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AL MUSTASHAR AL KUWAITI GLOBAL
المستشار الكويتي

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**Ekttitab Holding Company - KPSC
and Subsidiaries
State of Kuwait**

Consolidated Financial Statements and Independent
Auditor's Report
For the year ended 31 December 2025

**Ektitab Holding Company - KPSC
and Subsidiaries
State of Kuwait**

**Consolidated Financial Statements and Independent Auditor's Report
For the year ended 31 December 2025**

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Independent auditor's report
To the board of directors of
Ekttitab Holding Company – KPSC
And its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Ekttitab Holding Company – KPSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for any effect resulting from the basis for expressing the qualified opinion below, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

As of 31 December 2025, the value of the investment in the associate company (Raya Takaful Insurance Company – K.S.C. Closed) was recognized based on the valuation issued by an independent external appraiser on 27 March 2025 as well as the appraisal supplement issued on 9 November 2025. The investment value was recorded at 1 Kuwaiti Dinar by the Group's management in accordance with the valuation issued by the independent external appraiser and its subsequent appendices. We were also provided with unaudited financial statements prepared by the company's management for the financial year ended 31 December 2025.

Therefore, we were unable to conduct an audit in accordance with the requirements of International Standards on Auditing relating to the investment in the associate company to ascertain the fairness of its financial statements, the realizability of its assets, and whether there was any material information relating to the associate company during the year, which has substantial doubts about its going concern and the conduct of its activities, given that the Insurance Regulatory Unit had cancelled the associate company's license.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent auditor's report (continued)

To the board of directors of

Ekttitab Holding Company – KPSC

And its subsidiaries

State of Kuwait

Basic Accounting Concept ("Going Concern")

We draw attention to Note (6) to the consolidated financial statements, which explains that there are significant doubts about the Group's ability to continue as the Group's current liabilities exceeded its current assets as of 31 December 2025 by an amount of KD636,738 (KD476,118 on 31 December 2024).

The accumulated losses of Petro Integrated Business Company – KSCC ("Subsidiary") as of 31 December 2025, amounted to KD2,397,492 representing 86% (KD2,396,687 representing 86% as of 31 December 2023) of the subsidiary's capital. Therefore, the subsidiary's consolidated financial statements have been prepared on a going concern basis.

The group's accumulated losses for the year ending 31 December 2025 amounted to KD23,825,706 representing 74.8% (KD23,671,322 on 31 December 2024 represent of 74.3%) of the parent company's capital. Although Kuwaiti Companies Law No. 1 of 2006 sets 75% of the company's capital as accumulated losses, which must be noted for the group's continuity, the negative financial indicators and the parent company's position in light of these losses, in addition to the losses of its subsidiaries, the decline in the value of its investments, and the decline in the value of its assets due from related parties, indicate that the group's management must take the necessary measures to address the accumulated losses and improve the quality of its investments and assets. Therefore, the consolidated financial statements for the fiscal year ending 31 December 2025 have been prepared on the assumption that the group will continue its operations on a going concern basis. Independent Auditor's Report (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Details of the key audit matters and how we addressed each matter in our audit are set out below.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including those relating to these matters. Accordingly, our audit included performing procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. Our audit opinion on the accompanying consolidated financial statements is based on the results of our audit procedures, including the procedures performed to address the matters described below.

Independent auditor's report (continued)
To the board of directors of
Ektitab Holding Company – KPSC
And its subsidiaries
State of Kuwait

Key Audit Matters (continued)

Investment in Securities

The Group's main investments are classified as investments at fair value through other comprehensive income. Given the significance of this item to the consolidated financial statements and to the total assets, as it represents %99.5 of the Group's total assets, and the existence of certain estimates and judgments exercised by the Group's management when valuing these investments, the valuation of these investments is by nature subjective, as it is primarily based on either independent external valuations or valuation models developed internally by the Group, rather than on quoted prices in active markets or other observable data. We considered this item a key audit matter.

Our audit procedures included determining whether the Group's management had any indications that the carrying value of the investments had declined below their recoverable value. These indications included adverse changes in the economy, market, legal environment, business sector, or political climate, which might affect the investee companies' operations, taking into account any changes in the investee companies' financial position. Based on the impairment indicators identified by management, we obtained information, and the method used to calculate the impairment loss. We also reviewed the appropriateness of the valuation method, and the reasonableness of the underlying assumptions and data used in valuing some of these investments.

The Group's disclosures related to investments in securities are included in Note No. (11) to the consolidated financial statements.

Other information included in the Group's 2025 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the parent company's board of directors, prior to the date of our auditor's report, and expect to obtain the remaining sections of the annual report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will not express any conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified and, if necessary, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report on that fact. We are not required to express any opinion in this regard.

Independent auditor's report (continued)
To the board of directors of
Ekttitab Holding Company – KPSC
And its subsidiaries
State of Kuwait

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the preparation of the Group's consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, individually or in the aggregate, when they could reasonably be expected to influence the economic decisions of users taken on the basis of the contents of the consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain a level of professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve inconsistencies, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent auditor's report (continued)

**To the board of directors of
Ekttitab Holding Company – KPSC
And its subsidiaries
State of Kuwait**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, we determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that such a material uncertainty exists, we are required to draw attention to it in our auditor's report and to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and substance of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair and comprehensive presentation.
- Obtain sufficient appropriate audit evidence about the financial information of the entities or other activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, together with the measures taken to mitigate those threats and, where applicable, the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report (continued)
To the board of directors of
Ektitab Holding Company – KPSC
And its subsidiaries
State of Kuwait

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, to the best of our knowledge and belief, no violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority ("CMA") and its relevant regulations have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

Kuwait on 31 March 2026


Falah Awadh Al-Mutiri
Auditor's Licence No. 97 (A)
Al-Mustashar Al-Kuwaiti Auditing Office
Member of Daxin Global

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GLOBAL

**Consolidated statement of profit or loss
For the year ended 31 December 2025**

| | Note | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---|------|-------------------------------------|-------------------------------------|
| Revenue: | | | |
| Impairment value of investment in associate | 10 | - | (1,462,176) |
| Change in fair value of investments at fair value through profit or loss | 12 | 207 | (37,872) |
| Realized loss from sale of investments at fair value through profit or loss | 12 | - | (504) |
| Other income – Revised provision | | 4,646 | - |
| Total revenue | | 4,853 | (1,500,552) |
| Expenses and other charges: | | | |
| General and administrative expenses | 8 | (159,241) | (104,794) |
| Credit losses provision for balances due from related parties | 18 | - | (1,103,787) |
| Total expenses and other charges | | (159,241) | (1,208,581) |
| Net loss for the year | | (154,388) | (2,709,133) |
| Attributable to: | | | |
| Shareholders of the Parent Company | | (154,384) | (2,701,194) |
| Non-controlling interests | | (4) | (7,939) |
| Net loss for the year | | (154,388) | (2,709,133) |
| Basic and diluted loss per share attributable to the shareholders of the Parent Company (Fils) | 9 | (0.48) | (8.48) |

The notes set out on pages 12 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

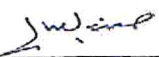
| | Note | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---|------|-------------------------------------|-------------------------------------|
| Loss for the year | | (154,388) | (2,709,133) |
| Other comprehensive income items: | | | |
| <u>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</u> | | | |
| Investments at fair value through other comprehensive income | | | |
| Change in fair value of financial investments at fair value through other comprehensive income | 11 | (108,183) | (3,261,674) |
| Transferred to accumulated losses resulting from sale or disposal of financial investments at fair value through other comprehensive income | 11 | - | (17,585) |
| | | (108,183) | (3,279,259) |
| <u>Items that will be reclassified subsequently to consolidated statement of profit or loss:</u> | | | |
| Group's share in associate reserves | 10 | - | (2,150,227) |
| | | (108,183) | (5,429,486) |
| | | (262,571) | (8,138,619) |
| <u>Attributable to:</u> | | | |
| Shareholders of the Parent Company | | (262,597) | (8,114,103) |
| Non-controlling interests | | 26 | (24,516) |
| Net loss for the year | | (262,571) | (8,138,619) |

