in from the Q3 from September numbers.

Anas:

And what's the size of this company? Would you be able to comment on that -- the Kuwait one?

Joseph Mathew:

You can expect revenue somewhere close to KWD 6 million to KWD 7 million.

Anas:

Okay.

Joseph Mathew:

And margin of, say, 10% to 15%.

Anas:

Net profit margin?

Joseph Mathew:

That's right.

Anas:

And HIESCO owns about, what, 50% of that?

Joseph Mathew:

Correct.

Anas:

Okay. I mean, I'll go back to the earlier question of the margins. Why -- what we are trying to understand is that some of -- it's not a direct peer, but let's talk about, sort of, the construction companies we track, and we pretty much track all the listed ones. I mean we are seeing...

Joseph Mathew:

That’s up to you, come to the question, please.

Anas:

Yes. So, what we are seeing is that there has been a slowdown. That’s pretty evident. But the margins are holding up a lot better for some of the other construction players. What exactly is the problem with HIESCO and why margins are so...

Joseph Mathew:

I don’t wear the hat of the other companies, so I don’t know what kind of business they are doing and how you analyze them. We have explained our situation very clearly during the presentation.

Anas:

Okay. Thank you.

Zeina Fares:

We’ll give it a minute for any other questions to come in. As a reminder, you can use the raise hand function or type a question in the Q&A box. Okay. So, it looks like we have no further questions. I’ll hand it back over to management for any closing remarks.

Joseph Mathew :

Thank you, Ms. Zeina.

Zeina Faris:

Yes. Thank you.

Waleed Attiya:

Thank you so much, Ms. Zeina. I really appreciate your efforts during the issue.

Zeina Faris:

Of course, I’d like to thank you for the presentation and congratulations on a great set of results. I’d like to thank everyone who attended today’s call. This concludes the call. You may now exit the call.

شركة الصناعات الهندسية الثقيلة وبناء السفن ش.م.ك (عامة)

HEAVY ENGINEERING INDUSTRIES & SHIPBUILDING CO. K.S.C.(Public)

HEISCO

H1/Q2 - 2026 I Virtual Summit

INVESTOR PRESENTATION

Agenda

Page

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HEISCO's Vision

To become the customers' first preferred Company for Shipbuilding, Ship Repair & Maintenance, Fabrication, Oil & Gas Construction, Civil Works, Industrial Maintenance, Dredging and Offshore services in Kuwait and other Middle East and North African regions.

HEISCO's Mission

HEISCO aims to expand its business operations, focusing on countries such as Saudi Arabia, Qatar, Oman, Bahrain and Iraq. The company intends to identify potential business opportunities in these regions in the Oil & Gas, Refineries & Power sectors in Civil, Mechanical, Electrical & Instrumentation Construction and Fabrication Services

About HEISCO

HEISCO is a dynamic group of companies committed to maintaining sustained growth by meeting its customers' schedules and quality requirements. HEISCO provides its customers value-added services at competitive prices by evolving efficient cost-control measures and regularly upgrading our resources.

HEISCO's activities are performed through a wide range of fields :

- Shipyard
- Oil & Gas Construction
- Industrial Maintenance
- Fabrication Services
- Trading
- Testing & Calibration
- Quality Control & Testing
- Scaffolding Services
- Galvanizing Plant
- Onshore & Offshore (through Gulf Dredging & General Contracting Co. K.S.C. (Closed) – subsidiary company.)
- Technical Specialized Manpower Supply (through HEISCO for Technical Specialized Manpower Supply Co. W.L.L. - subsidiary company.)
- Engineering Hub in India: (through HEISCO Engineering India Private Limited – subsidiary company.)

HEISCO/Gulf Dredging has branches in Iraq and Kingdom of Saudi Arabia to expand its services and take advantage of emerging markets in the region.

HEISCO's Strategy

Introduction

This report provides an overview of HEISCO Group's key activities, including business updates, upcoming projects, and company strategic initiatives. HEISCO, as a group, achieved significant milestones in revenue growth, project execution, and operational efficiency, positioning us for continued success in the coming quarters.

HEISCO continues to strengthen its market presence across the Gulf region, with a strategic focus on expanding operations, securing key approvals, and forming strategic alliances. The company is actively pursuing projects in various sectors, including oil & gas, refineries, power, and infrastructure. With a strong commitment to regional growth, HEISCO has extended its footprint into Saudi Arabia and pursuing relevant qualifications in Qatar, Oman, Bahrain, and Iraq with a view to enhancing its construction, maintenance, and fabrication capabilities.

By fostering key partnerships with EPC contractors and leveraging strategic initiatives, HEISCO remains well-positioned to capitalize on emerging opportunities and drive sustainable growth across its target markets.

