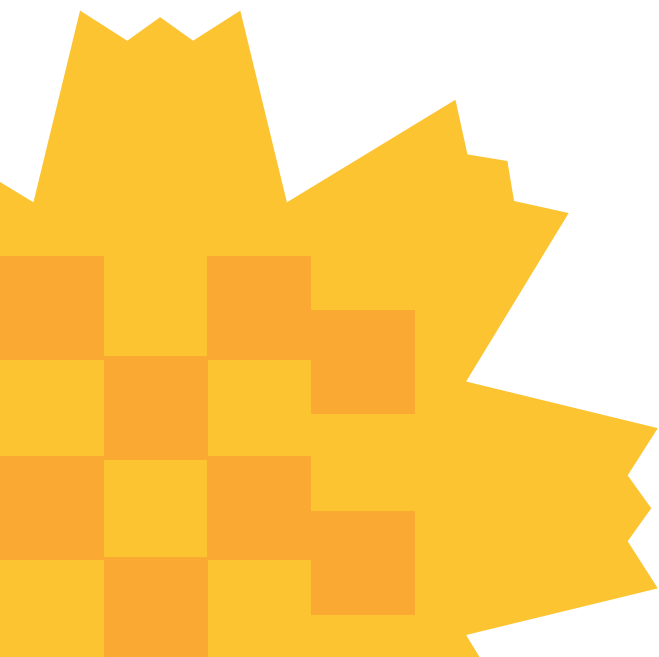
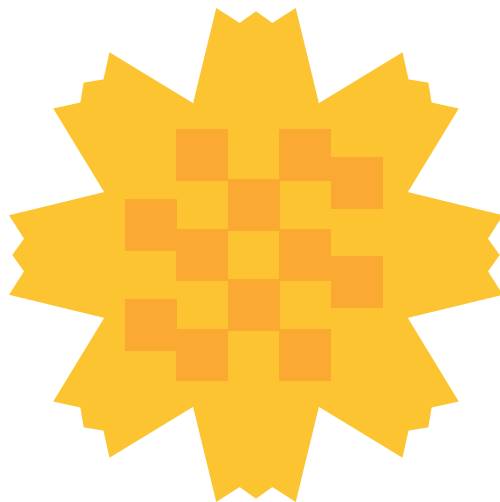


ANNUAL REPORT 2025

FOR THE FINANCIAL
YEAR ENDED ON
31 DECEMBER



الصفاة
AL SAFAT.

شركة الصفاة للإستثمار
AL SAFAT INVESTMENT COMPANY

alsafatinvest.com

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



H. H. SHEIKH
MESHAL AL-AHMAD AL-JABER AL-SABAH
AMIR OF THE STATE OF KUWAIT



H. H. SHEIKH
SABAH KHALED AL-HAMAD AL-SABAH
CROWN PRINCE OF THE STATE OF KUWAIT

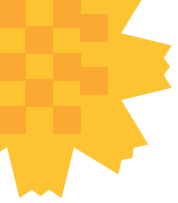


Table of Contents

• Al-Safat Investment Company Profile	08
• Subsidiaries, Associates and Key Investments of Al-Safat Investment Company	10
• Board of Directors	12
• Board of Directors' Report for the year 2025	14
• Corporate Governance Report for the year 2025	18
• Independent Board Member's Endorsement	36
• Audit Committee Report for the year 2025	39
• Board of Directors and Executive Management's Undertaking	42
• Shariah Audit Committee Report for the year 2025	44
• Shariah External Audit Report for the year 2025	46
• Independent auditor's report and Consolidated Financial Statements for the year 2025	49

Al-Safat Investment Co. was founded on September 15, 1983 as a Kuwaiti shareholding company, working in accordance with provisions and requirements of the Islamic Shari'a. The company was founded to be one of the leading companies in the field of wealth management and investment with a strategy that depends on diversification of income sources through acquiring the best investment opportunities available in various fields.

The company is working under the control and supervision of Kuwaiti regulating entities such as the Kuwait Capital Market Authority, and Kuwait Ministry of Commerce and

Industry. The company is taking into account the commands, laws and instructions that are issued from these authorities by being compliant to all regulations.

The main goal of Al-Safat Investment Company is to obtain successful and fruitful investments utilizing its expertise & professional vision towards selecting active investment opportunities and products which satisfy a wide segment of investors.

The Company's capital currently amounts 31,752,228,800 KD.

Al-Safat Investment Company Profile



Purposes for founding the Company are the following:

1. The ownership in real-estate and the necessary moveable assets required to operate within the limits that are permitted by law (642030).
2. Investment portfolio manager (650210).
3. Investment consultant (661904).
4. Subscription agent (650230).
5. Buying and selling securities, shares, and bonds on behalf of the company (649917).
6. Collective investment system manager .(650220)
7. Investment Controller (650260).
8. Custodian (650240).
9. Market Maker (650250).


Key Subsidiaries of Al-Safat Investment Company:

<u>Name of the Subsidiary</u>	<u>Ownership Percentage</u>	
		2025
Al Safat Holding Company (Closed) KSCC *	% 99	
Al Safat Consultant Company K.S.C. (Closed)	% 96	
Dar Al-Safat for General Trading Company W.L.L.*	% 99	
Al-Assriya Printing Press Publishing & Distributing Co. W.L.L	% 90	
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	% 71.92	
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	% 63.79	
The Liquid Capital General Trading Company W.L.L.	% 50	
Carpets Industry Company K.S.C. (Closed)	% 51.28	

Associates of Al-Safat Investment Company:

<u>Name of the Associate</u>	<u>Ownership Percentage</u>	
		2025
Asia Holding Company K.S.C.C	% 21.7	
Senergy Holding Company K.S.C.P.	% 20.88	

Key Investments of Al-Safat Investment Company:

<u>Name of the Company</u>	
Al Shuaiba Industrial Company K.P.S.C.	

* The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2025.

Subsidiaries & Associates


Board of Directors




Abdullah Hamad AlTerkait
Chairman



Ziad Al Mukhaizim
Vice Chairman & Chief Executive Officer




Dr. Anwar Ali Al Naqi
Board Member



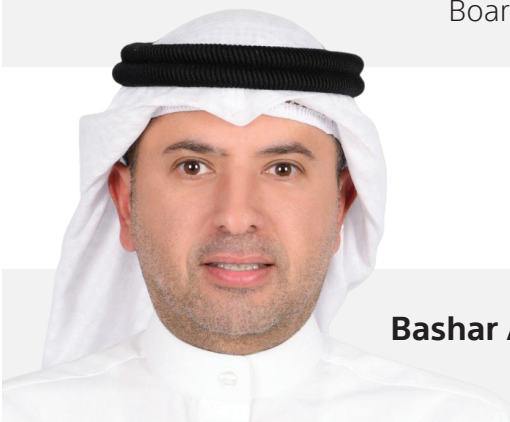
Abdul Muhsen Suliman Al Meshan
Board Member



Mishaal Ahmed Al Jareki
Board Member



Yousif Al Thouwiakh
Board Member



Bashar Abdullah Al Meshari
Board Member

Address by the Chairman of the Board of Directors Annual Report 2025

Dear Valued Shareholders,

It is my pleasure to present to you the Annual Report of Al-Safat Investment Company for the financial year ended 31 December 2025, a year that marked an important milestone in the Company's journey, during which we successfully achieved a qualitative improvement in operational and financial performance, while strengthening our financial position and reinforcing the foundations for sustainable growth.

During 2025, the Kuwaiti economy witnessed positive indicators in terms of financial stability and continued economic reform programs, alongside the acceleration of developmental projects led by the State under its strategic plans to promote economic diversification and encourage private sector participation in development.

The country also introduced numerous investment opportunities related to infrastructure and urban development projects. In this regard, Al-Safat Investment Company seeks to capitalize on such projects, including B.O.T. projects and Public-Private Partnerships (PPP), which are expected to open promising horizons for investment companies to benefit from these opportunities and actively contribute to supporting the national economy.

Kuwait Stock Exchange

The Kuwait Stock Exchange recorded strong performance during 2025, reflecting improved market confidence and renewed investment momentum.

During the year, market indices posted notable gains, with the Premier Market Index rising by 21.2%, the All Share Index increasing by 21%, and the Main 50 Index recording the highest gain among major indices with an increase of 27.7%, while the Main Market Index rose by 20.2%.

This positive performance was reflected in the market capitalization of listed companies as of 31 December 2025, which increased by approximately 23.3%, indicating improved liquidity levels and heightened investor interest in the Kuwaiti market, supported by strong financial results from several leading companies and continued activity by investment portfolios and funds.

Within this economic environment, Al-Safat Investment Company continued executing its strategy focused on diversifying income sources, enhancing asset management efficiency, and generating sustainable returns for shareholders, which was clearly reflected in the Company's results for the fiscal year 2025.

Key Performance Highlights for FY2025

The Company achieved strong revenue growth, with revenues increasing to KWD 10.87 million in FY2025 compared to KWD 5.19 million in FY2024, representing an annual growth of 109%, reflecting positive momentum in the Company's core operations and success in strengthening its income streams.

Al-Safat Investment's profitability also improved significantly in 2025, with net profit rising from approximately KWD 0.22

million in FY2024 to KWD 5.60 million in FY2025, achieving exceptional growth of 2,475%. This performance reflects a substantial improvement in profitability, supported by the financial judicial settlement in the United Arab Emirates between Al-Safat and Evolve Capital Group amounting to AED 160 million, which had a major impact on the Company's results.

Settlement Payments

It is worth noting that the Company received AED 60 million from the settlement amount (equivalent to approximately KWD 5 million) in January 2025, while the remaining AED 100 million will be paid through annual installments over five years at AED 20 million at the end of each year.

As a result of the achieved profits, the Company continued its plan to provide rewarding shareholder distributions, with the Board of Directors recommending a 5% bonus share distribution, in addition to cash dividends of 5 fils per share, approved and distributed quarterly to shareholders during 2025.

On the operational side, the Company's operating profit increased from KWD 65 thousand in FY2024 to KWD 750 thousand in FY2025, supported by improved performance across its core operating platform and enhanced cost management efficiency.

Regarding shareholder returns, earnings per share (EPS) increased from 0.8 fils in FY2024 to 20 fils in FY2025, an exceptional increase of 19 fils, reflecting the Company's success in achieving strong earnings

growth on a per-share basis and enhancing shareholder value.

The substantial growth in net profit compared to revenues indicates a clear improvement in cost structure, operational efficiency, and profitability margins, reflecting the impact of management initiatives aimed at enhancing real estate asset management and growing investment revenues.

Financial Position and Capital Strength

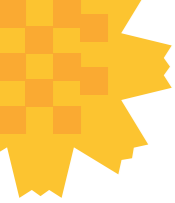
The Company continued strengthening its financial position during 2025, with total assets increasing from KWD 43.72 million in FY2024 to KWD 47.99 million in FY2025, representing growth of 9.8%.

Meanwhile, total liabilities declined from KWD 9.19 million to KWD 8.40 million, a decrease of 8.6%, reflecting a conservative approach in liability management and strengthening the Company's balance sheet.

Shareholders' equity attributable to the parent company also increased from KWD 30.47 million to KWD 35.65 million, representing growth of 17%, driven by improved profitability.

Local Developments

Locally, Al-Safat Investment Company continued implementing its vision to enhance the efficiency of its operating and investment assets by developing its real estate assets and improving operational management, thereby supporting performance sustainability and enhancing shareholder value.