The notes set out on pages 12 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
As of 31 December 2025

| | Note | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|------|-----------------------|-----------------------|
| Assets | | | |
| Non-Current assets | | | |
| Plant and equipment | | 4 | 4 |
| Investment in associate | 10 | 1 | 1 |
| Investments at fair value through other comprehensive income | 11 | 1,697,045 | 1,805,227 |
| | | 1,697,050 | 1,805,232 |
| Current assets | | | |
| Investments at fair value through profit or loss | 12 | 4,740 | 4,533 |
| Refundable deposits and advance payments | | 3,525 | 3,176 |
| Due from related parties | 18 | 1 | 1 |
| Cash and cash equivalents | 13 | 954 | 37,015 |
| | | 9,220 | 44,725 |
| Total assets | | 1,706,270 | 1,849,957 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 14 | 31,862,423 | 31,862,423 |
| Statutory reserve | 15 | 94,506 | 94,506 |
| Group's share in associate reserves | | (3,368,631) | (3,368,631) |
| Fair value reserve | | (3,689,745) | (3,581,532) |
| Accumulated losses | | (23,825,706) | (23,671,322) |
| Total equity attributable to shareholders of the Parent Company | | 1,072,847 | 1,335,444 |
| Non-controlling interests | | (21,228) | (21,254) |
| Total equity | | 1,051,619 | 1,314,190 |
| Liabilities | | | |
| Non-Current liabilities | | | |
| Provision for employees' end of service benefits | 16 | 8,693 | 14,924 |
| Current liabilities | | | |
| Payables and other liabilities | 17 | 479,098 | 401,155 |
| Due to related parties | 18 | 166,860 | 119,688 |
| | | 645,958 | 520,843 |
| Total liabilities | | 654,651 | 535,767 |
| Total equity and liabilities | | 1,706,270 | 1,849,957 |

The notes set out on pages 12 to 38 form an integral part of these consolidated financial statements.


Saleh Nasser Al Saleh
Vice Chairman and CEO

**Ektftab Holding Company – KPSC
And Subsidiaries
State of Kuwait**



**Consolidated statement of changes in equity
For the year ended 31 December 2025**

Equity attributable to the shareholders of the Parent Company

| | Share Capital KD | Statutory reserve KD | Group's share in associate reserves KD | Fair value reserve KD | Accumulated losses KD | Sub – Total KD | Non- controlling interests KD | Total KD |
|--|------------------------|----------------------------|--|-----------------------------|-----------------------------|----------------------|--|-------------|
| Balance at 1 January 2025 | 31,862,423 | 94,506 | (3,368,631) | (3,581,532) | (23,671,322) | 1,335,444 | (21,254) | 1,314,190 |
| Net loss for the year | - | - | - | - | (154,384) | (154,384) | (4) | (154,388) |
| Other comprehensive income | - | - | - | (108,213) | - | (108,213) | 30 | (108,183) |
| Total comprehensive loss for the year | - | - | - | (108,213) | (154,384) | (262,597) | 26 | (262,571) |
| Balance at 31 December 2025 | 31,862,423 | 94,506 | (3,368,631) | (3,689,745) | (23,825,706) | 1,072,847 | (21,228) | 1,051,619 |
| Balance at 1 January 2024 | 31,862,423 | 94,506 | (1,229,922) | (324,917) | (20,952,543) | 9,449,547 | 3,262 | 9,452,809 |
| Net loss for the year | - | - | - | - | (2,701,194) | (2,701,194) | (7,939) | (2,709,133) |
| Other comprehensive income | - | - | (2,138,709) | (3,256,615) | (17,585) | (5,412,909) | (16,577) | (5,429,486) |
| Total comprehensive loss for the year | - | - | (2,138,709) | (3,256,615) | (2,718,779) | (8,114,103) | (24,516) | (8,138,619) |
| Balance at 31 December 2024 | 31,862,423 | 94,506 | (3,368,631) | (3,581,532) | (23,671,322) | 1,335,444 | (21,254) | 1,314,190 |

The notes set out on pages 12 to 38 form an integral part of these consolidated financial statements.

**Consolidated statement of cash flow
For the year ended 31 December 2025**

| | Note | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|--|-----------|-------------------------------------|-------------------------------------|
| <u>OPERATING ACTIVITIES</u> | | | |
| Net loss for the year | | (154,388) | (2,709,133) |
| <u>Adjustments:</u> | | | |
| Impairment value of investment in associate | | - | 1,462,176 |
| Change in fair value of investments at fair value through profit or loss | | (207) | 37,872 |
| Realized loss from sale of investments at fair value through profit or loss | | - | 504 |
| Credit losses provision for balances due from related parties | | - | 1,103,787 |
| Revised provision for end of services benefits | | (4,646) | - |
| Provision for employees' end of service benefits | | 64 | 43 |
| | | (159,177) | (104,751) |
| <u>Changes in operating assets and liabilities:</u> | | | |
| Refundable deposits and advance payments | | (349) | 1,499 |
| Due from related parties | | - | 5,164 |
| Due to related parties | | 47,172 | 86,468 |
| Payables and other liabilities | | 77,942 | 3,717 |
| Paid end of service benefits during the year | | (1,650) | - |
| Net cash flows used in operating activities | | (36,061) | (7,903) |
| <u>INVESTING ACTIVITIES</u> | | | |
| Received from sale of investments at fair value through other comprehensive income | | - | 34,420 |
| Received from sale of investments at fair value through profit or loss | | - | 8,432 |
| Received from Business sharing | | - | - |
| Net cash flows from investing activities | | - | 42,852 |
| (Decrease) / increase in cash and cash equivalents | | (36,061) | 34,949 |
| Cash and cash equivalents at beginning of the year | 13 | 37,015 | 2,066 |
| Cash and cash equivalents at end of the year | 13 | 954 | 37,015 |

The notes set out on pages 12 to 38 form an integral part of these consolidated financial statements.

1 Incorporation and activities

Ekttitab Holding Company – KPSC was established on 13 September 1999, pursuant to the notarized Articles of Association No. 8878, Volume 1. It is registered in the Commercial Register under No. 105414 and operates under License No. 1004/2004. The company is listed on the Kuwait Stock Exchange under No. 237. The parent company's shares were listed on the Kuwait Stock Exchange on 19 December 2005.

The group includes the parent company and its subsidiaries. Details of the subsidiaries are set out in Note No. (7).

The purposes for which the parent company was established are:

- Owning shares in Kuwaiti or foreign joint stock companies, as well as owning shares or stakes in Kuwaiti or foreign limited liability companies, or participating in the establishment, management, and lending to these companies and guaranteeing their rights to third parties.
- Lending to companies in which it owns 20% or more of the capital and guaranteeing these companies with third parties.
- Owning industrial property rights, such as patents, industrial trademarks, industrial designs, or any other related rights, and leasing them to other companies for exploitation, whether inside or outside Kuwait.
- Owning movable and immovable property necessary to conduct its business within the limits permitted by law.
-
- Exploiting the company's available financial surpluses by investing them in financial portfolios managed by specialized companies and entities.
- The parent company may conduct the activities in the State of Kuwait and abroad, either as principal or by proxy. The parent company may have an interest in or participate in any way with entities that conduct similar activities or that may assist it in achieving its objectives in Kuwait or abroad. It may purchase or acquire such entities. The group conducts all of the above-mentioned activities in accordance with the provisions of the tolerant Islamic Sharia.

The registered address of the parent company is: Al Sharq - Block (5) - Plot (4) - Jaber Al Mubarak Street - Heirs of Yaqoub Yousef Behbehani & Partners Building - Floor (16) - Unit (14) - State of Kuwait.

The consolidated financial statements of Ekttitab Holding Company - KPSC (the "Parent Company") and its subsidiaries (together referred to as the "Group") for the fiscal year ending 31 December 2025 have been authorized for issue in accordance with the resolution of the Parent Company's Board of Directors issued on 31 March 2026.

The Parent Company's General Assembly of Shareholders has the right to amend these consolidated financial statements during the Parent Company's Annual General Assembly Meeting.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

3 Adoption of new and revised Standards

3.1 New and amended IFRS Standards that are effective for the current year

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the previous year, except for the adoption of new accounting policies, standards, and amendments effective for annual periods beginning on or after 1 January 2025.