HEISCO’s Strategy

Business Updates

Regional Expansion Strategy

HEISCO strives to expand into key markets across Kuwait, Saudi Arabia, Qatar, Oman, Bahrain, Iraq and India focusing on Civil, Mechanical, Electrical, and Instrumentation Construction, maintenance, Engineering as well as Fabrication services within the Oil & Gas, Refineries, and Power sectors.

Expansion in Saudi Arabia

HEISCO expanded operations into Saudi Arabia, enhancing its construction capabilities in the region aligned with the Kingdom’s Vision 2030 development initiatives. Supporting its vision, we prioritize the recruitment and development of Saudi nationals in our workforce by working closely with the Human Resource Development Fund (HRDF) and other government agencies. Timely and efficient resource mobilization, including equipment and materials, is crucial for successfully completing construction projects. A dedicated logistics team will ensure timely resource delivery, prioritizing local suppliers to reduce costs and support local businesses.

Key Approvals in KSA: HEISCO's KSA Branch has received approvals from prominent entities, including Saudi Aramco, SABIC, Saudi Energy (SE), Red Sea Development Co., National Water Co. (NWC), NEOM, MAADEN,SASRE, WTTCO, Sadara Chemical Co., Petro Rabigh and Al-Kafji Joint Operations.

HEISCO's Strategy

- **The Saudi Energy (SE) approvals:** SE has granted HEISCO Pre- Qualification approvals for the supply, installation, maintenance, and repair of heat exchangers following a successful technical evaluation and facility inspection in Saudi Arabia and Kuwait. In addition, HEISCO has recently obtained pre-qualification approval for tank construction services.

  This approval adds to our existing SE pre-qualifications for mechanical works (pumps), various civil works, and gas pipeline maintenance and installation, further reinforcing our capability to deliver integrated, multidisciplinary solutions.

- **Strategic Initiatives:** An experienced consultant has been engaged to obtain Non-GBS Scaffolding Services PQ approval from Saudi Aramco, supporting our expansion strategy in Saudi Arabia. A storage yard has been completed and is currently operational. Submission of the required documents and Saudi Aramco's facility inspection have been completed and currently awaiting approval of the Non-GBS Specialized Scaffolding Contractors' Qualification.

- HEISCO has appointed ALSAHAB Energy & Investment SPC as its exclusive agent to secure new opportunities in Oman. The initial target will be on Specialized contaminated Soil and Sludge Treatment projects for Petroleum Development Oman.

<u>Expansion of Subsidiary Operations</u>

- **Gulf Dredging (GD):** Our subsidiary, GD, has secured approvals from Saudi Aramco, NEOM, and Red Sea Global, enabling direct bidding and facilitating strategic expansion in KSA. Due to logistical constraints, GD is currently targeting offshore and marine construction projects in the Eastern province and plans to move to other regions after establishing a stronger base. GD has secured the requisite Saudi Contract Authority Certificates from the relevant authority.

HEISCO’s Strategy

- **Engineering Hub in India:** HEISCO established a subsidiary, “HEISCO Engineering India Pvt. Ltd.” in India headquartered in Chennai to strengthen the company’s EPC capabilities and delivering high-quality engineering solutions across multiple industries while supporting its expanding business activities.

Key Approvals in Other Markets

- HEISCO has secured pre-qualification approvals from Qatar Energy for the manufacturing of storage tanks, pressure vessels, and columns; from Bapco in Bahrain for general mechanical and shutdown maintenance services; and from Petroleum Development Oman (PDO) and OQ in Oman, further strengthening its regional presence and operational capabilities across the GCC.

- HEISCO and GD have registered with the Oman Tender Board to expand operations through a client-focused marketing strategy.

Strategic Partnerships:

- HEISCO continues to establish key alliances with EPC contractors to enhance project execution and ensure effective collaboration. These partnerships play a crucial role in successfully achieving project objectives across its expanding regional operations.

PERFORMANCE HIGHLIGHTS - CONSOLIDATED

KD' Million
EPS in Fils

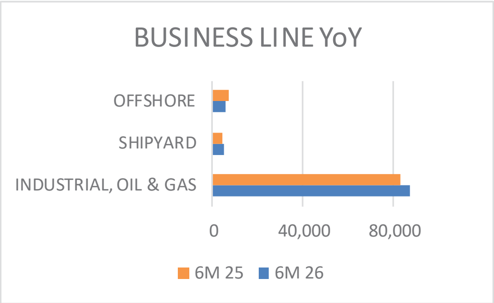
	REVENUE	NET PROFIT	EBITDA	EPS
H1- 26 H1- 25	↑ 5% 98.37 94.02	↓-40% 2.37 3.95	↓-9% 7.65 8.36	↓-45% 11.98 21.96
Q2- 26 Q2- 25	↑17% 55.00 46.90	↓-46% 1.26 2.34	↓-9% 4.12 4.53	↓-51% 6.40 13.02