In this context, the Company continued developing Al-Safat Tower as an attractive office tower for various companies and entities, while also focusing on enhancing the complex in line with its nature as a shopping mall. Additionally, the Company supported The Blue Complex in Ahmadi as an industrial project accommodating several key industries and contributing to the support of small businesses.

These efforts coincided with expanded use of information technology and smart systems in operations and monitoring, directly impacting performance. Occupancy rates in Al-Safat Tower increased from 96% in 2024 to 99% in 2025, while occupancy at The Blue Complex increased from 91% in 2024 to 96.5% in 2025.

Modern Press

Modern Press is one of the prominent companies in the local paper and printing sector and is one of the entities owned by Al-Safat Investment Company, maintaining a solid market presence through diverse activities.

Modern Press provides a comprehensive range of printing solutions and services to a broad base of companies and institutions across various sectors. Over the past five years, the Company has strengthened its market position through a strategic approach based on service diversification and product quality enhancement, contributing to revenue growth of approximately 14% and strengthening its competitive market share.

During 2025, Modern Press maintained

its positive performance despite regional business environment challenges, recording strong revenue growth of 15%, supported by stable demand and continued customer confidence. Gross profit margins improved by 366 basis points, while net profit increased by 72%, driven by effective cost management and improved operational efficiency. These results reflect the Company's strong operational performance and ability to sustain growth and create long-term value.

Market Making

In line with its focus on financial services, the Company launched its Market Maker activity as a new source of revenue within its investment activities. The service is currently provided to four clients and achieved a return of 13.60% during FY2025, while cumulative return since inception reached 16.99%, reflecting the Company's success in diversifying its investment services and expanding its revenue base.

Additionally, Al-Safat Investment Company exited its entire 60% stake in its subsidiary Al-Juthoor Securities Trading Company during June 2025, as part of restructuring its investment portfolio and focusing on investments more aligned with the Company's future strategy. The Company also finalized a settlement to receive USD 1.2 million (KWD 36 thousand) in Egypt resulting from a previously approved Mudaraba agreement.

Future Outlook

Looking ahead, we aim to continue

implementing our strategy to achieve sustainable growth and maximize value for shareholders by focusing on investment opportunities linked to development projects in Kuwait, including PPP projects and B.O.T. projects, while also enhancing investment activities, market making services, and asset management.

We will also continue restructuring our local and regional investment portfolio, with Al-Safat Investment moving toward entering into higher-yield investments and disposing of non-performing assets to safeguard the Company's interests.

Strategic Partnerships

Al-Safat Investment Company places great emphasis on establishing strategic partnerships as part of its efforts to expand its investments and diversify income sources by seizing promising opportunities and projects, while also launching financial products and services that generate returns, not only in the Kuwaiti market but also regionally.

The Company's future objectives include developing and launching new investment products, including Exchange-Traded Funds (ETFs) and income-generating real estate funds, in addition to exploring other investment and structural opportunities that may contribute to creating added value for the Company and enhancing its presence in local and regional markets.

Closing Remarks

In conclusion, I extend my sincere gratitude to our valued shareholders for their continued trust, and my

appreciation to the Board of Directors, executive management, and all Company employees for their efforts and dedication, which played the greatest role in achieving these positive results. We pray to God for continued success in sustaining our journey of growth and achievement in the years ahead.

Abdullah Hamad Al-Terkait
Chairman

Corporate Governance Report for Al Safat Investment Company (ASIC) For the Fiscal Year ending as of December 31, 2025

ASIC's Viewpoint of Governance Principles:

Al Safat Investment Company has a firm belief that the existence of an effective corporate governance framework is a fundamental factor for the success of its business, given its importance in enhancing confidence in the Company and enabling opportunities to implement comprehensive and sustainable changes aligned with the Company's values. Accordingly, one of the key objectives of the Company and its management is to establish a robust and applicable governance framework, taking into consideration the rights of stakeholders and investors, relevant requirements set by regulatory authorities, environmental, social and health commitments, and economic objectives. Al Safat Investment Company also relies on continuing to achieve its core governance-related objectives, capitalizing on new opportunities, and meeting the increasing demands on its ability to manage risks effectively, thereby enabling it to continue complying with the requirements of regulatory authorities in the State of Kuwait.

Rule One:

Building a Balanced Board Structure:

Diversity in the composition of the Board of Directors is a key factor for success in light of the rapid developments in the business environment. Accordingly, the Board of Directors of Al Safat Investment Company consists of individuals with diverse expertise and skills, resulting in a balanced and effective structure that enables the Board to perform its duties and responsibilities to the fullest extent, while taking into consideration evolving business needs.

The role of the Board of Directors of Al Safat Investment Company represents the balance point that works towards achieving the Company's strategic objectives and, consequently, the objectives of shareholders. The Board has assumed responsibility for adhering to sound governance standards through activating and applying governance rules and best practices, supported by a comprehensive set of policies, procedures, and mechanisms, and by defining the responsibilities and duties of both the Board of Directors and executive management of the Company, while taking into account the protection of shareholders' rights, stakeholders' rights, customers, management, employees, and the community.

The Board of Directors of Al Safat Investment Company consists of seven members elected by the Company's General Assembly for a period of three years. The Board has been structured in a balanced manner consistent with the size and nature of the Company's activities, comprising three non-executive members, three independent members, and one executive member. All members possess diverse and specialized expertise and competencies that contribute to enhancing the process of decision-making within the Company.

All current Board members possess the appropriate qualifications, experience, and skills relevant to the Company's activities, as detailed in the table below:

Name	Member's Classification	Academic Qualification and Experience	Election / Appointment
Abdullah Hamad Al Terkait	- Chairman of the Board – Non-Executive Member / Elected (Representing Al Safat Holding Company)	- Holds a master's degree in business administration; Holds a bachelor's degree in public administration and political science. - Years of experience: more than 20 years.	25 May 2025
Zeyad T. Al Mukhaizeem	- Vice Chairman & Chief Executive Officer – Executive Member / Elected (Representing Darat Al Safat General Trading Company)	- Holds a master's degree in business administration; Holds a bachelor's degree in engineering. - Years of experience: more than 20 years.	25 May 2025
Yousif S. Al Thuwaikh	- Board Member – Non-Executive Member / Elected	- Holds a bachelor's degree in accounting. - Years of experience: 30 years	25 May 2025
Bashar A. Al Meshari	- Board Member – Non-Executive Member / Elected (Representing Al Safat Consultancy Company)	- Holds a bachelor's degree in accounting. - Years of experience: more than 30 years	25 May 2025
Abdulmuhsun Al Mashaan	- Board Member – Independent Member / Elected	- Holds a bachelor's degree in Global Finance and Marketing. - Years of experience: more than 45 years.	25 May 2025
Mishal Ahmad Al-Jarki	- Board Member – Independent Member / Elected	- Holds a master's degree in business administration (General & Strategic Management). - Holds a bachelor's degree in accounting. - Years of experience: more than 20 years.	25 May 2025
Dr. Anwar Ali Al-Naqi	- Board Member – Independent Member / Elected (Representing Kuwait Industries Holding Company)	- Holds a PhD, master's and bachelor's degrees in civil engineering. - Holds a bachelor's degree in architectural engineering. - Years of experience: more than 45 years.	25 May 2025
Khawla M. A. Qandeel	- Board Secretary	- Holds a Technical Certificate in Business Administration. - Years of experience: more than 25 years	25 May 2025

Board members allocate sufficient time to carry out their duties and responsibilities, and the Board convenes upon invitation from the Chairman.

Brief of ASIC Board's Meetings:

The Board of Directors held eight (8) meetings during 2025, and three (3) resolutions were passed by circulation by the Board during 2025, as detailed below:

Board Member Date of Meeting	Abdullah AlTurkait	Zeyad Al Mukhaizeem	AbdulMuhsun Al Meshan	Dr. Anwar Al Naqi	Meshal Al Jarki	Yousef Al Thuwaikh	Bashar Al Meshari
Meeting No. (1) Dated 20/03/2025	√	√	√	√	√	√	√
Meeting No. (2) Dated 08/04/2025	√	√	√	√	√	√	√
Meeting No. (3) Dated 08/05/2025	√	√	√	√	√	√	√
Board Member Date of Meeting	Abdullah AlTurkait	Zeyad Al Mukhaizeem	AbdulMuhsun Al Meshan	Dr. Anwar Al Naqi	Meshal Al Jarki	Yousef Al Thuwaikh	Bashar Al Meshari
Meeting No. (4) Dated 25/05/2025	√	√	√	√	√	√	√
Meeting No. (5) Dated 28/05/2025	√	√	√	√	√	√	√
Meeting (6), dated 26/6/2025	√	√	√	√	√	√	√
Meeting No. (7) Dated 11/08/2025	√	√	√	√	√	√	√
Meeting No. (8) Dated 05/11/2025	√	√	√	√	√	√	√

Mechanism for Recording, Coordinating, and Maintaining Al Safat Board Minutes

The Board Secretary manages and coordinates all activities related to the Board of Directors in accordance with governance rules. The Secretary is appointed or dismissed by a Board resolution. Under the supervision of the Chairman of the Board, the Secretary ensures compliance with the procedures approved by the Board with respect to the circulation of information among Board members, its committees, and executive management, prepares the Board meeting schedule, and sends invitations to Board meetings while ensuring that Board members are provided with the agenda at least three working days prior to the meeting date, except for urgent meetings. In addition, the Secretary records minutes of Board meetings, registers attendance of members at all meetings, and ensures the proper delivery and distribution of information and coordination among Board members and other stakeholders in the Company, including shareholders, various departments, and relevant employees.

A declaration confirming that the independent member meets the independence requirements as stipulated in Article (2-3) of Module Fifteen (Corporate Governance) is attached.

Rule Two

Proper Identification of Duties and Responsibilities:

The Board of Directors of Al Safat Investment Company is responsible for overseeing the overall

performance and determining the strategic direction of the Company. The Board defines the Company's objectives, approves and periodically reviews the overall strategy, and establishes the organizational and administrative structure and internal control systems of the Company. In addition, the Board monitors the performance of executive management and the extent of its implementation of the approved strategy. It also monitors any conflicts of interest and prevents misuse of authority by related parties. Furthermore, the Board is responsible for approving consolidated financial statements that fairly reflect the Company's financial position in accordance with International Financial Reporting Standards, as well as determining the internal control framework necessary to prepare financial statements free from material misstatements.

Al Safat Investment Company has defined in detail the duties, responsibilities, and obligations of both the Board of Directors and executive management, as well as the authorities and powers delegated to executive management through policies and regulations approved by the Board.

Key duties and responsibilities assigned to AISC Board are as follows:

1. Approving the Company's objectives, strategies, plans, and key policies.
2. Approving annual estimated budgets and quarterly and annual financial statements.
3. Overseeing the Company's major capital expenditures and ownership of assets and investments.
4. Ensuring that the Company's departments comply with policies and procedures that guarantee adherence to applicable laws and regulations.
5. Ensuring the accuracy and correctness of the information required for disclosure in accordance with the applicable disclosure and transparency policies and systems.
6. Establish effective communication channels to enable shareholders to access periodic and continuous information regarding the Company's activities and any other fundamental developments.
7. Structuring the corporate governance system, overseeing it, monitoring its effectiveness, and amending it when necessary.
8. Monitoring the performance of Board members, committees, and executive management using key performance indicators.
9. Preparing the annual report for submission to the General Assembly, forming specialized committees in accordance with regulatory requirements, and defining responsibilities, rights, and obligations.
10. Defining the authorities granted executive management and the decision-making process.
11. Monitoring the performance of executive management members and ensuring that they complete all assigned tasks.
12. Establishing a policy governing relationships with stakeholders to protect their rights.
13. Establishing a mechanism to regulate related-party transactions to avoid conflicts of interest.
14. Ensuring the soundness of financial and accounting systems and approving key risk indicators and their measurements, as well as the Company's risk appetite in dealing with such risks.