The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

When new and amended standards are applied for the first time, there may be subsequent impacts on the Group's annual consolidated financial statements, including:

Updates to accounting policies: The terminology and substance of disclosed accounting policies may need to be updated to reflect new recognition, measurement, and other requirements. For example, IAS 19 Employee Benefits may affect the measurement of certain employee benefits.

Impact of transitional provisions: IAS 8 Accounting Policies, Changes in Accounting Estimates, and Errors contains a general requirement to apply changes in accounting policies retrospectively, but this does not apply to the extent that an individual statement contains specific transitional provisions.

Disclosures about Changes in Accounting Policies: When an entity changes its accounting policy as a result of the initial application of an IFRS and it has an impact on the current or any prior period, IAS 8 requires disclosure of a number of matters, such as the title of the IFRS, the nature of the change in accounting policy, a description of the transitional provisions, and the amount of the adjustment for each affected financial statement line item.

Third Statement of Financial Position: IAS 1 Presentation of Financial Statements requires the presentation of a third statement of financial position as at the beginning of the prior period, in addition to the minimum comparative financial statements, in several situations, including if the entity applies a retrospective accounting policy and if the retrospective application would have a significant impact on the information presented in the statement of financial position at the beginning of the prior period.

Earnings per share (EPS): Where applicable to an entity, IAS 33 Earnings per share requires adjusting basic and diluted earnings per share for the effects of adjustments resulting from changes in accounting policies accounted for retrospectively, and IAS 8 requires disclosure of the amount of any such adjustments.

While disclosures related to changes in accounting policies resulting from the initial application of new and revised pronouncements are less extensive in interim financial reports under IAS 34 Interim Financial Reporting, some disclosures are required, for example, a description of the nature and effect of any change in accounting policies and methods of calculation.

The new and revised criteria are outlined below:

| <u>Standard or interpretation</u> | <u>Release date</u> | <u>Effective date</u> | <u>Revised Standards Interpretations</u> |
|---|---------------------|-----------------------|--|
| Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates | Aug 2023 | 1 Jan 2025 | IAS 21 |

3. Adoption of new and revised Standards (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

Lack of Exchangeability (Amendments to IAS 21) The Effects of Changes in Foreign Exchange Rates

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

Although few jurisdictions are affected by this, it can have a significant accounting impact for those companies affected.

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- When a currency is exchangeable into another currency; and
- How a company estimates a spot rate when a currency lacks exchangeability.

3.2 New standards and amendments issued but not yet effective

As at the date of authorization for issue of the consolidated financial statements, the Group has not yet applied any new standards and amendments issued but not yet effective by the International Accounting Standards Board (IASB) but not yet effective and have not been early adopted by the Group.

Management anticipates that all relevant amendments will be applied in the Group accounting policies for the first time during the period beginning after the date of amendments. Management anticipates that all relevant amendments will be applied in the Group accounting policies for the first time during the period beginning after the date of amendments.

Information about the new standards, amendments and interpretations that are expected to be relevant to the Group consolidated financial statements is set out below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group consolidated financial statements.

| <u>Standard or interpretation</u> | <u>Effective date</u> | <u>Revised Standards Interpretations</u> |
|---|-----------------------|--|
| Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | 1 Jan 2026 | IFRS 9 |
| Annual Improvements to IFRS Accounting Standards IFRS 18 Presentation and Disclosure in Financial Statements | 1 Jan 2026 | IFRS 1,7,9,10 / IAS 7 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 Jan 2027 | IFRS 18 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures | 1 Jan 2027 | IFRS 19 |
| | To be determined | IFRS 28, 10 |

Notes to the consolidated financial statements
For the year ended 31 December 2025

3. Adoption of new and revised Standards (continued)

3.2 New standards and amendments issued but not yet effective (continued)

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

The IASB issued Amendments to the Classification and Measurement of Financial Instruments in response to feedback received as part of the post-implementation review of the classification and measurement requirements in IFRS 9 Financial Instruments and related requirements in IFRS 7 Financial Instruments: Disclosures.

The IASB amended to the requirements related to:

- Settling financial liabilities using an electronic payment system; and
- Assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features.

The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Annual Improvements to IFRS Accounting Standards - Amendments to:

IFRS 1 - First-time Adoption of International Financial Reporting Standards.

IFRS 7 - Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7.

IFRS 9 - Financial Instruments.

IFRS 10 - Consolidated Financial Statements; and

IAS 7 - Statement of Cash flows.

The annual improvements process aims to improve the clarity and internal consistency of IFRS® Accounting Standards. In this volume of improvements, the International Accounting Standards Board (IASB) makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards¹. The amendments to IFRS 9 address:

- A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables; and
- How a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendment on trade receivables may require some companies to change their accounting policy.

3. Adoption of new and revised Standards (continued)

3.2 New standards and amendments issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 sets out overall requirements for the presentation and disclosure in financial statements. It requires an entity to present a complete set of financial statements at least annually, with comparative amounts for the preceding year (including comparative amounts in the notes). It replaces IAS 1 Presentation of Financial Statements. The IASB did not reconsider all aspects of IAS 1 when developing IFRS 18, but instead focused on the statement of profit or loss. The IASB retained some paragraphs from IAS 1 in IFRS 18 and moved some paragraphs from IAS 1 to IAS 8 Basis of Preparation of Financial Statements and IFRS 7 Financial Instruments: Disclosures.

IFRS 18 aims to improve financial reporting by:

- Requiring an entity to present two new defined subtotals in the statement of profit or loss—operating profit and profit before financing and income taxes.
- Requiring an entity to disclose management-defined performance measures-subtotals of income and expenses not specified by IFRS Accounting Standards that are used in public communications to communicate management’s view of an aspect of a company’s financial performance; and
- Adding new principles for aggregation and disaggregation of items.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries of companies using IFRS® Accounting Standards can substantially reduce their disclosures and focus more on users’ needs following the release of IFRS 19 Subsidiaries without Public Accountability: Disclosures, from the International Accounting Standards Board (IASB). A subsidiary that does not have public accountability and has a parent that produces consolidated accounts¹ under IFRS Accounting Standards, is permitted to apply IFRS 19. Subsidiaries that currently apply the IFRS for SMEs® Accounting Standard or GAAP in their statutory financial statements will no longer need to prepare two sets of accounting records for group reporting purposes if IFRS 19 is applied.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Venture

On 11 September 2014, the IASB issued narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011). The amendments will be effective from annual periods commencing on or after 1 January 2016. In December 2015, the IASB decided to postpone the effective date of these amendments indefinitely. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below.

4.1 Basis of preparation

The Group's consolidated financial statements have been prepared under the historical cost convention.

The financial statements are presented in Kuwaiti Dinars ("KD"), which is the Group's functional and presentation currency.

The Group has prepared the consolidated financial statements on a going concern basis.

Certain comparative figures have been reclassified to conform to the presentation of the current year's financial statements. These reclassifications did not impact the prior year's results of operations, net profit, or reported equity.

The Group has elected to present the "Statement of Profit or Loss and Other Comprehensive Income" in two separate statements: "Statement of Profit or Loss" and "Statement of Profit or Loss and Other Comprehensive Income."

4.2 Basis of Consolidation

A parent company controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control ceases. The financial statements of the subsidiaries are prepared for reporting dates that are not more than three months from the parent company's reporting date, using consistent accounting policies. Adjustments are made to reflect the effects of significant transactions and other events that occur between that date and the reporting date of the parent company's financial statements.

For the purpose of consolidation, all intra-group transactions and balances, including unrealized gains and losses on intra-group transactions, have been eliminated. Where unrealized losses resulting from intra-group asset sales have been reversed for consolidation, those assets are tested for impairment for the group as a whole. Amounts reported in the financial statements of subsidiaries, where applicable, have been adjusted to ensure consistency with the accounting policies applied by the group.

The profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recorded from the date of acquisition to the date of disposal.

Non-controlling interests, included as part of equity, represent the portion of the profit or loss and net assets of a subsidiary not held by the Group. The Group attributes comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests in those subsidiaries.

When a controlling interest in a subsidiary is disposed of, the difference between the selling price and the net asset value, plus any cumulative translation differences and goodwill, is recognized in the consolidated statement of profit or loss. The fair value of any investment retained in the former subsidiary at the date control is lost is either the fair value for initial measurement in subsequent accounting under IFRS 9, where appropriate, or the cost when initially measured as an associate or joint venture.