	ASSETS	EQUITY	LIABILITIES	BORROWINGS
Q2-26	267.50 - ↑12%	79.42 - ↓-2%	188.01 - ↑19%	70.45 - ↑43%
Q1- 26	259.65 - ↑9%	78.02 - ↓-8%	181.63 - ↑15%	66.18 - ↑35%
FY- 25	239.28	81.21	158.07	49.19

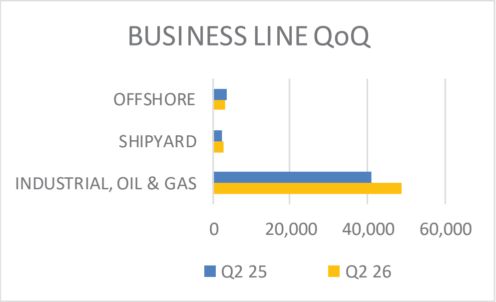
FINANCIAL OVERVIEW - REVENUE BY BUSINESS LINE

KD '000

BUSINESS LINE	6M 26	6M 25	% Change
INDUSTRIAL, OIL & GAS	87,408	82,704	5.69%
SHIPYARD	5,225	4,298	21.56%
OFFSHORE	5,744	7,019	-18.16%
TOTAL REVENUE	**98,378**	**94,021**	



BUSINESS LINE	Q2 26	Q2 25	% Change
INDUSTRIAL, OIL & GAS	48,952	41,080	19.16%
SHIPYARD	2,878	2,373	21.30%
OFFSHORE	3,178	3,454	-7.98%
TOTAL REVENUE	**55,008**	**46,907**	



FINANCIAL OVERVIEW - STATEMENT OF INCOME

	6M-26	6M-25	6M-26	6M-25	Q2-26	Q2-25	Q2-26	Q2-25
Revenue	98,377,618	94,021,407	100.00%	100.00%	55,008,341	46,906,924	100.00%	100.00%
Cost of sales	(92,504,478)	(85,941,982)	-94.03%	-91.41%	(51,338,137)	(42,796,678)	-93.33%	-91.24%
Gross Profit	**5,873,140**	**8,079,425**	**5.97%**	**8.59%**	**3,670,204**	**4,110,246**	**6.67%**	**8.76%**
Other operating income	1,322,279	126,093	1.34%	0.13%	119,136	17,308	0.22%	0.04%
General and administrative expenses	(3,283,749)	(2,896,524)	-3.34%	-3.08%	(1,572,867)	(1,442,307)	-2.86%	-3.07%
Investment income / (loss)	(1,188)	84,569	0.00%	0.09%	(625)	85,066	0.00%	0.18%
Reversal/(charge) of expected credit loss on financial assets	84,311	(20,164)	0.09%	-0.02%	(6,317)	224,199	-0.01%	0.48%
Finance costs	(1,502,274)	(1,160,701)	-1.53%	-1.23%	(857,371)	(583,484)	-1.56%	-1.24%
Foreign exchange gain/(loss)	45,540	(27,958)	0.05%	-0.03%	706	64,334	0.00%	0.14%
Profit before contribution to taxes	**2,538,059**	**4,184,740**	**2.58%**	**4.45%**	**1,352,866**	**2,475,362**	**2.46%**	**5.28%**
Contribution to Kuwait Foundation for Adv. of Sciences	(20,394)	(35,172)	-0.02%	-0.04%	(8,542)	(22,523)	-0.02%	-0.05%
National Labour Support Tax	(102,257)	(136,244)	-0.10%	-0.14%	(54,173)	(75,663)	-0.10%	-0.16%
Zakat expense	(40,903)	(54,497)	-0.04%	-0.06%	(21,669)	(30,265)	-0.04%	-0.06%
Net profit for the period	**2,374,505**	**3,958,827**	**2.41%**	**4.21%**	**1,268,482**	**2,346,911**	**2.31%**	**5.00%**
Earning per share (fils)	**11.98**	**21.96**			**6.40**	**13.02**		

FINANCIAL OVERVIEW - RATIO ANALYSIS

PROFITABILITY	6M-26	6M-25	CHANGE	FY-25
Gross Profit %	5.97%	8.59%	↓-2.62%	8.97%
EBIT %	4.11%	5.69%	↓-1.57%	6.24%
EBITDA %	7.78%	8.90%	↓-1.12%	9.40%
Net Profit %	2.41%	4.21%	↓-1.79%	4.77%
ROA	0.99%	1.92%	↓-0.93%	4.42%
ROE	2.99%	5.26%	↓-2.27%	12.09%
ROCE	3.68%	5.39%	↓-1.71%	11.70%

LEVERAGE	6M-26	FY-25	CHANGE
Total Debt % of Total Assets %	70.31%	66.06%	↓4.25%
Debt to Equity	2.37	1.95	↓0.42
Interest Coverage Ratio	2.69	5.51	↓-2.82