Significant Roles and Responsibilities of Executive Management:

1. Implementing all policies, regulations, and internal systems of the Company approved by the Board of Directors.

2. Preparing periodic reports on the progress achieved in the Company's activities in light of its strategic plans and objectives and presenting such reports to the Board of Directors.
3. Establishing a comprehensive accounting system that maintains books, records, and accounts that accurately and separately reflect financial data and income accounts, thereby safeguarding the Company's assets and enabling the preparation of financial statements in accordance with International Accounting Standards approved by the Capital Markets Authority.
4. Managing the Company's daily operations and activities and its resources in an optimal manner, as well as working to increase profits and reduce expenses in line with the Company's objectives and strategy.
5. Actively contributing to establishing and promoting a culture of ethical principles within the Company.
6. Establishing internal control and risk management systems and ensuring their effectiveness, comprehensiveness, and adequacy, while ensuring compliance with the risk appetite approved by the Board of Directors.

Board Achievements During 2025:

Based on the Board's responsibilities in achieving the best financial and operational results and executing the Company's strategic plan in the best possible manner, the Board achieved several accomplishments during 2025, including the following:

1. Discussing and approving the audited consolidated annual financial statements.
2. Recommending the appointment of the Company's external auditor, Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Aiban, Al-Osaimi & Partners (Ernst & Young – EY) for the financial year ended 31/12/2025.
3. Recommending the reappointment of the external Sharia auditor, Osoul Sharia Consultancy and Audit.
4. Signing the annual declaration by the Board of Directors and executive management regarding the integrity and soundness of the financial statements.
5. Recommending and approving the distribution of interim cash dividends at a rate of 5% for the period ended 30/06/2025.
6. Approving the recommendations of the Nomination and Remuneration Committee, particularly the following items:
 - Confirming the independence of the independent Board member and signing the independence declaration.
 - Approving the annual remuneration report for Board members and executive management prepared by the Nomination and Remuneration Committee in preparation for presentation to the General Assembly.
 - Approving the recommendation not to distribute remuneration to Board members for the financial year ended 31/12/2024 and submitting the recommendation to the General Assembly.
 - Approving the annual corporate governance report in preparation for presentation at the upcoming General Assembly.
 - Approving the annual report in preparation for presentation at the Annual General Assembly.
 - Approving the integrated annual report.
7. Approving the agenda of the Annual General Assembly.

8. Approving the annual Anti-Money Laundering and Combating the Financing of Terrorism report prepared by the Compliance Department.
9. Approving the annual report related to Module Seven "Client Money and Assets" prepared by the independent auditor.
10. Approving the annual report related to Module Sixteen "Anti-Money Laundering" prepared by the independent auditor.
11. Reviewing the annual Internal Control Review (ICR) report.
12. Approving the semi-annual risk management reports.
13. Approving the draft interim condensed consolidated financial statements (unaudited).
14. Following up on observations and violations issued by regulatory authorities and recommending their remediation and prevention of recurrence (if any).
15. Approving the Company's policies and procedures in light of updates issued by the Capital Markets Authority and best practices.
16. Evaluating the performance of Board members and reviewing the evaluation of Board committees (Audit Committee, Risk Committee, Nomination and Remuneration Committee), in addition to evaluating the performance of the Chief Executive Officer.
17. Delivering the annual training program on Anti-Money Laundering and Combating the Financing of Terrorism.

Brief of Applying the Requirements of Board's Formation of Specialized Independent Committees, taking into consideration disclosure of the following information for each committee:

In the context of the Board performing its duties and responsibilities, the Board has formed subcommittees and approved their charters defining their responsibilities and authorities, with the aim of enhancing oversight over the Company's operations. The members of these committees possess technical and practical expertise that enables them to carry out their assigned duties effectively.

1. Audit Committee

Date of Formation: May 25, 2025.

Committee Tenure: In connection with the tenure and jurisdiction of the present Board.

Committee Members: Mr. Yousif Sulaiman Al Thuwaikh – Chairman.

Mr. Mishal Ahmad Al Jarki – Vice Chairman.

Mr. Bashar Abdullah Al Meshari – Member.

Number of Meetings Held during 2025: 8 Meetings.

Duties and Achievements of the Committee during 2025:

- Reviewing draft interim and annual financial statements and recommending their approval to the Board of Directors
- Recommending the appointment of the external auditor, Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Aiban, Al-Osaimi & Partners (Ernst & Young), for the year ended 31/12/2025.
- Recommending the reappointment of the external Sharia auditor (Osoul Sharia Consultancy and Audit) for the year ended 31/12/2025.

- Updating the Audit Committee Charter and recommending its submission to the Board for approval.
- Reviewing updated policies and procedures of certain departments and recommending their approval.
- Approving the annual internal audit plan prepared by BDO Al-Nisf after obtaining regulatory approval.
- Meeting with the internal auditor four times during the year to discuss audit findings.
- Reviewing internal audit reports and delegating follow-up actions to relevant management.
- Reviewing internal Sharia audit reports (interim and annual).
- Reviewing external Sharia audit reports (interim and annual).
- Reviewing the annual Internal Control Review (ICR) report and delegating follow-up actions.
- Reviewing AML reports submitted to the Capital Markets Authority and recommending approval.
- Reviewing regulatory reports and ensuring corrective actions are taken.
- No conflicts arose between Committee recommendations and Board decisions during the year.

2. Risk Committee:

Date of Formation: May 25, 2025.

Committee Tenure: In connection with the tenure and jurisdiction of the present Board.

Committee Members: Mr. Mishal Ahmad Al Jarki – Chairman.

Mr. Zeyad Tareq Al Mukhaizeem – Vice Chairman.

Mr. Abdulmuhsun Suleiman Al Meshan – Member.

Number of Meetings Held during 2025: 9 Meetings.

Duties and Achievements of the Committee during 2025:

- Approving the semi-annual risk reports submitted to the Capital Markets Authority for the periods ending 31/12/2024 and 30/06/2025, and recommending their submission to the Board of Directors, while following up on observations and working to address them.
- Ensuring the independence of the Risk Management Department and the objectivity of the reports issued by it.
- Approving the appointment of Allinial Al Basam to carry out the development of the risk management function for 2025.
- Reviewing risk reports related to transactions with related parties.
- Updating the Risk Committee Charter and submitting it to the Board of Directors for approval.
- Updating the Risk Management Policies and Procedures Manual and submitting it to the Board for approval.
- Updating the risk appetite and recommending its submission to the Board of Directors for approval.
- Updating the Disaster Recovery and Business Continuity Plan manual, submitting it to the Board for approval, and conducting the annual testing plan.

3. Nominations and Remunerations Committee:

Date of Formation: May 25, 2025.

Committee Tenure: In connection with the tenure and jurisdiction of the present Board.

Committee Members: Mr. Abdullah Hamad Al-Terkait, Chairman.

Mr. Abdulmuhsun Al Meshan, Vice Chairman.

Mr. Dr. Ali Al Naqi, Member.

Number of Meetings Held during 2025: 5 Meetings.

Duties and Achievements of the Committee during 2025:

- Discussing and determining the annual allowances of committees emanating from the Board and approving the determination of committee members' allowances.
- Reviewing the annual remuneration report for Board members and executive management and submitting a recommendation to the Board of Directors.
- Reviewing the annual corporate governance report and submitting it to the Board of Directors for approval in preparation for presentation at the General Assembly.
- Ensuring that the independence status of independent Board members has not been compromised.
- Conducting the annual performance evaluation of the Committee members.
- Preparing and sending annual evaluation forms for the Board of Directors and its committees, in addition to the CEO performance evaluation form, and submitting them to the Board.
- Reviewing the fulfillment of nomination requirements for new candidates for the upcoming three-year electoral cycle and submitting recommendations to the Board to obtain regulatory approval to open nominations.
- Reviewing and ensuring that the appointment request for the candidate for the Compliance function meets the requirements of the Capital Markets Authority and submitting it to the Board of Directors for approval.

4. Provisions Committee:

Date of Formation: April 25, 2024.

Committee Tenure: As resolved by the Board.

Committee Members: Mr. Yousif Sulaiman Al Thuwaikh – Chairman.

Mr. Herald Leo Fernandez – Member and Rapporteur.

Mr. Basem Jaafar Abdoun – Member.

Number of Meetings Held during 2025: 4 Meetings.

Duties and Achievements of the Committee during 2025:

- Approval of provisions.

Brief of method of applying the requirements, allowing the Board members' access to information and data, accurately and in time:

The Company has in place an effective mechanism that enables Board members in general, and non-executive and independent members in particular, to obtain all essential data and information that allow them to carry out their duties through coordination with the Board Secretary, in accordance with applicable laws and regulations. Board members are also provided with the agenda and all related documents at least three working days prior to the meeting date, allowing sufficient time to study the matters and make appropriate decisions.

Rule Three

Nomination of Competent Persons for Board Membership and Executive Management:

Brief of Applying the Requirements of Forming Nominations and Remunerations Committee:

The nomination mechanism applied within the Company ensures the continued selection and attraction of qualified individuals to join either the Board of Directors or executive management. The Board of Directors has formed the Nomination and Remuneration Committee in accordance with corporate governance rules, ensuring that the Committee includes an independent member. The Board has approved the Committee's charter, which includes the following:

- Recommending the acceptance of nominations and re-nominations for Board members and executive management.
- Establishing a clear remuneration policy for Board members and executive management.
- Determining the required skills for Board membership and reviewing them annually.
- Attracting applications for executive positions as needed and reviewing such applications.
- Determining different categories of remuneration to be granted to employees.
- Preparing job descriptions for executive, non-executive, and independent Board members.
- Proposing nominations and re-nominations of members for election by the General Assembly and ensuring that independence criteria for independent members remain valid.
- Establishing mechanisms for evaluating the performance of the Board as a whole, individual members, and executive management based on objective performance indicators.
- Reviewing and proposing training programs and workshops for Board members and executive management.
- Reviewing salary scales and job grades periodically.
- Preparing a detailed annual report on all remunerations granted to Board members and executive management, whether in the form of cash, benefits, or advantages of any kind, to be presented to the General Assembly for approval.

Report of Remunerations Paid to Board Members and Executive Management:

I) Remunerations Policy for Board Members:

Al Safat Investment Company follows a transparent approach regarding the remuneration policy for Board members based on their performance of duties and attendance at Board and committee meetings. The Company complies with the provisions of the Companies Law related to Board remuneration, the instructions of the Capital Markets Authority, the Company's policies, and its Articles of Association.

II) Remunerations Policy for Executive Management:

The remunerations of the Executive Management is related to ASIC performance and achievement of its goals, in line with the volume, nature and degree of risks and positional responsibilities, as well as promoting the principles of belongingness and loyalty, retaining the proper personnel and encouraging ASIC personnel, of various positional levels, to achieve its strategic goals and optimizing profits constantly for the best interests of ASIC, shareholders, investors, stakeholders and related parties. Remunerations include fixed segment, in the form of salaries, bonuses and other fixed benefits, in addition to variable segment, in the form of annual incentives.