However, changes in the Group's interests in its subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interest and non-controlling interests are adjusted to reflect changes in their respective ownership interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and allocated to the owners of the parent company.

4 Summary of significant accounting policies (continued)

4.3 Business Combinations

The Group applies the acquisition method when accounting for business combinations. The consideration transferred by the Group to gain control of a subsidiary is calculated as the sum of the fair values of the assets transferred, liabilities incurred, or equity issued, at the acquisition date, including the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. When a business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value through the consolidated statement of profit or loss. The Group recognizes the acquired assets and liabilities assumed in a business combination, regardless of whether they were previously recognized in the acquiree's consolidated financial statements prior to the acquisition. The acquired assets and liabilities assumed are generally measured at their acquisition-date fair value. When the Group acquires a business, it assesses the financial assets and liabilities assumed to determine appropriate classification based on the contractual terms, economic circumstances, and relevant conditions as of the acquisition date. This includes separating derivatives from the acquiree's host contracts. Goodwill is recognized after separately recognizing identifiable intangible assets. It is calculated as the excess of the amount of (a) the fair value of the consideration transferred, (b) the recognized amount of any non-controlling interest in the acquiree, and (c) the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed this amount, the excess amount (i.e., the gain on a swap) is recognized directly in the consolidated statement of profit or loss.

4.4 Investments in Associates

An associate is an entity over which the Group has joint control with one or more investors. The Group has the right to participate in the net assets of the entity but does not have the right to directly dispose of the related assets and liabilities. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method. Goodwill or adjustments to the fair value of the Group's interest are not recognized separately but are included in the investment in associates. When the equity method is used, the investment in associates is increased or decreased by the Group's share of the profit or loss and other comprehensive income of those associates, after making necessary adjustments to align the accounting policies with those of the Group. Unrealized gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the Group's interest in those entities. When unrealized losses are eliminated, the assets involved in the transactions are tested for impairment. The share in the results of associates is presented in the consolidated statement of profit or loss. This represents the profit attributable to equity holders of associates and therefore represents profit after tax and non-controlling interests in subsidiaries of associates.

The difference in reporting dates for associates and the Group does not exceed three months. Adjustments are made for significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. The accounting policies used by associates are the same as those used by the Group for like transactions or events in similar circumstances. After applying the equity method, the Group determines whether it is necessary to record an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date whether there is objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment by taking the difference between the recoverable amount of the associates and their carrying value, and recognizes the amount as a separate item in the consolidated statement of profit or loss. Upon loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any differences between the carrying amount of the associates upon loss of significant influence and the fair value of the remaining investments and proceeds from disposal are recognised in the consolidated statement of profit or loss.

4 Summary of significant accounting policies (continued)

4.5 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identifiable and are recognized separately from goodwill. Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but is reviewed at least annually for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the benefits of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is evidence that the unit is impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the other assets of the unit proportionately on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. When a cash-generating unit is disposed of, the amount of goodwill that can be allocated is included in the accounting when determining the gain or loss on disposal.

4.6 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a service to a customer.

The Group follows a five-step process:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when/as the performance obligations are satisfied.

The total transaction price for the contract is determined among the various performance obligations based on their relative stand-alone selling prices. The transaction price for the contract excludes any amounts collected on behalf of third parties. Revenue is recognized either at a point in time or over time, when the Group satisfies (or as) the performance obligations by transferring the promised goods or services to its customers.

The Group recognizes a contract liability for amounts received in respect of unsatisfied performance obligations and presents these amounts, if any, as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before receiving consideration, the Group recognizes either a contract asset or an accrual, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the amounts are due.

4.7 Operating Expenses

Operating expenses are recognized in the consolidated statement of profit or loss and other comprehensive income when the services are rendered or when incurred.

4.8 Borrowing Costs

Borrowing costs associated with the acquisition, construction, or production of an asset are capitalized during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and included as finance costs.

4 Summary of significant accounting policies (continued)

4.9 Taxes

4.9.1 National Labor Support Tax

The Company calculates the National Labor Support Tax (NLST) in accordance with Law No. 19 of 2000 and Ministry of Finance Resolution No. 24 of 2006 at a rate of 2.5% of the taxable profit for the year. According to the law, cash dividends from listed companies subject to the NLST are deducted from the year's profit.

4.9.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to the Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the Group's taxable profit, based on a revised calculation based on the resolution of the Foundation's Board of Directors, which stipulates those revenues from associates and subsidiaries, board members' remuneration, and transfers to the legal reserve must be excluded from the year's profit when determining the contribution.

4.9.3 Zakat

Zakat is calculated at 1% of the group's profit in accordance with Ministry of Finance Resolution No. 58/2007, effective December 10, 2007. Under zakat regulations, no losses may be carried forward to future or prior years.

4.10 Plant and Equipment

Plant and equipment are initially recorded at purchase cost, including any additional costs necessary to bring the asset to its location and condition for use by the Company's management. Property and equipment are subsequently measured using the cost model, which is cost less depreciation and impairment losses. Depreciation is recorded using the straight-line method to write off the residual value of the plant and equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and depreciation period are consistent with the expected economic benefits generated from the components. Estimates of the residual value or useful life are updated at least annually. All plant and equipment items are depreciated at 20% annually. Estimates of the residual value and the useful life of required inventories are updated at least annually. When assets are sold or returned, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income.

4.11 Financial Instruments

4.11.1 Recognition, Initial Measurement, and Derecognition

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. The subsequent measurement of financial assets and liabilities is described below.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; or
 - a. The Group has transferred substantially all the risks and rewards of the asset.
 - b. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred the rights to receive cash flows from those financial assets and has entered into a pass-through arrangement and has neither transferred substantially all the risks and rewards of the asset nor transferred control of the asset, the new asset is recognised to the extent that the Group continues to have control over the asset.

4 Summary of significant accounting policies (continued)

4.11 Financial Instruments (continued)

4.11.1 Recognition, Initial Measurement, and Derecognition (continued)

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. When an existing liability is replaced by another from the same borrower on substantially different terms, or the terms of a financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.11.2 Classification of Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income

The classification is determined by both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable elections/designations upon initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate any debt investment that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4.11.3 Subsequent Measurement of Financial Assets

a) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if they meet the following conditions (and are not designated as at FVTPL):

- They are held within a business model whose objective is to hold financial assets and collect their contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is eliminated when the effect of discounting is immaterial.

The Group's financial assets measured at amortized cost consist of the following:

- Accounts receivable and other assets

Accounts receivable and other assets are stated at their original amount less any provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when due.

- Cash and cash equivalents

Cash and cash equivalents include cash and bank balances that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, less balances due to banks.

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

The Group's financial assets at FVTOCI include equity shares in several publicly traded companies.

The Group accounts for financial assets at FVTOCI if they meet the following conditions:

4 Summary of significant accounting policies (continued)

4.11 Financial Instruments (continued)

4.11.3 Subsequent Measurement of Financial Assets (continued)

- They are held under a business model whose objective is to "hold for the collection" of associated cash flows and sell them; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gain or loss recognized in FVTOCI will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI, as described below).

Equity Investments at Fair Value Through Other Comprehensive Income

Upon initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as investments at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if the investment is contingent consideration recognized by the acquirer in a business combination. A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling in the near term.
- Upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses resulting from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. The accumulated gain or loss is transferred to retained earnings in the consolidated statement of changes in equity. Dividends on these investments in equity instruments are recognized in the consolidated statement of profit or loss.

4.11.4 Classification and Subsequent Measurement of Financial Liabilities

The Group's financial liabilities include accounts payable and other liabilities, due to related parties, and loans from financial institutions.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at Amortized Cost

• Accounts payable and other liabilities

Accounts payable and other liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not.

• Due to Related Parties

Amounts due as a result of transactions with related parties and cash advances from related parties are included in due to related parties.