LIQUIDITY	6M-26	FY-25	CHANGE
Current Ratio	1.14	1.18	↓-0.04
Quick Ratio	0.96	1.00	↓-0.04
Working Capital / Total Assets Ratio	0.08	0.10	↓-0.02

FINANCIAL OVERVIEW - FINANCIAL POSITION / CASH FLOW

Consolidated Statement of Financial Position - 30 June 26

	Kuwaiti Dinars	
	6M – 26	FY-25
NON-CURRENT ASSETS	87,300,813	86,070,227
CURRENT ASSETS	180,205,168	153,219,660
TOTAL ASSETS	267,505,981	239,289,887
NON-CURRENT LIABILITIES	30,412,717	28,535,472
CURRENT LIABILITIES	157,669,104	129,544,011
TOTAL LIABILITIES	188,081,821	158,079,483
EQUITY	79,424,160	81,210,404
TOTAL EQUITY AND LIABILITIES	267,505,981	239,289,887

Consolidated Statement of Cash Flow - 30 June 26

	Kuwaiti Dinars	
	6M – 26	6M – 25
PROFIT BEFORE CONTRIBUTION TO BOD REMUNERATION	2,538,059	4,184,740
ADJUSTMENTS FOR NON-OPERATING / CASH	7,669,385	6,289,891
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	10,207,444	10,474,631
CHANGES IN WORKING CAPITAL	(19,780,243)	6,178,927
NET CASH (USED)/ FROM IN FROM OP ACTIVITIES	(9,572,799)	16,653,558
NET CASH USED IN NVESTING ACTIVITIES	(4,304,707)	(3,520,982)
NET CASH FROM /(USED) FIN. ACTIVITIES	14,659,719	(9,524,810)
INCREASE IN CASH & CASH EQUIVALENTS	782,213	3,607,766
CASH & CASH EQUIV. AT THE BEGINNING OF PERIOD	4,225,255	3,353,120
CASH & CASH EQUIV. AT THE END PERIOD	5,007,468	6,960,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	6M-26	FY-25	6M-26	FY- 25
Non-Current Assets				
Right–of-use-assets	2,440,480	2,856,690	0.91%	1.19%
Property, plant and equipment	79,551,770	78,554,936	29.74%	32.83%
Investment securities	2,088,190	1,776,673	0.78%	0.74%
Trade and other receivables	3,220,373	2,881,928	1.20%	1.20%
Total Non-Current Assets	**87,300,813**	**86,070,227**	**32.64%**	**35.97%**
Current assets				
Inventories	28,138,980	23,698,547	10.52%	9.90%
Contract assets	94,421,081	59,654,127	35.30%	24.93%
Trade and other receivables	52,556,639	65,560,731	19.65%	27.40%
Cash and bank balances	5,088,468	4,306,255	1.90%	1.80%
Total Current Assets	**180,205,168**	**153,219,660**	**67.36%**	**64.03%**
TOTAL ASSETS	**267,505,981**	**239,289,887**	**100.00%**	**100.00%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	6M-26	FY- 25	6M-26	FY- 25
Equity				
Share Capital	19,826,567	18,024,152	7.41%	7.53%
Statutory reserve	10,946,089	10,946,089	4.09%	4.57%
General reserve	12,789,976	12,789,976	4.78%	5.34%
Foreign currency translation reserve	(8,560)	(42,383)	0.00%	-0.02%
Treasury shares reserve	(395)	(276)	0.00%	0.00%
Investment fair valuation reserve	941,396	629,880	0.35%	0.26%
Retained earning	34,923,321	38,857,404	13.06%	16.24%
Non-controlling interests	5,766	5,562	0.00%	0.00%
Total Equity	**79,424,160**	**81,210,404**	**29.69%**	**33.94%**
Non-Current Liabilities				
Post employment benefits	23,063,800	21,427,061	8.62%	8.95%
Lease liabilities	1,024,290	1,930,979	0.38%	0.81%
Due to banks	5,470,000	4,322,500	2.04%	1.81%
Trade and other payables	854,627	854,932	0.32%	0.36%
Total Non-Current Liabilities	**30,412,717**	**28,535,472**	**11.37%**	**11.93%**
Current Liabilities				
Lease liabilities	848,504	848,504	0.32%	0.35%
Contract liabilities	243,196	474,434	0.09%	0.20%
Due to banks	64,981,306	44,871,332	24.29%	18.75%
Trade and other payables	91,596,098	83,349,741	34.24%	34.83%
Total Current Liabilities	**157,669,104**	**129,544,011**	**58.94%**	**54.14%**
Total Liabilities	**188,081,821**	**158,079,483**	**70.31%**	**66.06%**
Total Equity and Liabilities	**267,505,981**	**239,289,887**	**100.00%**	**100.00%**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