A copy of the remunerations report of Board members and Executive Management, and their equivalents, during the fiscal year ending as of 31/12/2025, prepared as per the requirements of corporate governance, is as follows:

* Remunerations and Benefits of Board Members							
Remunerations and Benefits by Affiliates				Remunerations and Benefits by Parent Company			Total Members
Variable Remunerations and Benefits* (KD)		Fixed Remunerations and Benefits (KD)		Variable Remunerations and Benefits* (KD)		Fixed Remunerations and Benefits (KD)	
Committees Remunerations	Annual Remunerations	Monthly Salaries (Total during the Year)	Health Insurance	Committees Remunerations	Annual Remunerations	Health Insurance	
0	120,000	61,500	2,131	70,000	0	0	7

* Remunerations and Benefits of Senior Executives and Equivalents														
Remunerations and Benefits by Affiliates							Remunerations and Benefits by Parent Company						Total Executive Positions	
Variable Remunerations and Benefits (KD)	Fixed Remunerations and Benefits (KD)						Variable Remunerations and Benefits (KD) *	Fixed Remunerations and Benefits (KD)						
Annual Remunerations	Education Allowance	Transport Allowance	House Allowance	Annual Tickets	Health Insurance	Monthly Salaries	Annual Remunerations	Education Allowance	Transport Allowance	House Allowance	Annual Tickets	Health Insurance		Total Monthly Salaries during the Year
0	0	0	0	0	0	0	76,900	8,000	0	0	0	10,620	322,800	7

* The disbursement has been executed, and its financial impact will be reflected in the results of the first quarter of 2026.

• Any material deviations from the remunerations policy approved by the Board.

- N/A

Rule Four:

Ensuring Integrity of Financial Reporting:

Written declarations by the Board members and Executive Management on integrity and fairness of the prepared financial reporting.

The contents of ASIC annual report include the written declarations by the Board members and Executive Management on fairness and integrity of the prepared financial reporting.

Brief of Applying the Requirements of Forming the Auditing Committee:

The primary role of the Audit Committee is to oversee all audit matters and ensure the integrity of financial reports and internal control systems. The Committee performs the following duties, including but are not limited to:

- Reviewing periodic financial statements before submission to the Board and providing recommendations to ensure fairness and transparency.
- Recommending the appointment, reappointment, or replacement of external auditors and determining their fees, while ensuring their independence.
- Monitoring the work of external auditors and ensuring that they do not provide non-audit services to the Company.
- Reviewing external auditors' observations and following up on their implementation.
- Reviewing accounting policies and providing recommendations.
- Evaluating the adequacy of internal control systems and preparing reports with recommendations.
- Overseeing the internal audit function and ensuring its effectiveness.
- Recommending the appointment, transfer, dismissal, and evaluation of the internal audit manager.
- Reviewing and approving internal audit plans.
- Reviewing internal audit reports and ensuring corrective actions are taken.
- Reviewing regulatory reports and ensuring compliance.
- Ensuring compliance with applicable laws and policies.
- No conflicts arose between the Committee's recommendations and Board decisions during 2025.

Independency and Impartiality of External Auditor:

The external auditor is appointed based on the approval of the General Assembly, following a recommendation from the Board of Directors, after the Audit Committee has verified that the auditor is registered in the Capital Markets Authority's official register and meets all requirements set out under the Authority's resolution concerning the registration system of auditors. The shareholders, during the Annual General Assembly meeting, recommended the appointment of the Company's external auditor for the year 2025, Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Aiban & Al-Osaimi (EY), for the financial year ended 31/12/2025.

Rule Five

Establishing Sound Risk Management and Internal Control Systems:

Requirements for Establishing an Independent Risk Management Function:

ASIC has established effective systems and procedures for risk management to enable it to measure and monitor all types of risks to which the Company is exposed, with the objective of identifying, assessing, measuring, and managing the key risks facing the Company. Risk management within the Company

is a shared responsibility of the Company's management and its employees. The Risk Management function works to ensure that employees are aware of the importance of risk management and that tasks are executed in line with the overall risk management framework. The Risk Officer is also responsible for measuring, monitoring, and mitigating all types of risks faced by the Company.

Requirements for Establishing the Risk Management Committee:

The Risk Committee is an independent committee emanating from the Board of Directors and is responsible for risk management. Its primary role is to establish policies and regulations for risk management in a manner consistent with the Company's risk appetite. The term of membership of the Committee is three years, and it consists of three members, including the Chairman of the Risk Committee, provided that the Chairman of the Board of Directors is not among them. The Risk Committee undertakes the duties and responsibilities required under the Corporate Governance Rules and holds at least four meetings per year, with minutes of its meetings duly recorded.

The Risk Committee works to identify, measure, and monitor the risks to which the Company is exposed in coordination with executive management and the Company's Risk Management Officer. The Committee is responsible for providing advice to the Board regarding the Company's current and future risk strategy and policy, as well as overseeing the Company's strategy approved by the Board of Directors. The Risk Committee also reviews the Company's risk management policies and strategies based on reports submitted by the Risk Management Officer, in preparation for their approval by the Board of Directors, in addition to developing policies and procedures relating to the management of various types of risks.

The Committee is also responsible for identifying, measuring, monitoring, and overseeing the risk framework to which the Company is exposed and for preparing reports thereon. It also undertakes the role of following up on the results of risk assessment and monitoring reports relating to the risks faced by the Company.

In general, the Committee works to verify the consistency of the Company's overall business strategy and its commercial activities with the risk appetite approved by the Board of Directors, and to monitor the preparation of risk policies, procedures, and methodologies in a manner that is consistent and aligned with the risk appetite. It also oversees the development and implementation of an appropriate risk management structure and systems, in addition to supervising the provision of an adequate level of oversight over risks and controls related to the Company's operations.

Internal Control Systems:

ASIC is committed to maintaining internal control systems that cover all of its activities in order to preserve the Company's financial integrity, ensure the accuracy of its data, and enhance the efficiency of its operations from various aspects. The principles of internal control, including dual control mechanisms, have been taken into consideration within the Company's organizational structure through the following:

- Proper definition of authorities and responsibilities.
- Full segregation of duties and avoidance of conflicts of interest through continuous updates to the Company's organizational structure.
- Dual review and control (Internal Audit Department and Audit Committee).
- Dual authorization (all cheques and contracts are signed or approved by more than one person in accordance with the authority matrix approved by the Board of Directors).
- Appointment of an external auditor to audit the internal control systems and prepare an annual report submitted to the Capital Markets Authority within 90 days from the end of the financial year.

The Company also has a dedicated Compliance function that includes a number of highly qualified and experienced personnel to ensure compliance with all applicable laws and regulations. This function represents one of the key internal control tools within the Company and operates in coordination with the Internal Audit and Risk Management functions to ensure the implementation of dual review and control procedures. The Board of Directors ensures that its role is continuously activated and enhanced.

Requirements for Establishing an Independent Internal Audit Function:

ASIC Internal Audit Department of the Company establishes audit policies and procedures that support the Company in implementing the governance framework through continuous evaluation of the performance of executive management in applying internal control systems, as well as internal control mechanisms and procedures, and provides recommendations for their development in line with enhancing the efficiency and effectiveness of the internal system. Accordingly, the Board of Directors has entrusted the Internal Audit Department, through the Audit Committee, with the duties and responsibilities assigned to it. Therefore, the Internal Audit Department of the Company is a function that enjoys full technical independence and reports to the Audit Committee emanating from the Board of Directors.

Among the key responsibilities of the Internal Audit Department at Al Safat Investment Company is to provide the Board of Directors and executive management with an independent and objective opinion regarding the adequacy of control mechanisms and the existence of sufficient and appropriate assurances to support the Company's activities, improve the effectiveness of controls, risk management, and governance processes.

The independence of the Internal Audit Department is a fundamental factor for the success of audit activities. Accordingly, the Internal Audit Department submits its reports to the Audit Committee of the Company's Board of Directors. The Audit Committee also approves the organizational structure, charter, and policy of the Internal Audit function, as well as internal audit plans, risk assessment methodologies, and the evaluation of achievements and functional performance of the department. The Committee meets with the Head of Internal Audit four times annually on a quarterly basis.

Rule Six

Promoting Professional Conduct and Ethical Values:

Standards and Guidelines of Professional Conduct and Ethical Values:

The Code of Professional Conduct and Business Ethics Charter include the standards of conduct that all employees of the Company are required to follow and observe on a daily basis, in all transactions, and in every location where they perform their duties. In the event of any concerns or suspicions regarding non-compliance with the Code of Ethics, the Company works to encourage and foster a culture of reporting such matters immediately to the competent authority through several channels, including the direct manager, Human Resources, Legal Affairs, and the Compliance Department. This is accompanied by an assurance that no accountability measures or regulatory consequences of any kind shall be taken against any individual as a result of reporting concerns or suspicions regarding the occurrence of legal or regulatory violations.

Policies and Mechanisms to Mitigate Conflicts of Interest:

ASIC follows procedures and mechanisms aimed at mitigating cases of conflicts of interest, whereby members of the Board of Directors ensure the protection of shareholders' interests and avoid any conflict between their personal interests and the duties entrusted to them within the Company.

These mechanisms aim to prevent conflicts of interest and the misuse of insider information for personal gain, and they form part of the Company's commitment to integrity in dealing with related parties. The Company has also ensured the development of a set of policies and procedures that prevent the exploitation of the Company's assets and resources for personal benefit, including the Related Party Transactions Policy, the Information Confidentiality and Security Policy, as well as the Whistleblowing Policy.

Rule Seven:

Accurate and Timely Disclosure and Transparency:

Mechanisms of Accurate and Transparent Presentation and Disclosure that Set Aspects, Areas and Characteristics of Disclosure:

ASIC, constantly, timely and properly, discloses all transactions and properties by the Company or by the customers of its investment portfolios, in addition to disclosure of all quarterly and annual financial statements on completion without any undue delay, in order to assure the shareholders and investors of Company's positions. In all disclosures, that Company ensures consistency with standards applied by CMA in such effect.

Requirements of Disclosures Registers of Board Members and Executive Management:

The Board has developed the mechanisms of accurate, transparent and timely presentation and disclosure as follows:

- The Board has developed the mechanisms of presentation and disclosure in line with corporate governance rules.
- ASIC has developed a register for disclosures of Board members and Executive Management.
- ASIC has established Investors' Affairs Unit that is responsible for making available and providing the data, information and reports necessary for potential investors. The Investors' Affairs Unit is properly independent and directly reports to the Board, for providing the data, information and reports on a timely basis and accurately, which shall be through the recognized methods of disclosure, including ASIC website.
- ASIC has developed the IT infrastructure, which is highly relied on for disclosures and the ASIC website has a separate page for corporate governance.

Requirements for Establishing an Investor Relations Unit:

In implementation and completion of what has been undertaken by the Board of Directors of Al Safat Investment Company in establishing a dedicated Investor Relations Unit in compliance with the Corporate Governance Rules, policies and procedures governing the operations of the Unit have been developed to regulate the mechanism for dealing with investors. The Unit is responsible for making available and providing the necessary data, information, and reports to investors and shareholders through the recognized disclosure channels.