4 Summary of significant accounting policies (continued)

4.12 Impairment of Financial Assets

All financial assets, except those at fair value through profit or loss and equity investments measured at fair value through other comprehensive income (FVTOCI), are reviewed at least at each reporting date to determine whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different impairment criteria are applied to each class of financial assets, as described below. The Group records a loss allowance for expected credit losses for financial assets at amortized cost or FVTOCI. For financial assets, expected credit losses are estimated as the difference between the contractual cash flows due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial asset. The measurement of expected credit losses is a function of the probability of default, the given default loss (i.e., the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default and loss at default is based on historical data adjusted for forward-looking information as described above. For financial assets, the exposure at default is represented by the asset's gross carrying amount at the reporting date. The Group always recognizes lifetime expected credit losses for trade receivables and balances due from related parties. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors specific to the receivables, general economic conditions, and an assessment of both the current and expected trend of conditions at the reporting date, including the time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12-month expected credit loss. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of the lifetime ECL expected to result from possible default events on a financial instrument within 12 months after the reporting date. The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for all financial assets, with a corresponding adjustment to their carrying amount through a loss allowance account. If the Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines in the current reporting period that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to the 12-month ECL at the current reporting date, except for assets for which a simplified approach is used.

4.13 Trade and Settlement Date Accounting

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date on which the entity undertakes to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by law or convention in the marketplace.

4.14 Amortized Cost of Financial Instruments

This cost is calculated using the effective interest method less impairment allowance. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

4.15 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

4 Summary of significant accounting policies (continued)

4.16 Fair Value of Financial Instruments

The fair value of financial assets traded in organized financial markets at each reporting date is determined by reference to quoted market prices or dealer quotations (the bid price for long positions and the offer price for short positions), without any deduction for transaction costs. For financial instruments traded in inactive markets, fair value is determined using appropriate valuation techniques. These techniques include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

4.17 Provisions, Contingent Assets, and Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required from the Company, and the amount can be reliably estimated. The timing or amount of that outflow may remain uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are several similar obligations, the likelihood of a settlement outflow is determined by considering the class of obligations as a whole. Provisions are also discounted to their present value, where the time value of money is material. Contingent assets are not recognized in the financial statements but are disclosed when an outflow of economic benefits is probable. Contingent liabilities are not recognized in the statement of financial position but are disclosed only when the possibility of an outflow of resources embodying economic benefits is remote.

4.18 Equity, Reserves, and Dividend Payments

Share capital represents the nominal value of shares issued and paid.

The statutory reserve comprises appropriations for current and prior period profits in accordance with the requirements of the Companies Law and the Parent Company's Articles of Association.

The voluntary reserve comprises appropriations for current and prior period profits in accordance with the requirements of the Companies Law and the Parent Company's Articles of Association.

Fair value reserve – which comprises gains and losses related to investments at fair value through other comprehensive income.

Accumulated losses include all retained profits and losses for the current and prior period. All transactions with owners of the parent company are recorded separately within equity.

Dividends due to shareholders are included in other liabilities when such distributions are approved at the general assembly meeting.

4.19 Employee End of Service Benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based on the final salary and length of service of employees, subject to the completion of a minimum period of service in accordance with the Labor Law and employee contracts. The expected costs of these benefits are accrued over the period of employment. This unfunded liability represents the amount payable to each employee as a result of the termination of employment at the reporting date.

For its Kuwaiti employees, in addition to the end of service benefits, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

4.20 Related Party Transactions

Related parties include members of the Board of Directors, executive officers, close family members, and companies in which they hold significant interests. Transactions with related parties are approved by management.

4 Summary of significant accounting policies (continued)

4.21 Foreign Currency Translation

4.21.1 Functional Presentation Currency

Each entity in the Group determines its own functional currency, and items included in the consolidated financial statements of each entity are measured using the functional currency.

4.21.2 Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the respective entity in the Group using the exchange rates ruling at the dates of the transactions (spot rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in a foreign currency at year-end exchange rates are recognized in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when the fair value was determined.

4.21.3 Foreign Operations

On consolidation of the Group's financial statements, all assets, liabilities, and transactions of the Group's entities are translated into Kuwaiti dinars if their currency is other than the Kuwaiti dinar. The functional currency of the group companies remained unchanged throughout the financial reporting period. Upon consolidation, assets and liabilities were translated into Kuwaiti dinars at the closing rate on the financial reporting date. Goodwill and fair value adjustments arising from the acquisition of a foreign entity were treated as assets and liabilities of the foreign entity and translated into Kuwaiti dinars at the closing rate. Revenues and expenses were translated into Kuwaiti dinars at the average exchange rate over the financial reporting period. Exchange differences are recognized in other comprehensive income and included in equity within the foreign currency translation reserve. Upon disposal of a foreign operation, the cumulative foreign currency translation differences recognized in equity are reclassified to the consolidated statement of profit or loss and recognized as part of the gain or loss on disposal.

5 Significant management judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

5.1 Significant Management Judgments

In applying the Group's accounting policies, management has made the following judgments, which significantly affect the amounts recognized in the consolidated financial statements:

5.1.1 Business Model Assessment

The Group classifies financial assets after conducting a business model test (see accounting policy for financial instruments in Note 4.11). This test involves judgment that reflects all relevant evidence, including how the assets' performance is evaluated, their performance measured, and the risks that affect the assets' performance. Monitoring is part of the Group's ongoing assessment of whether the business model within which the remaining financial assets are held is appropriate and, if inappropriate, whether there has been a change in the business model and, consequently, a future change to the classification of those assets.

5.1.2 Service Revenue Recognition and Contract Revenue

Since construction contract revenue is recognized over time, the amount of revenue recognized in the reporting period depends on the extent to which a performance obligation has been satisfied. For construction contracts, recognition of construction contract revenue also requires significant judgment in determining the estimated number of labor hours required to complete the promised work.

5. Significant Management Judgments and Estimation Uncertainty (continued)

5.1.3 Judgments in Determining the Timing of Performance Obligations

Determining whether the performance obligation set out in IFRS 15 regarding the transfer of control of goods to customers has been satisfied requires significant judgment.

5.1.4 Control Assessment

In determining control, management considers whether the Group has the practical ability to direct the relevant activities of the investee to generate revenue for itself. Assessing the activities and ability to use its control to affect various returns requires significant judgment.

5.2 Estimate Uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, revenue, and expenses is provided below. Actual results may differ materially from these estimates.

5.2.1 Impairment of Goodwill and Intangible Assets

The Group determines whether goodwill and intangible assets are impaired on at least an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires the Group to estimate the expected future cash flows from the cash-generating unit and select an appropriate discount rate to calculate the present value of those cash flows.

5.2.2 Impairment of Associates

After applying the equity method, the Group determines whether it is necessary to record an impairment loss on the Group's investment in associates at each reporting date based on objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss.

5.2.3 Impairment of Financial Assets

The measurement of estimated credit losses involves estimates of the loss given default and the probability of default. The loss given is an estimate of the loss if a customer defaults. The probability of default is an estimate of the likelihood of future default. The Group has based these estimates using reasonable and supportable forward-looking information, which is based on assumptions about the future behavior of various economic drivers and how these factors will interact with each other. An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts that are not individually significant but are past due are assessed collectively, and a provision is applied according to the length of time past due, based on historical recovery rates.

5.2.4 Useful Livelihoods of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected usage of the assets. Uncertainty in these estimates also relates to technical obsolescence, which may change the use of certain property, plant and equipment.

5.2.5 Fair Value of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments when active market prices are not available. This requires management to make estimates and assumptions based on market data, using observable data that would be used by market participants in pricing the financial instrument. Where such data is unobservable, management uses its best estimates. The estimated fair values of financial instruments may differ from the actual prices that would be achieved in an arm's length transaction at the date of the consolidated financial statements.

5.2.6 Significant Influence

Significant influence exists when the size of an entity's voting rights relative to the size and dispersion of other voting rights gives the entity the practical ability unilaterally to direct the relevant activities of the group.

6 Basic Accounting Concept ("Going Concern Principle")

The Group's consolidated financial statements for the financial year ending 31 December 2025, have been prepared on the going concern basis, which assumes the Group's ability to realize its assets and settle its liabilities in the normal course of business. The Group's current liabilities exceeded its current assets as of 31 December 2025 by KD636,738 (KD 476,118 as of 31 December 2024).