Development of Information Technology Infrastructure:

Al Safat Investment Company is committed to continuously updating its website to include all data and information closely related to the disclosure of information of interest to shareholders and investors, as well as adding all required data in accordance with corporate governance rules. During the year, the Company also updated and developed its website to include the latest data and information relevant to shareholders and potential investors.

Rule Eight

Respecting Shareholders' Rights:

Requirements of Determining and Protecting Shareholders' General Rights:

ASIC adopts rules for ensuring justice, equality and transparency for all investors. The Board formulated investors' policy to enable them to practice their rights carefully. It includes providing all information on the Company in a fair, systematic and easy way, including ASIC financial performance, goals, strategies, corporate governance and risk appetite.

Establishing a Register to be Maintained by a Clearinghouse:

ASIC executed an agreement with Kuwait Clearing Company, whereby the latter shall maintain the shareholders' register of ASIC and update thereof as per the finalized transactions. Additionally, the Company shall maintain electronic register of shareholders and shall not notated with any changes as per the transactions. The related parties shall have the right to access such register.

Encouraging Shareholders to Attend and Vote for ASIC Assemblies:

Shareholders are encouraged to participate actively in ASIC assemblies by sending the necessary invitations to shareholders, including the agenda, enclosures and the convention time and place, as well as showing the unencumbered rights of shareholders to vote.

This includes, without limitation, some of the shareholders' rights as follows:

- The right to receive dividends.
- The right to receive a part of assets in case of liquidation, as per the provisions of Companies Law.
- The right to access the information and data on Company's activities and strategies on a regular basis.
- The right to take part in General Assemblies and vote as per the laws and regulations.
- The right to vote during the elections of Board members.
- The right to control Company's performance, in general, and the Board, in particular.
- The right to question Board members and Executive Management as per the provisions of Companies Law.
- The right to register the price of their shares.
- The right to register, transfer and assign the shares title.
- The right to review shareholders' register.

Rule Nine:

Realization of Stakeholders' Role:

Systems and Policies Guaranteeing Protection and Recognition of Stakeholders' Rights:

ASIC has developed the policy of stakeholders' protection. It was designed for ensuring respect and protection the stakeholders as per the Kuwaiti applicable laws, such as Labor Law and Companies Law and its Executive Regulation, in addition to the mutually executed contracts and any additional declarations by the Company towards the stakeholders. It aims at restricting the conflict of interests, taking into consideration that no stakeholder shall receive any benefit from dealing with the contracts and transactions in the Company's normal course of business.

Additionally, the Company protects the rights of stakeholders and provides stability and professional sustainability by the proper financial performance. The parties that the Company considers as

stakeholders were identified by the developed policy and the guidelines on protection of these rights were developed.

Encouraging Stakeholders to Participate in Following up ASIC Various Activities:

For avoiding the conflicting transactions of stakeholders, whether as contracts or transactions with the Company, with the shareholders' interests, the Company shall take into consideration that no stakeholder shall receive any benefit from dealing with the contracts and transactions in the Company's normal course of business. Additionally, the Company develops internal policies and regulations that include clear mechanism for awarding different contracts and transactions.

Additionally, the Company develops mechanisms that ensure optimal use of stakeholders' contributions in the Company, and encouraging them to participate in its businesses., in line with the best of its interests. The Company provides stakeholders with access to all related data and information, which could be relied on a timely basis and regularly. The Company has facilitated stakeholders' reporting to the Board any improper practices that are exposed to by the Company, and provides the whistleblowers with proper protection.

Rule Ten

Promoting and Improving Performance:

Mechanisms of Allowing Constant Training Programs and Courses to Board Members and Executive Management:

The continuous training and qualification of Board members and Executive Management are pivotal for corporate governance and significantly contribute to promoting Company's performance. Accordingly, the Company is deeply interested in the training aspects of all members of the Board and Executive Management, by providing them with training programs that ensure reaching a proper understanding for Company's progress of business, strategies, and financial and operational aspects of Company's activities and the legal and regulatory obligations.

Performance Appraisal of the Board, in its Entirety, and each Member of the Board and Executive Management:

ASIC has developed policies and procedures approved by the Board, by which an official process is performed for checking the annual performance of the Board and its committees, and their effective roles and contributions in administering the affairs of ASIC.

The aim of performance appraisal is to put in place an official, systemic and consistent method for evaluating the performance of the Board and its committees, in order to take actions to improve its performance. In addition, such process should be employed to provide the Board's recommendations to shareholders during members' elections.

Performance appraisal of Executive Management is a powerful tool for translating the Company's business plans into procedures and for promoting Company's culture for achieving the strategic goals.

On an annual basis, the performance of the Board and its members and committees, in addition, the CEO is appraised by the forms of performance appraisal development by the Nominations and Remunerational Committee. The Board has approved the results of performance appraisal, in line with corporate governance and the related internal policy.

Board's Efforts for Creating Institutional Values for Company's Personnel:

Represented by the Board and Executive Management, ASIC is interested in constantly ensuring the

importance of creating institutional values for the Company's personnel, by achieving strategic goals, improving performance ratios and compliance with regulatory authorities' laws and governance rules.

In such mainstream, ASIC publishes many periodical reports (annual report, governance annual report, Auditing Committee's report) that cover all information for helping the Board, Executive Management, shareholders and stakeholders make proper and systemic decisions.

Rule Eleven

I) Brief of Corporate Social Responsibility (CSR):

ASIC has developed a policy of social responsibility for promoting awareness of social responsibility importance among the Company's personnel, stakeholders, shareholders and the existing and potential investors, and for ensuring its approach and attitude in connection to social responsibility.

For the Company's successful performance of social responsibility, it relies on three main standards:

- Respect and responsibility, i.e. Company's respect for internal environment (personnel) and external environment (society members).
- Supporting and helping society.
- Environment protection, whether in terms of eco-friendliness of the Company's products, or its initiative to serve the environment, improve environmental conditions and address environmental problems.

II) Social Responsibility Programs during the Year:

We consistently strive to develop the vision of our Company's corporate social responsibility, as it represents a voluntary commitment undertaken by us, as an investment company, towards the community and the environment in which we operate, with the aim of achieving sustainable development alongside profitability. This responsibility encompasses a range of activities aimed at improving social, economic, and environmental conditions, such as supporting education, protecting the environment, and empowering local communities. Accordingly, corporate social responsibility serves as a means to enhance the Company's image and build long-term trust with clients and the broader community.

At Al Safat Investment Company, our approach extends beyond charitable activities alone; rather, it is driven by the ideas we create and the societal needs we identify within the local community as a whole. We therefore believe that public awareness and education represent one of the most important channels we rely upon, particularly with respect to health awareness and general cultural education.

We commenced the year 2025 with a number of activities and initiatives serving this objective, summarized as follows:

- **Workshop: "Future Mind"**

As part of its efforts to promote a culture of innovation and develop the intellectual capabilities of its employees, Al Safat Investment Company organized a workshop titled "Future Mind," delivered by Dr. Manal Al-Hassawi. The workshop focused on the importance of critical thinking and adopting advanced thinking approaches in the workplace and daily life, encouraging participants to challenge conventional methods and embrace change in a manner that supports personal growth and enhances institutional performance. The workshop was attended by the Chairman of the Board, along with a number of executives and employees, reflecting senior management's support for intellectual development initiatives and the promotion of an innovation-driven culture within the Company.

- **Al Safat Youth Internship Program**

In line with its commitment to supporting and developing young talents, Al Safat Investment Company launched the Al Safat Youth Internship Program, which hosted a group of students from local and international universities specializing in accounting and finance.

The program included an intensive training experience comprising orientation and guidance sessions, in addition to a job rotation system across various departments, with the aim of familiarizing participants with the nature of work in the investment and financial services sector. It also provided trainees with the opportunity to gain insight into the operations of specialized departments and acquire practical experience in a professional environment.

This initiative forms part of the Company's ongoing efforts to contribute to preparing the next generation of national talents and empowering youth to acquire the knowledge and practical skills that support their future careers in the financial and investment sector.

- **Ramadan Health Day in Cooperation with Al Salam Hospital:**

As part of its initiatives aimed at enhancing employee health and well-being, Al Safat Investment Company organized a health day during the holy month of Ramadan in cooperation with Al Salam Hospital, targeting employees of Al Safat Tower. The program included an awareness session on maintaining health during the holy month, along with medical advice and on-site health screenings, supporting the adoption of a healthy and balanced lifestyle among employees.

- **Women's Day Ghabga Event:**

In celebration of International Women's Day, Al Safat Investment Company participated in the "Volvo Women's Ghabga" event, which aimed to highlight the role of women in the workplace and promote the concepts of empowerment and female leadership. The event was attended by the Chairman of the Board along with a number of executives and included inspiring discussions on success stories and leadership experiences, reflecting the Company's commitment to supporting women's empowerment and enhancing their presence across various professional fields.

Appreciation and Gratitude:

In conclusion, I would like to extend my sincere appreciation and gratitude to the members of the Board of Directors for their support and trust throughout this journey, as well as for their constructive cooperation and continued understanding of the challenges faced by our Company and the aspirations we seek to achieve, which have enabled us to reach this advanced stage. I would also like to express my thanks to the executive management and all employees, whose dedicated efforts, insightful ideas, and broad knowledge, each within their respective fields and areas of specialization, have significantly contributed to the Company reaching this distinguished position.

Al Safat Investment Company continues to progress through leadership, supervision, and execution, supported by diligent efforts to sustain continuous improvement in performance and results. Appreciation is also extended to the regulatory authorities and our ongoing partners for their cooperation and constructive support

Abdullah Hamad AlTerkait
Chairman

Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين باستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

لأغراض قيام لجنة الترشيحات والمكافآت بدورها السنوي في التأكد من استيفاء الأعضاء المستقلين لشروط الاستقلالية المطلوبة وفق قواعد الحوكمة الصادرة عن هيئة أسواق المال بدولة الكويت ، يقر السادة أعضاء مجلس الإدارة المستقلين باستيفائهم للشروط المطلوبة والمحافظة عليها طوال فترة شغل عضوية مجلس الإدارة بصفة (عضو مستقل) لدى شركة الصفاة للاستثمار ، و بإخطار لجنة الترشيحات والمكافآت في حال طرأ أي تغيير على الشروط الاستقلالية المذكورة أدناه :

- ✓ أن لا يكون مالكا لما نسبته 5% في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ✓ أن لا تكون له صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة، أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف، الرئيسية ذات العلاقة.
- ✓ أن لا يكون عضو مجلس إدارة في أي شركة من مجموعتها.
- ✓ أن لا يكون موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ أن لا يكون موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

الاسم : عبد المحسن سليمان المشعان

عضو مجلس الإدارة المستقل

التوقيع :



Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين باستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

لأغراض قيام لجنة الترشيحات والمكافآت بدورها السنوي في التأكد من استيفاء الأعضاء المستقلين لشروط الاستقلالية المطلوبة وفق قواعد الحوكمة الصادرة عن هيئة أسواق المال بدولة الكويت ، يقر السادة أعضاء مجلس الإدارة المستقلين باستيفائهم للشروط المطلوبة والمحافظة عليها طوال فترة شغل عضوية مجلس الإدارة بصفة (عضو مستقل) لدى شركة الصفاة للاستثمار ، و بإخطار لجنة الترشيحات والمكافآت في حال طرأ أي تغيير على الشروط الاستقلالية المذكورة أدناه :

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- ✓ أن لا يكون عضو مجلس إدارة في أي شركة من مجموعتها.
- ✓ أن لا يكون موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ أن لا يكون موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