The accumulated losses of Petro Integrated Business Company – K.S.C. (Closed) (a subsidiary) as of 31 December 2025 amounted to KD2,396,687 representing 86% (KD2,397,492 representing 86% as of 31 December 2024) of the subsidiary's share capital. Therefore, the Group's consolidated financial statements have been prepared on the going concern basis. According to Article 271 of the Kuwaiti Companies Law, the company must call for a general assembly to consider the continuity of the company or the resolution of accumulated losses. However, the continuity of the subsidiary depends on continued financial support from the parent company.

The group's accumulated losses for the year ending 31 December 2025 amounted to KD23,825,706 representing 74.8% of the parent company's capital. Although Kuwaiti Companies Law No. 1 of 2006 specifies 75% of the company's capital as accumulated losses, this must be noted, and the group's continuity is important. Given the negative financial indicators and the parent company's position in light of these losses, in addition to the losses of its subsidiaries, the decline in the value of its investments, and the decline in the value of its assets due from related parties, we note that the group's management must take the necessary measures to resolve the accumulated losses and improve the quality of its investments and assets.

Based on all of the above, the consolidated financial statements for the fiscal year ending 31 December 2025 were prepared on the assumption that the Group will continue its activities on a going concern basis.

On 8 October 2025, the Capital Markets Authority issued its decision approving the proposal of the Board of Directors of the parent company to reduce the company's capital to cover the entire balance of accumulated losses (see note 14). The reduction of the parent company's capital is subject to the approval of the Extraordinary General Assembly of the shareholders of the parent company and the regulatory authorities.

7 Subsidiary companies

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of 31 December 2025 together referred to as the "Group." Details of the consolidated subsidiary are set out below:

| Name | Country of incorporation | Percentage Ownership | | Activity |
|---|--------------------------|----------------------|--------------|----------|
| | | 31 Dec. 2025 | 31 Dec. 2024 | |
| Ekttitab International Holding Group Co. WLL | Kuwait | 100% | 100% | Holding |
| Petro Integrated Business Holding Co. KSCC (and its fully owned subsidiary) (Petro International Holding Co. SPC) | Kuwait | 99.46% | 99.46% | Holding |

- All material balances, transactions, and realized and unrealized gains between the parent company and its subsidiaries are eliminated upon consolidation.
- The financial statements of the subsidiary above have been consolidated based on audited financial statements for the fiscal year ending 31 December 2025.

7 Subsidiary companies (continued)

- The financial statements of the subsidiary (Ekttitab International Holding Group Company – WLL) have been consolidated at 100%, although the direct ownership percentage according to the subsidiary's articles of association is 50%. However, the 50% (indirect ownership) percentage is registered in the name of a related party, and there is an undocumented written assignment from the parent company.
- When preparing these consolidated financial statements as of 31 December 2025 the accumulated losses of the subsidiary (Petro Integrated Business Company – KSC (Closed) (the Parent Company) and its subsidiary (“the Group”)) based on the audited data amounted to KD2,396,687 representing 86% of the company’s capital after the reduction made above. Therefore, the financial statements of the subsidiary were prepared according to the continuity principle (see Note 6).

Below is a summary of the financial information of the above-mentioned subsidiary before intra-group eliminations:

| | As of 31 December, 2025 | | | As of 31 December, 2024 | | |
|---|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|
| | Total Assets | Total Liabilities | Net Assets | Total Assets | Total Liabilities | Net Assets |
| | KD | KD | KD | KD | KD | KD |
| Ekttitab International Holding Group Co. WLL | 8,857,314 | (600) | 8,856,714 | 8,849,645 | (600) | 8,849,045 |
| Petro Integrated Business Holding Co. KSCC (and its fully owned subsidiary) (Petro International Holding Co. SPC) | 617,919 | (4,580,609) | (3,962,690) | 613,117 | (4,580,689) | (3,967,572) |
| | 9,475,233 | (4,581,209) | 4,894,024 | 9,462,762 | (4,581,289) | 4,881,473 |

| | As of 31 December, 2025 | | As of 31 December, 2024 | |
|---|-------------------------|-------------------|-------------------------|--------------------|
| | Total revenue | Loss for the year | Total revenue | Loss for the year |
| | KD | KD | KD | KD |
| Ekttitab International Holding Group Co. WLL | - | (1,040) | - | (380) |
| Petro Integrated Business Holding Co. KSCC (and its fully owned subsidiary) (Petro International Holding Co. SPC) | 2,152 | (805) | (1,479,250) | (1,481,960) |
| | 2,152 | (1,845) | (1,479,250) | (1,482,340) |

| | As of 31 December, 2025 | | As of 31 December, 2024 | |
|---|----------------------------|---------------------------------------|----------------------------|---------------------------------------|
| | Other comprehensive losses | Total comprehensive loss for the year | Other comprehensive losses | Total comprehensive loss for the year |
| | KD | KD | KD | KD |
| Ekttitab International Holding Group Co. WLL | 8,709 | 7,669 | (1,045,184) | (1,045,564) |
| Petro Integrated Business Holding Co. KSCC (and its fully owned subsidiary) (Petro International Holding Co. SPC) | 5,687 | 4,882 | (1,479,250) | (2,961,210) |
| | 14,396 | 12,551 | (2,524,434) | (4,006,774) |

**Notes to the consolidated financial statements
For the year ended 31 December 2025**

8 General and administrative expenses

| | Year ended 31 Dec. 2025 KD | Year ended 31 Dec. 2024 KD |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Staff costs | 41,793 | 59,322 |
| Rents | 4,800 | 4,300 |
| Government subscriptions and fees | 26,953 | 18,229 |
| Professional, advisory and legal fees | 32,041 | 22,212 |
| Fines and violations | 45,000 | - |
| Other and miscellaneous | 8,654 | 731 |
| Total | 159,241 | 104,794 |

9 Basic and diluted loss per share attributable to shareholders of the parent company

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to the shareholders of the Parent Company by weighted average number of shares outstanding during the year.

| | Year ended 31 Dec. 2025 | Year ended 31 Dec. 2024 |
|--|----------------------------|----------------------------|
| Loss for the year attributable to the shareholders of the Parent Company (KD) | (154,384) | (2,701,194) |
| Weighted average number of shares outstanding during the year (shares) | 312,624,230 | 312,624,230 |
| Basic and diluted loss per share attributable to the shareholders of the Parent Company | (0.48) Fils | (8.48) Fils |

There are no diluted shares expected to be issued.

10 Investment in associate

The details of the associate are as follows:

| Name | Country of incorporation | Percentage Ownership | | Activity |
|----------------------------------|--------------------------|----------------------|-----------------|-------------------|
| | | 31 Dec. 2025 | 31 Dec. 2024 | |
| Reaya Takaful Insurance Co. KSCC | Kuwait | 44.48% | 44.48% | Takaful Insurance |

The movement in the investment in the associate during the year is as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---|-----------------------|-----------------------|
| Balance at beginning of the year | 1 | 3,612,405 |
| Group's share in associate reserves (below - a) | - | (2,150,227) |
| Impairment value of investment in associate (below - a) | - | (1,462,177) |
| Balance at end of the year | 1 | 1 |

10 Investment in associate (continued)

- a. During 2024, management of the associate company revalued its investments at fair value through other comprehensive income (by an independent external asset appraiser). The pre-revaluation balance was KD7,562,758 and the revaluation balance was KD2,728,665 (a reserve for the change in fair value resulting from the revaluation of its investments, amounting to KD4,834,094 was recorded and included directly in the fair value reserve within the associate company's equity). Accordingly, the Group's management calculated its share of the associate company's fair value reserve, amounting to KD2,150,227. The remaining balance of the investment in the associate company, which was included in the fair value reserve item within the group's equity during 2024, was subsequently recorded as an impairment loss of KD1,462,177 during 2024, according to the report of the independent external appraiser, who based his assessment of that value on data regarding the associate company's ability to continue as a going concern, given its cessation of activities and the existence of financial cases against it.

The independent external valuer used the NAV – Going Concern Approach for all the assets subject to valuation (which are the investment in an associate and investments at fair value through other comprehensive income – Note 11).