الاسم : د. أنور علي النقي

عضو مجلس الإدارة المستقل

التوقيع :



Independent Board Member's Endorsement

إقرار أعضاء مجلس الإدارة المستقلين بإستيفاء شروط الاستقلالية وفق قواعد حوكمة الشركات

لأغراض قيام لجنة الترشيحات والمكافآت بدورها السنوي في التأكد من استيفاء الأعضاء المستقلين لشروط الاستقلالية المطلوبة وفق قواعد الحوكمة الصادرة عن هيئة أسواق المال بدولة الكويت ، يقر السادة أعضاء مجلس الإدارة المستقلين باستيفائهم للشروط المطلوبة والمحافظة عليها طوال فترة شغل عضوية مجلس الإدارة بصفة (عضو مستقل) لدى شركة الصفاة للاستثمار ، و بإخطار لجنة الترشيحات والمكافآت في حال طرأ أي تغيير على الشروط الاستقلالية المذكورة أدناه :

- ✓ أن لا يكون مالكا لما نسبته 5% في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ✓ أن لا تكون له صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة، أو الإدارة التنفيذية في الشركة أو في أي شركة من مجموعتها، أو الأطراف، الرئيسية ذات العلاقة.
- ✓ أن لا يكون عضواً لمجلس إدارة في أي شركة من مجموعتها.
- ✓ أن لا يكون موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح.
- ✓ أن لا يكون موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

الاسم : مشعل أحمد الجاركي
عضو مجلس الإدارة المستقل

التوقيع :

Audit Committee Report For the year ended 31 December 2025

The Audit Committee of Al Safat Investment Company assists the Board of Directors in fulfilling its oversight responsibilities over the financial reporting process, internal control system, audit systems, audit processes, and the Company's procedures for monitoring compliance with applicable laws, regulations, and professional conduct standards. It also supports the Board in overseeing current and emerging risks associated with the Company's activities, identifying weaknesses, taking corrective actions, and establishing the necessary controls to mitigate such risks while determining acceptable risk levels relative to expected benefits and submitting relevant recommendations to the Board. Furthermore, the Committee evaluates the extent of compliance with corporate governance rules that ensure alignment between shareholders' objectives and management's objectives and enhance investor confidence in the system protecting their rights. The Committee also works to promote a culture of compliance within the Company by ensuring the integrity and reliability of financial reporting, as well as the adequacy and effectiveness of the internal control systems in place.

The Audit Committee has taken the necessary steps to implement and apply corporate governance practices, including updating existing audit procedures and preparing registers to document the Committee's minutes, resolutions, and agendas. During the year, four meetings were held with the internal auditor to discuss observations reported in internal audit reports and to follow up with the relevant departments to address them.

The Audit Committee performs its role in reviewing and overseeing the external auditors' reports on the Company's quarterly and annual financial statements prior to their submission to the Board of Directors, and meets with the auditors to ensure the integrity of the Company's financial statements as well as the independence and objectivity of the external auditor, whose opinion remains independent and is included in the Company's annual report. The Committee recommended to the Board of Directors and the General Assembly the appointment of Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Aiban / Al-Osaimi & Partners (Ernst & Young - EY) as an independent external auditor from among the audit firms registered and licensed with Capital Markets Authority (CMA) for the financial year ended 31/12/2025

The Audit Committee also ensures that both the Board of Directors and executive management provide clear written representations confirming the accuracy and integrity of the annual financial statements and related financial reports concerning the Company's activities for the year ended 31/12/2025, and that they comprehensively reflect the Company's financial position and operating results, and are prepared in accordance with International Financial Reporting Standards.

Committee Formation:

On 25/05/2025, the Audit Committee was elected and formed as follows:

Name	Board Position	Committee Position
Yousif Sulaiman Al Thuwaikh	Non-Executive Board Member	Chairman
Mishal Ahmad Al Jarki	Independent Board Member	Vice Chairman
Bashar Abdullah Al Meshari	Non-Executive Board Member	Member

The Committee's Meetings:

The Audit Committee held eight (8) meetings during 2025 as detailed below table:

Meeting no.	Yousif Al Thuwaikh	Mishal Al Jarki	Abdul Muhsun Al Meshan
Meeting No. (1) Dated 19/02/2025	√	√	√
Meeting No. (2) Dated 20/03/2025	√	√	√
Meeting No. (3) Dated 07/05/2025	√	√	√
Election and Formation	Yousif Al Thuwaikh	Mishal Al Jarki	Bader Al Meshari
Meeting No. (4) Dated 25/05/2025	√	√	√
Meeting No. (5) Dated 29/06/2025	√	√	√
Meeting No. (6) Dated 11/08/2025	√	√	√
Meeting No. (7) Dated 05/11/2025	√	√	√
Meeting No. (8) Dated 24/12/2025	√	√	√

Key Activities and Responsibilities

- Updating the Audit Committee Charter and submitting it to the Board of Directors for approval.
- Reviewing updated policies and procedures of certain operational departments and recommending their approval to the Board.
- Appointing independent audit firms to prepare annual regulatory reports, including those related to Module Seven and Module Sixteen of the Executive Bylaws of Law No. 7 of 2010 issued by Capital Markets Authority (CMA).
- Reviewing the annual Internal Control Review (ICR) report and mandating management to follow up on observations with relevant departments for remediation.
- Reviewing internal audit reports across all Company departments and recommending follow-up actions with management to address findings.
- Approving the appointment of Al-Nisf & Partners (BDO) as the Company's internal auditor for 2025.
- Approving the internal audit plan for 2025.
- Holding four meetings with the internal auditor during the year ended 31/12/2025.
- Reviewing draft interim and annual audited financial statements and recommending their approval to the Board.
- Reviewing interim and annual capital adequacy reports and recommending their approval to the Board.
- Ensuring that the external auditor meets independence requirements in accordance with corporate governance rules.

- Approving the proposal to appoint Ms. Sheikha Adnan Abdulaziz Al-Fulaij from Al-Aiban, Al-Osaimi & Partners (Ernst & Young – EY) as the Company's external auditor.
- Reviewing interim and annual internal Sharia audit reports to ensure that the Company's activities and operations comply with Islamic Sharia principles.
- Reviewing interim and annual external Sharia audit reports, discussing observations, and recommending prompt corrective actions.
- Recommending the reappointment of the external Sharia auditor (Osoul Sharia Consultancy and Audit) for the financial year ended 31/12/2025.
- Reviewing the annual Anti-Money Laundering report submitted through the electronic portal of Capital Markets Authority (CMA) and the AML report prepared by the external auditor and recommending their approval by the Board.
- Reviewing reports issued by regulatory authorities, including financial and non-financial penalties, and following up on the remediation of related observations.
- Reviewing and approving the Audit Committee's annual report.
- No conflicts arose during the year between the Committee's recommendations and those of the Board of Directors.

The Audit Committee concludes that Al Safat Investment Company maintains an appropriate control environment commensurate with the nature of its activities, which does not hinder the achievement of its objectives. The Company continues to demonstrate progress in the effectiveness of its compliance framework with applicable laws and regulations issued by regulatory authorities in the State of Kuwait.

Yusef Sulaiman AlThuwaikh
Chairman of the Audit Committee

State of Kuwait
Date: 12/03/2026

Board of Directors Pledge

We, the chairman and members of the Board of Directors of Al-Safat Investment Company KSC, hereby assure the accuracy and integrity of the financial statements as of 31 December 2025 except omission and error, and that the financial reports of the company have been presented fairly, properly and according to the International Financial Reporting Standards applicable in the State of Kuwait according to such information and reports as have been received by us from the Executive management, auditors and that due care has been made to verify the integrity and accuracy of those reports.

Chairman
Abdullah Hamad Al-Terkait



Vice Chairman /CEO Executive
Zeyad Tareq Al Mukhaizim



Member of the Board of Directors
Abdul Muhsen Sulaiman
Al Meshan



Member of the Board of Directors
Dr. Anwar Ali Al Naqi



Member of the Board of Directors
Mishal Ahmad Al Jareki



Member of the Board of Directors
Yousef Sulaiman AlThuwaikh



Member of the Board of Directors
Bashar Abdullah Al Meshari



Pledge of the Executive Management

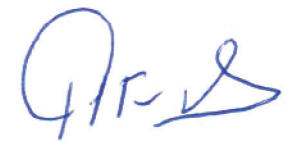
To Chairman and Members of the Board of Directors,

With reference to the above-mentioned subject, and in accordance with the requirements of the Kuwait Capital Markets Authority, we assure that the consolidated financial statements of Al-Safat Investment Company KSC, the parent company and its subsidiary companies for the financial year ended 31 December 2025, are presented in a sound and fair manner except omission and error, that they show all the Financial aspects of the company in terms of operating data and results, and have been prepared according to the International Financial Reports Standards as approved by the Kuwaiti Capital Markets Authority.

The Executive Manager
Ziad Tareq Al Mukhaizim



Finance Manager
Herald Leo Fernandes



Shariah Audit Committee Report for the year 2025



تقرير هيئة الرقابة الشرعية
عن الفترة المالية 2025/01/01-2025/12/31

السادة /شركة الصفاة للاستثمار المحترمين

السلام عليكم ورحمة الله وبركاته، وبعد:

وفقاً للسلطات المخولة لنا من قبل أعضاء الجمعية العمومية لشركة الصفاة للاستثمار وبموجب النظام الأساسي للشركة وتعليمات الجهات الرقابية ذات الصلة فإن هيئة الرقابة الشرعية تقدم تقريرها النهائي عن الفترة 2025/01/01 – 2025/12/31 وهو يتضمن أربعة بنود على النحو الآتي: -

أولاً: أعمال هيئة الرقابة الشرعية:

قامت هيئة الرقابة الشرعية بأعمالها والتي اشتملت على فحص الهياكل الإستثمارية وصيغ العقود والمنتجات والسياسات والإجراءات، سواء بشكل مباشر أو بالتنسيق مع إدارة التدقيق الشرعي الداخلي من أجل الحصول على جميع المعلومات والتفسيرات التي اعتبرتها ضرورية لتزويدها بأدلة تكفي لإعطاء تأكيدات معقولة بأن الشركة لم تخالف أحكام الشريعة الإسلامية في ضوء قرارات هيئة الرقابة الشرعية والمعايير الشرعية المعتمدة للشركة وقرارات الجهات الرقابية ذات الصلة.

Shariah Audit Committee Report for the year 2025 (continued)



ثانياً: قرارات هيئة الرقابة الشرعية:

قامت هيئة الرقابة الشرعية للشركة بالرد على جميع استفسارات الشركة وأصدرت عدد (29) قرار خلال الفترة.

ثالثاً: السياسات والإجراءات المعتمدة من قبل هيئة الرقابة الشرعية:

لم تقم هيئة الرقابة الشرعية للشركة باعتماد أية سياسات وإجراءات لمنتجات وأنشطة للشركة خلال الفترة.

رابعاً: الرأي النهائي:

في رأينا وبعد دراسة جميع الإيضاحات والتأكيدات التي حصلنا عليها فإننا نعتقد:

1. أن العقود والعمليات والمعاملات التي أبرمتها الشركة خلال الفترة من 2025/01/01 إلى 2025/12/31 تمت وفقاً لأحكام الشريعة الإسلامية.
2. إن مسؤولية إخراج الزكاة تقع على عاتق المساهمين.