- b. The Group's management did not provide us with audited financial statements for the above-mentioned associate company, as we relied on unaudited financial statements prepared by management. Therefore, we were unable to assess the fairness of the associate company's financial statements and information in accordance with the requirements of International Standards on Auditing.
- c. The aggregate information details listed below are based on unaudited financial statement (management report) for the fiscal year ending 31 December 2025:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|-----------------------|-----------------------|
| Total assets | 10,390,606 | 9,006,486 |
| Total liabilities | (7,072,520) | (5,719,251) |
| Net assets | 3,318,086 | 3,287,235 |
| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
| Net profit for the year | (1,000) | - |
| Total comprehensive loss for the year | (1,000) | (4,371,124) |

The reconciliation of the summary financial statements of the associate company above with the book value in the consolidated statement of financial position is as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|-----------------------|-----------------------|
| Company ownership (%) | 44.48% | 44.48% |
| Net assets of the associate | 3,318,086 | 3,287,235 |
| Company's share of net assets | - | 1,462,178 |
| Impairment resulting from the valuation of the investment in the associate (above - a) | - | (1,462,177) |
| Net fair value of investment in an associate | 1 | 1 |

11 Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income are shown during the year as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--------------------------------------|-----------------------|-----------------------|
| Quoted securities | 3 | 5 |
| Unquoted securities | 1,697,042 | 1,805,222 |
| Fair value at end of the year | 1,697,045 | 1,805,227 |

The movement in investments at fair value through other comprehensive income during the year is as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|-----------------------|-----------------------|
| <u>Quoted and unquoted securities</u> | | |
| Fair value at beginning of the year | 1,805,227 | 5,092,917 |
| Disposals during the year | - | (26,016) |
| Change in fair value during the year (below) | (108,182) | (3,261,674) |
| Fair value at end of the year | 1,697,045 | 1,805,227 |

The Group recorded the change in the fair value of investments at fair value through other comprehensive income, based on an assessment prepared by an independent external asset appraiser, issued on 27 March 2025 (as an addendum to the assessment was issued on 9 November 2025 for the period ending 30 September 2025), through which the change in fair value was recorded within the items of other comprehensive income, and also appeared directly within the consolidated statement of changes in equity in the item of fair value reserve.

The independent external valuer used the adjusted net assets method (NAV – Going Concern Approach) for all the assets subject to the valuation, which are investments in associates - Note (10) and investments at fair value through other comprehensive income (the number of four major investments owned by the Group).

The Company valued its investments in accordance with the requirements of International Financial Reporting Standard No. (13) - Fair Value Measurement, where the objective of measuring fair value is to estimate the price at which an orderly transaction would take place to sell the asset or transfer the liability between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all of the following:

The specific asset or liability that is the subject of measurement (consistent with its unit of account) for the non-financial asset, the appropriate valuation assumption for the measurement (consistent with its highest and best use), the principal (or most advantageous) market for the asset or liability, and valuation techniques appropriate for the measurement, taking into account the availability of data from which inputs can be developed that represent the assumptions that market participants would use when pricing the asset or liability, and the level of the fair value hierarchy within which the inputs are categorized.

12 Investment at fair value through profit or loss

Investments at fair value through profit or loss are shown during the year as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--------------------------------------|-----------------------|-----------------------|
| Quoted securities | 4,739 | 4,532 |
| Local unquoted funds | 1 | 1 |
| Fair value at end of the year | 4,740 | 4,533 |

13 Cash and cash equivalents

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|----------------------|-----------------------|-----------------------|
| Bank balances | 559 | 1,460 |
| Cash in mutual funds | 395 | 35,555 |
| | 954 | 37,015 |

14 Share capital

The authorized, issued and fully paid-up capital of the parent company is KD31,862,423, distributed over 318,624,230 shares with a nominal value of 100 Kuwaiti Fils per share (KD31,862,423 distributed over 318,624,230 shares with a nominal value of 100 Kuwaiti Fils per share on 31 December 2023) and all capital shares are in cash.

Proposed capital reduction:

The Board of Directors, in its meeting held on 30 September 2025 approved the reduction of the parent company's capital from KD31,862,423 to KD8,285,607, a reduction of KD23,576,816 (74%). This reduction aims to fully offset the accumulated losses as of 31 December 2024, and to utilize the statutory reserve balance by cancelling common shares, according to the report prepared by the Board of Directors. (The reduction of the company's capital is subject to the approval of the extraordinary general assembly of the company's shareholders and regulatory authorities).

On 8 October 2025, the Capital Markets Authority approved the request submitted by the group's management to reduce the parent company's capital as follows:

- Cancel the statutory reserve balance of KWD 94,506 to offset a portion of the accumulated losses.
- Reducing the capital from KWD 31,862,423 to KD8,285,607 with a value of KD23,576,816, representing 74% of the capital, by canceling 235,768,160 shares at a nominal value of 100 Kuwaiti Fils per share, to extinguish the entire accumulated losses.

15 Statutory reserves

The Companies Law, the Articles of Association, and the Articles of Incorporation of the parent company require the transfer of 10% of the annual profit attributable to the parent company's shareholders, before deducting the zakat provision and board remuneration, to the statutory reserve. This transfer shall cease upon a resolution of the parent company's shareholders when the reserve reaches 50% of the paid-up capital. Distribution of the statutory reserve is limited to the amount necessary to pay dividends equal to 5% of the paid-up capital in years when retained earnings are insufficient to pay such dividends.

No transfer shall be made in a year in which there is a loss or in the presence of accumulated losses.

16 Provision for employees' end of service benefits

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|-----------------------------------|-----------------------|-----------------------|
| Balance at beginning of the year | 14,924 | 14,881 |
| Charged for the year | 64 | 2,791 |
| Disposal during the year | (4,646) | - |
| Paid during the year | (1,649) | (2,748) |
| Balance at end of the year | 8,693 | 14,924 |

17 Payables and other liabilities

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--------------------------|-----------------------|-----------------------|
| Accrued expenses | 87,508 | 54,566 |
| Due Expenses - CMA Fines | 119,463 | 74,463 |
| Tax deductions | 248,543 | 248,543 |
| Cash Dividend Creditors | 23,583 | 23,583 |
| | 479,097 | 401,155 |

18 Related party transactions

Related parties represent major shareholders, directors, and key management personnel of the Group, as well as companies controlled, jointly controlled, or over which such parties exercise significant influence. Pricing policies and terms of these transactions are approved by the Group's management. All transactions between the parent company and its subsidiary that are related to the parent company and are not disclosed in this note are eliminated upon consolidation.

Details of transactions between the Group and related parties are set out below:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|-----------------------|-----------------------|
| Balances included in consolidated statement of financial position | | |
| Due from related parties (Below – a) | 1 | 1 |
| Due to related parties | 166,860 | 119,688 |

a) Impairment of financial assets

In accordance with International Financial Reporting Standard (IFRS) 9 – Financial Instruments, the Group's management increased its provision for credit losses on amounts due from related parties with a maturity exceeding one year by KD1,103,787 during 2024, as reflected in the consolidated statement of profit or loss for the year 2024.

The balances of amounts due from related parties and their provisions as of 31 December 2025 and 2024 are shown below:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|---------------------------------|-----------------------|-----------------------|
| Due from related parties | 3,774,838 | 3,774,838 |
| Less: Provision for credit loss | (3,774,837) | (3,774,837) |
| | 1 | 1 |

19 Annual general assembly

The Board of Directors recommends no dividends for the fiscal year ending 31 December 2025. The Board of Directors also recommends no remuneration for the Board of Directors for the year ending 31 December 2025. These recommendations are subject to the approval of the General Assembly of Shareholders.

31 December 2024:

The Ordinary General Assembly of Shareholders held on 27 May 2025 approved the audited financial statements for the year ending 31 December 2024 and the Board of Directors' proposal not to distribute dividends to shareholders for the fiscal year ending 31 December 2024.

The Board of Directors' proposal not to pay a bonus to the members of the Board of Directors for the fiscal year ending 31 December 2024 was also approved.

20 Fair value measurement

The following table presents the financial assets which are measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets into three levels based on the significance of inputs used in measuring the fair value of the financial assets. The fair value hierarchy has the following levels:

- Level (1): quoted prices (unadjusted) in active markets for identical assets.
- Level (2): inputs other than quoted prices included within Level (1) that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level (3): inputs for the assets that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value on a recurring basis in the statement of financial position are classified into the fair value hierarchy as follows:

Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are categorized into the fair value hierarchy as follows:

| 31 December 2025 | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|--------------|
| | KD | KD | KD | KD |
| Financial Assets at fair value | | | | |
| Investments at fair value through other comprehensive income: | | | | |
| Quoted securities | 3 | - | - | 3 |
| Unquoted securities | - | - | 1,697,042 | 1,697,042 |
| | 3 | - | 1,697,042 | 1,697,045 |
| Investments at fair value through profit or loss: | | | | |
| Quoted securities | 1 | - | - | 1 |
| Local unquoted funds | - | 4,739 | - | 4,740 |
| | 1 | 4,739 | - | 4,740 |

20 Fair value measurement (continued)

| <u>31 December 2024</u> | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|-----------|-----------|
| Financial Assets at fair value | KD | KD | KD | KD |
| Investments at fair value through other comprehensive income: | | | | |
| Quoted securities | 5 | - | - | 5 |
| Unquoted securities | - | - | 1,805,222 | 1,805,222 |
| | 5 | - | 1,805,222 | 1,805,227 |
| Investments at fair value through profit or loss: | | | | |
| Quoted securities | 1 | - | - | 1 |
| Local unquoted funds | - | 4,532 | - | 4,532 |
| | 1 | 4,532 | - | 4,533 |

There were no transfers between the first, second and third levels of the hierarchy above. The methods and valuation techniques used for the purposes of measuring fair value have not changed compared to the previous financial reporting period.

Investments in quoted and unquoted shares

Investments in quoted shares represent all listed ordinary shares that are generally traded in the stock exchanges, while investments in unquoted shares represent all investments that are carried at cost or fair value as estimated by management due to the lack of information about their market value. Fair values were determined by reference to the latest price quotations at the reporting date. Unquoted investments (included in investments at fair value through other comprehensive income) were valued by an independent external valuer (see Note 11).

Investments in portfolios and investment funds managed by others

Investments in portfolios and investment funds managed by others represent quoted and unquoted bonds, quoted and unquoted securities. The fair value was determined by reference to the latest reports received from the managers.

21 Risk management objectives and policies

The Group's activities are exposed to a variety of financial risks, such as market risk (including currency risk, interest rate risk, and price volatility risk), credit risk, and liquidity risk. The Board of Directors of the parent company has overall responsibility for risk management and the development of risk strategies and principles. The Group's risk management focuses primarily on securing the Group's short- and medium-term cash flow requirements and minimizing the potential for adverse events that could impact the Group's operating results. Long-term financial investments are managed on the basis that they will provide a sustainable return.

The Group does not enter into or trade financial instruments, including derivatives, that are based on future speculation. The most significant financial risks to which the Group is exposed are as follows:

21.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of losses due to exchange rate fluctuations. Consequently, the group does not hedge foreign currency risk.

21 Risk management objectives and policies (continued)

21.1 Market risk (continued)

b) Interest rate risk

Interest rate risk typically arises from the possibility that changes in interest rates will affect future earnings or the fair values of financial instruments. The Group is not exposed to interest rate risk.

c) Price risk

The Group is exposed to the risk of price fluctuations in its investments, particularly those related to its equity investments. Equity investments are classified as investments at fair value through other comprehensive income and investments at fair value through profit or loss.

To manage the risk resulting from price fluctuations in its equity investments, the Group diversifies its investment portfolios.

The following table illustrates the Company's exposure to the degree of sensitivity associated with its investments in securities, based on the potential risks of those securities' prices as of the reporting date. If the securities' prices change by 1% (2024: 1% increase/decrease), the impact of those changes on the company's earnings for the year will be as follows:

| | Profit for the year | |
|--|-----------------------|-----------------------|
| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
| Investments at fair value through other comprehensive income | 16,970 | 18,052 |
| Investments at fair value through profit or loss | 47 | 45 |

21.2 Credit risk

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument, resulting in a financial loss. The Group implements policies and procedures to limit its exposure to any counterparty and to monitor the collection of receivable balances on an ongoing basis.

The Group limits its credit risk with respect to bank balances and investment deposits by dealing with reputable banks and financial institutions. In addition, receivable balances are monitored on an ongoing basis and Note (18) discloses the Group's exposure to expected credit losses.

The group exposure to credit risk is limited to the amounts included in financial assets at the reporting date, summarized as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--|-----------------------|-----------------------|
| Investments at fair value through profit or loss | 4,740 | 4,533 |
| Refundable deposits and advance payments | 3,525 | 3,176 |
| Due from related parties | 1 | 1 |
| Cash and cash equivalents | 954 | 37,015 |
| | 9,220 | 44,725 |

Credit risk for bank balances is considered minimal as the counterparties are reputable financial institutions with high credit quality and no history of default.

21 Risk management objectives and policies (continued)

21.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations when due. To mitigate this risk, management has diversified funding sources, managed its assets with liquidity in mind, and monitored liquidity on a regular basis. As part of prudent liquidity management, the Group generally maintains sufficient cash or readily available cash investments to meet working capital requirements. Financial liabilities are expected to mature within twelve months of the reporting date. The maturities of liabilities as of 31 December 2025 and 2024 are:

| | Less than One year KD | More than One year KD | Total KD |
|--|-----------------------------|-----------------------------|----------------|
| 31 December 2025 | | | |
| Financial liabilities: | | | |
| Provision for employees' end of service benefits | - | 8,693 | 8,693 |
| Payables and other liabilities | 479,097 | - | 479,097 |
| Due to related parties | 166,860 | - | 166,860 |
| | 645,957 | 8,693 | 654,650 |
| 31 December 2024 | | | |
| Financial liabilities: | | | |
| Provision for employees' end of service benefits | - | 14,924 | 14,924 |
| Payables and other liabilities | 401,155 | - | 401,155 |
| Due to related parties | 119,688 | - | 119,688 |
| | 520,843 | 14,924 | 535,767 |

Going Concern Principle

The financial statements have been prepared in accordance with the going concern principle (Note 6), which assumes the Group's ability to realize its assets and meet its liabilities through its normal business operations. The financial statements do not include any adjustments that may result from uncertainties surrounding the Group's continuity.

The Group's continuity depends on its ability to generate profits, enhance its future cash flows, and restructure its debts, in addition to the support and financing provided by shareholders. The Group's management believes that although there are some uncertainties regarding the Group's ability to address these factors, which may result in the Group's inability to realize its assets and meet its liabilities through its normal business operations, the Group's management expects it will be able to collect the cancelled subscription proceeds, increase the parent company's capital, and attempt to sell some of its investments.

22 Capital risk management.

The Group's objectives for managing capital risk are to focus on the Group's continued success and to achieve an adequate return to shareholders through optimum utilization of the capital structure. The Group manages the capital structure and makes necessary adjustments in light of changes in economic conditions and other variables related to the risks associated with the Group's assets. To maintain or adjust the capital structure, the Group may adjust the amounts paid in dividends and the return of capital to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in business conditions. No changes were made to the objectives, policies, or procedures during the years ended 31 December 2025 and 31 December 2024.

The capital of the parent company's shareholders consists of the capital items, statutory reserve, fair value reserve, the Group's share of the associate's reserve and accumulated losses and is estimated at KD1,072,848 as of 31 December 2025 (2023: KD1,335,444).

23 Comparative Figures

Certain prior year comparative figures have been reclassified to conform to the presentation of the current year's financial statements. Such reclassifications had no impact on the previously reported losses, the Group's net assets and equity, or the opening balances for the prior comparative period. Accordingly, no third consolidated statement of financial position is presented.

24 Segment Information

The Group operates in one segment, investments, and the majority of the Group's assets and operations are located within the State of Kuwait, as follows:

| | 31 Dec. 2025 KD | 31 Dec. 2024 KD |
|--------------------------|-----------------------|-----------------------|
| Sector revenue / (loss) | 4,853 | (1,500,552) |
| Loss for the year | (154,388) | (2,709,133) |

25 Lawsuits

The Group has potential lawsuits, including financial cases and claims pending before the courts at various levels with other parties. Their outcomes cannot be determined as of the date of preparing these consolidated financial statements. The Group's management believes that no provisions should be made for these cases and claims until their outcomes are determined. The Parent Company has an executive lien in Favor of the creditor (Director of the Judicial Fees Department in his capacity) - Case No. 22012777 dated 31 July 2024.