والحمد لله رب العالمين،،

رئيس هيئة الرقابة الشرعية أ.د. عبدالعزيز خليفة القصار
عضو هيئة الرقابة الشرعية أ.د. عصام خلف العنزي
عضو هيئة الرقابة الشرعية أ.د. علي إبراهيم الراشد

Shariah External Audit Report for the year 2025



التاريخ: 2026/02/22

السادة/ شركة الصفاة للاستثمار المحترمون

الموضوع: تقرير التدقيق الشرعي الخارجي للفترة المالية 2025/01/01 - 2025/12/31

السلام عليكم ورحمة الله وبركاته

وفقاً إلى عقد الارتباط الموقع معكم فإن شركة التدقيق الشرعي الخارجي تقوم على أعمال الشركة للتأكد من التزامها بالمعايير المعتمدة أو بالقرارات والفتاوى الصادرة عن هيئة الرقابة الشرعية. ولجعل عملية التدقيق الشرعي الخارجي أكثر كفاءة وفعالية فإن إجراءات التدقيق على العمليات التنفيذية للمؤسسات المالية الإسلامية تتم وفقاً لمعايير التدقيق الشرعي لشركتنا والحوكمة الصادرة عن الجهات الرقابية (هيئة أسواق المال – البنك المركزي الكويتي) ووفقاً للمعايير الدولية (صادرة من هيئة المحاسبة ولمراجعة للمؤسسات المالية الإسلامية) التي تتطلب قيامنا بالتخطيط وتنفيذ أعمال التدقيق للحصول على تأكيدات معقول لموافقة العمليات التنفيذية للمؤسسات المالية الإسلامية للمعايير المعتمدة أو لقرارات هيئة الرقابة الشرعية.

الرئيس التنفيذي

أضاري ليث العتيقي

Shariah External Audit Report for the year 2025 (continued)



نطاق العمل:

فإن نطاق العمل يتحدد من مدى التزام الشركة في تنفيذ العقود والمعاملات طبقاً لقرارات هيئة الرقابة الشرعية والمؤشر المعتمد لدى الشركة.

مسؤولية الشركة:

تقع مسؤولية الشركة الالتزام بتنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية المعتمدة من قبل الإدارة.

مسؤولية فريق التدقيق الشرعي:

إن مسؤوليتنا تنحصر في إبداء رأي في مدى مطابقة معاملات الشركة وأنشطتها وعملياتها للشركة بعد الفحص والاطلاع على العقود والعمليات والتنسيق مع الجهات المسؤولة عن إجراء العمليات بجميع طرق التواصل والزيارات الميدانية والمراسلات وغيرها وفق الخطة المعدة لذلك. لقد قمنا بإجراء التدقيق الشرعي على النحو الآتي:

- تحديد الخطة الزمنية لعملية التدقيق بجميع مراحلها منذ البداية وحتى إصدار التقرير.
- تحديد الشخص المسؤول الذي سيتم التواصل معه أثناء تنفيذ المهمة.
- تحديد متطلبات التدقيق الشرعي التي ستكون محل الفحص والمراجعة.
- التحقق من إجازة المعايير الشرعية المعتمدة لأي نشاط أو منتج أو خدمة أو عقد جاري العمل به.
- مراجعة النماذج والعقود والاتفاقيات، وإجراءات تنفيذ العمليات، للتأكد من مطابقتها واتفاقها مع القرارات الصادرة بشأنها من قبل الجهات الرقابية أو الهيئات الرقابة الشرعية والمعايير الشرعية المعتمدة.
- مراجعة السياسات والإجراءات وميثاق العمل في ضوء المعايير الشرعية المعتمدة.
- تنفيذ زيارات ميدانية بصفة دورية.
- إيضاح مراحل توثيق الملاحظة/ المخالفة الشرعية – إن وجدت – ومناقشتها مع الجهة المدقق عليها.
- إعداد تقرير دوري عن كل فترة مالية بنتائج الرقابة الميدانية للأنشطة والعمليات.

Shariah External Audit Report for the year 2025 (continued)



المجالات التي تم التدقيق عليها ونتائجها:

م	محل إجراء التدقيق	إجراء المدقق الشرعي	نتائج التدقيق
1	البيانات المالية	تم التدقيق	لا يوجد ملاحظة
2	إدارة الاستثمار	تم التدقيق	لا يوجد ملاحظة
3	العقود المنفذة	تم التدقيق	لا يوجد ملاحظة
4	الحسابات المصرفية	تم التدقيق	لا يوجد ملاحظة
5	إدارة التمويل	تم التدقيق	لا يوجد ملاحظة
6	الإدارة المالية	تم التدقيق	لا يوجد ملاحظة
7	تقرير المدقق الشرعي الداخلي	تم التدقيق	لا يوجد ملاحظة

التواصل والتدقيق الميداني:

قام المدقق الشرعي بإجراء التدقيق الميداني في موقع العمل وتدوين ما يلاحظه من أحداث وتغييرات وكذلك التواصل بالبريد الإلكتروني وغيره مع إدارات الشركة خلال الفترة المذكورة بتاريخ 2025/05/05 و2026/02/18.

إجراءات المخاطر الشرعية:

نظراً لارتباط عمل الشركة والأنشطة والمعاملات المتوافقة مع احكام الشريعة الإسلامية وفق ما ينص عليه النظام الأساسي للشركة فتتوزع درجات المخاطر الشرعية بحسب الإدارة المختصة ذات العلاقة بالمعاملة وتحدد درجة المخاطر بحسب طبيعة المخالفة والملاحظة سواء كانت في شكلها الاجرائي او التنظيمي أو المالي. وقد تم الاطلاع على السياسات والإجراءات لإدارة المخاطر الشرعية وكذلك على تصنيف وتوصيف المخاطر الشرعية.

رأينا:

إن العقود والعمليات والإجراءات التي تم فحصها والاطلاع عليها والقواعد المرجعية متوافقة مع قرارات هيئة الرقابة الشرعية.

Independent Auditor's Report & Consolidated Financial Statements For the year 2025



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
<https://www.ey.com>

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SAFAT INVESTMENT COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Safat Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, 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 comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of 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.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

Fair valuation of investment properties

Investment properties represent a significant part of the total assets of the Group and are measured at fair value of KD 15,817,027 as at 31 December 2025.

The fair value of Group's investment properties have been determined by external real estate appraiser. The determination of fair value of investment properties is dependent on key inputs, such as rental value, maintenance status, market knowledge and historical transactions, which, although not directly observable, but are corroborated by observable market data. The disclosures relating to the inputs are relevant, given the estimation uncertainty involved in these valuations. The methodology applied in determining the valuations is set out in Note 10 of the consolidated financial statements.

Given the size and significances of the valuation of investment properties, and the importance of the disclosures relating to the inputs used in such valuations, we have considered this as a key audit matter.

Our audit procedures included, among others, the following:

- ▶ We involved and acquired assistance from our internal property valuation specialists, assessing the valuation methodology adopted by the external property valuer and comparing the key estimates and assumptions adopted in the valuation of investment properties on a sample basis, including market rents and market yields.
- ▶ We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external appraiser's valuations.
- ▶ We performed procedures for areas of risk and estimation. This included, where relevant, comparison of judgments made to current market practices and challenging the valuations on a sample basis.
- ▶ Further, we have considered the objectivity, independence and competence of the external real estate appraiser.
- ▶ We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 10 to the consolidated financial statements.

Other information included in the Group's 2025 Annual Report

Management is responsible for the other information. Other information consists of 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 we 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 form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Group's financial reporting process.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 collusion, 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, 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 a material uncertainty exists, we are required to draw attention in our auditor's report 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 content 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 fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or 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 year 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.

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, as amended, 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 No. 1 of 2016, as amended, and its executive regulations, as amended, 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 of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.



SHEIKHA AL FULAIJ
 LICENCE NO. 289 A
 EY
 AL AIBAN, AL OSAIMI & PARTNERS

24 February 2026
 Kuwait



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	2025 KD	2024 KD
ASSETS			
Cash and cash equivalents	4	3,309,353	1,765,232
Term deposits	5	5,500	429,714
Accounts receivable and other assets	6	4,284,781	4,920,986
Inventories	7	402,049	346,836
Investment securities	8	16,682,159	12,412,708
Investment in associates	9	2,397,186	2,336,325
Investment properties	10	15,817,027	16,290,913
Property, plant and equipment	11	5,091,927	5,219,281
TOTAL ASSETS		47,989,982	43,721,995
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	13	4,563,108	4,934,043
Lease liabilities	14	3,835,348	4,253,554
Total liabilities		8,398,456	9,187,597
Equity			
Share capital	15	31,752,229	38,327,569
Share premium	15	459,677	459,677
Statutory reserve	15	2,227,267	1,641,106
Voluntary reserve	15	2,227,267	1,641,106
Treasury shares	16	(3,370,207)	(4,068,119)
Treasury shares reserve		(64,534)	633,378
Asset revaluation surplus		168,036	168,036
Fair value reserve		(607,034)	(939,460)
Foreign currency translation reserve		(159,820)	(820,033)
Retained earnings (accumulated losses)		3,012,173	(6,575,340)
Equity attributable to equity holders of the Parent Company		35,645,054	30,467,920
Non-controlling interests		3,946,472	4,066,478
Total equity		39,591,526	34,534,398
TOTAL LIABILITIES AND EQUITY		47,989,982	43,721,995



Abdullah Hamad Al-Terkait
Chairman



Zeyad Tareq Al Mukhaizeem
Vice Chairman and Chief Executive Officer

The Attached notes 1 to 34 form a part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KD	2024 KD
CONTINUING OPERATIONS			
Revenue			
Revenue from contracts with customers	17	3,066,419	2,630,427
Cost of sales	21	(2,129,018)	(1,998,326)
Gross profit		937,401	632,101
Fee and commission income	17	348,740	262,001
Net investment income on financial assets	18	1,546,711	798,840
Share of results of associates	9	47,789	(41,398)
Net rental income	19	1,775,096	1,514,867
Change in fair value of investment properties	10	(450,748)	123,155
Loss on disposal of a subsidiary	22	(6,438)	-
Net allowance for expected credit losses and other provisions	20	(92,706)	(123,273)
Net foreign exchange differences		(699,314)	(287,237)
General and administrative expenses	21	(2,656,043)	(2,813,128)
Operating profit		750,488	65,928
Other income	23	5,330,227	311,476
Finance costs		(262,073)	(311,353)
Profit before tax from continued operations		5,818,642	66,051
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(52,755)	-
Zakat		(58,372)	-
National Labour Support Tax (NLST)		(145,931)	-
Profit for the year from continued operations		5,561,584	66,051
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	12	-	416,678
PROFIT FOR THE YEAR		5,561,584	482,729
Attributable to:			
Equity holders of the Parent Company		5,604,555	217,692
Non-controlling interests		(42,971)	265,037
		5,561,584	482,729
BASIC AND DILUTED EPS (FILS)	24	20.06	0.80
BASIC AND DILUTED EPS FOR CONTINUING OPERATION (FILS)	24	20.06	(0.08)

The Attached notes 1 to 34 form a part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 KD	2024 KD
Profit for the year		5,561,584	482,729
Other comprehensive income			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years:</i>			
Share of associates other comprehensive (loss) income		(4,134)	3,874
Exchange differences on translation of foreign operations		26,971	(161,181)
Foreign currency translation reserve transferred to consolidated statement of profit or loss	22	646,662	-
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years		669,499	(157,307)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent years:</i>			
Share of associates other comprehensive income		7,425	92,616
Net change in fair value of equity instruments designated at fair value through other comprehensive income		329,007	79,798
Net other comprehensive income that will not be reclassified to profit or loss in subsequent years		336,432	172,414
Other comprehensive income		1,005,931	15,107
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,567,515	497,836
Attributable to:			
Equity holders of the Parent Company		6,597,194	230,618
Non-controlling interests		(29,679)	267,218
		6,567,515	497,836

The Attached notes 1 to 34 form a part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Equity attributable to equity holders of the Parent Company											
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Asset revaluation surplus KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD
As at 1 January 2025	38,327,569	459,677	1,641,106	1,641,106	633,378	168,036	939,460	(820,033)	(6,575,340)	30,467,920	4,066,478	34,534,398
Profit (loss) for the year	-	-	-	-	-	-	-	-	5,604,555	5,604,555	(42,971)	5,561,584
Other comprehensive income for the year	-	-	-	-	-	-	332,426	660,213	992,639	-	13,292	1,005,931
Total comprehensive income (loss) for the year	-	-	-	-	-	-	332,426	660,213	6,597,194	(29,679)	(29,679)	6,567,515
Transfer to reserves	-	-	586,161	586,161	-	-	-	-	-	-	-	-
Extinguishment of accumulated losses (Note 15)	(6,575,340)	-	-	-	697,912	-	-	-	6,575,340	-	-	-
Derecognition of non-controlling interests on disposal of a subsidiary (Note 22)	-	-	-	-	-	-	-	-	-	-	(90,327)	(90,327)
Share of acquisition of non-controlling interests by an associate	-	-	-	-	-	-	-	-	-	-	-	-
Interim cash dividend (Note 15)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2025	31,752,229	459,677	2,227,267	2,227,267	(64,534)	168,036	(607,034)	(159,820)	3,012,173	35,645,054	3,946,472	39,591,526
As at 1 January 2024	38,327,569	459,677	1,619,337	1,619,337	615,002	168,036	9,536,197	(731,210)	1,344,510	29,446,821	4,266,837	33,713,658
Profit for the year	-	-	-	-	-	-	-	-	217,692	217,692	265,037	482,729
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-	101,749	(88,823)	-	2,181	15,107
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	101,749	(88,823)	217,692	267,218	497,836
Transfer to reserves	-	-	211,769	21,769	-	-	-	-	(43,538)	-	-	-
Purchase of treasury shares	-	-	-	(9)	-	-	-	-	-	(9)	-	(9)
Sale of treasury shares	-	-	-	747,668	-	-	-	-	-	747,668	-	747,668
Gain on sale of treasury shares	-	-	-	-	18,376	-	-	-	-	18,376	-	18,376
Transfer of accumulated reserves related to the disposal of a subsidiary	-	-	-	-	-	-	-	-	376,538	-	-	-
Adjustment to non-controlling interests related to the disposal of a subsidiary (Note 12)	-	-	-	-	-	-	-	-	-	-	(467,577)	(467,577)
Share of acquisition of non-controlling interests by an associate	-	-	-	-	-	-	-	-	-	-	-	-
Share of realized loss on disposal of equity securities at FVOCI of an associate	-	-	-	-	-	-	-	-	-	24,446	-	24,446
Realized loss on disposal or derecognition of equity securities at FVOCI (Note 8)	-	-	-	-	-	-	415,171	-	(415,171)	-	-	-
At 31 December 2024	38,327,569	459,677	1,641,106	1,641,106	633,378	168,036	(939,460)	(820,033)	(6,575,340)	30,467,920	4,066,478	34,534,398

The Attached notes 1 to 34 form a part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit for the year before tax from continued operations		5,818,642	66,051
Profit for the year before tax from discontinued operations	12	-	416,678
		<u>5,818,642</u>	<u>482,729</u>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Share of results of associates	9	(47,789)	41,398
Change in fair value of investment properties	10	450,748	(123,155)
Loss on disposal and derecognition of property, plant and equipment	11	-	2
Depreciation of property, plant and equipment	11	454,796	547,302
Net investment income on financial assets	18	(1,546,711)	(798,840)
Net allowance for expected credit losses and other provisions	20	92,706	123,273
Loss (gain) on disposal of a subsidiary	22, 12	6,438	(331,050)
Foreign exchange loss on disposal of a subsidiary	22	646,662	-
Provision for employees' end of service benefits		135,268	175,348
Finance costs on lease liabilities	14	260,638	302,491
Finance costs		1,435	28,572
Gain on derecognition of leases	14	-	(6,215)
		<u>6,272,833</u>	<u>441,855</u>
Changes in operating assets and liabilities			
Accounts receivable and other assets		322,220	(1,060,506)
Block of restricted cash		(384,076)	-
Inventories		(55,699)	(5,312)
Other liabilities		(190,973)	(186,117)
		<u>5,964,305</u>	<u>(810,080)</u>
<i>Cashflows from (used in) operations</i>			
Employees' end of service benefits paid		(49,370)	(130,120)
Zakat paid		(94,528)	(19,362)
NLST paid		(35,079)	-
KFAS paid		(92,184)	-
		<u>5,693,144</u>	<u>(959,562)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Proceeds from sale of financial assets through other comprehensive income		-	102,749
Proceeds from sale of financial assets through profit and loss		35,960,567	5,617,267
Additions in financial assets through profit and loss		(38,737,569)	(5,743,444)
Purchase of property, plant and equipment		(299,028)	(178,442)
Proceeds from term deposits		309,979	-
Income from term deposits received		31,216	-
Dividend income received		459,280	349,876
Capital expenditure on investment properties	10	-	(6,310)
Net consideration from sale of discontinued operations		-	543,642
Disposal of a subsidiary, net of cash disposed of	22	(168,681)	-
		<u>(2,444,236)</u>	<u>685,338</u>
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Payment of lease liabilities		(725,175)	(762,994)
Dividend paid	15(a)	(1,334,279)	-
Net movement of notes payable		-	142,583
Proceeds from sale of treasury shares		-	766,044
Purchase of treasury shares		-	(9)
		<u>(2,059,454)</u>	<u>145,624</u>
Net cash flows (used in) from financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as at 1 January		1,189,454	(128,600)
Net foreign exchange differences		1,765,232	1,788,455
		<u>47,636</u>	<u>105,377</u>
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4	<u>3,002,322</u>	<u>1,765,232</u>
Non-cash items excluded from the consolidated statement of cash flows:			
Additions to financial assets at FVOCI adjusted with receivable from GFH financial Group		(154,825)	-
Disposals of financial assets at FVOCI adjusted with receivable from GFH financial Group		42,692	-
Additions to lease liabilities		46,331	1,004,941
Additions to right-of-use assets (included in property, plant and equipment)		(46,331)	(778,094)
Additions to right-of-use assets (included in investment properties)		-	(226,847)
Derecognition of leases (adjusted with property, plant and equipment)		-	166,407
Derecognition of leases (adjusted with lease liabilities)		-	(172,622)

The Attached notes 1 to 34 form a part of these consolidated financial statements.

1. CORPORATE INFORMATION

The consolidated financial statements of Al Safat Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 24 February 2026 and the shareholders have the power to amend these consolidated financial statements at the Annual General Assembly Meeting ("AGM").

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares were publicly traded in Boursa Kuwait ("Boursa"). On 13 March 2013, the Parent Company was delisted from Boursa, however, during the year on 11 October 2021, the Parent Company re-listed on Boursa Kuwait. The Parent Company is subject to the supervision of Capital Markets Authority ("CMA").

The Parent Company updated its commercial register on 7 November 2023, with the below activities.

The activities of the Parent Company are as follows:

- ▶ Owning real estate and moveable assets within the limits permitted to carry out the Parent Company's activities due to the provisions stipulated under the existing laws.
- ▶ Selling, and acquiring stocks and bonds for the Parent Company's account.
- ▶ Investment Portfolio Manager.
- ▶ Collective Investment Scheme Manager.
- ▶ Investment Controller.
- ▶ Investment Advisor.
- ▶ Subscription Agent.
- ▶ Custodian.
- ▶ Market Maker.

The activities of the Parent Company are carried out in accordance with Islamic Shari'a principles as approved by the Group's Shari'a Committee. The Parent Company's head office is located at Al-Safat Tower, 17th floor, Hawalli, Beirut Street, State of Kuwait and its registered postal address is P.O. Box 20133, Safat 13062, Kuwait.

Information on the Group's structure is provided below. Information on other related party relationships of the Group is provided in Note 28.

1.1 GROUP INFORMATION

a) Subsidiaries

The consolidated financial statements of the Group include:

Name	Country of incorporation	Effective equity interest		Principal activities
		2025	2024	
Al Safat Holding Company K.S.C.(Closed) ('Safat Holding') (1)	Kuwait	99%	99%	Holding company
Safat House for General Trading Company W.L.L.	Kuwait	80%	80%	General trading
Al Safat for Consultancy K.S.C. (Closed)	Kuwait	96%	96%	Consultancy
Dar Al Safat General Trading Company W.L.L. (1)	Kuwait	99%	99%	General trading
The Roots Stock Brokerage House S.A.E. (Note 22)	Egypt	-	60%	Brokerage
Held through Safat Holding				
Al Assriya Printing Press Publishing and Distribution Company W.L.L. ('Al Assriya')	Kuwait	90%	90%	Printing and distribution
The Liquid Capital General Trading Company W.L.L. ("Liquid")	Kuwait	50%	50%	Holding company
Al-Ezdehar Real Estate Tourism Company K.S.C. (Closed)	Kuwait	71.92%	71.92%	Real estate
Safat Industries Holding Company K.S.C. (Closed) ('Safat Industries')	Kuwait	63.79%	63.79%	Holding company
Held through Safat Industries				
Carpets Industry Company K.S.C. (Closed) ('CIC')	Kuwait	51.28%	51.28%	Manufacturing carpets

1. CORPORATE INFORMATION (continued)

1.1 GROUP INFORMATION (continued)

a) Subsidiaries (continued)

- (1) The Group's effective interest in the above subsidiaries is 100%. The Group directly holds the shares in the subsidiaries as mentioned above, and the remaining shares are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares in the subsidiary. Accordingly, there are no non-controlling interests reported in the consolidated statement of financial position, related to the subsidiaries, as at 31 December 2025.

b) Associates

Set out below are the associates of the Group as at 31 December. For more details, refer to Note 9.

Name	Country of incorporation	% equity interest		Principal activities
		2025	2024	
Asia Holding Company K.S.C. (Closed)	Kuwait	21.70%	21.70%	Holding company
Senegy Holding Company K.S.C.P.	Kuwait	20.877%	20.877%	Holding company

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements of the Group have been prepared on a historical cost basis except for investment in equity securities and investment properties, which have been measured at fair value.

The consolidated financial statements of the Group are presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The Group presents its statement of financial position in order of liquidity. An analysis in respect of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 30.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2025, but do not have an impact on the consolidated financial statements of the Group.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its consolidated financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's consolidated financial performance, consolidated financial position and consolidated cash flows.

The amendments did not have an impact on the Group's consolidated financial statements.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently not intending to early adopt the standard.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- ▶ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- ▶ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- ▶ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's consolidated financial statements.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The standard will not have an impact on the Group's consolidated financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- ▶ Clarify the application of the 'own-use' requirements for in-scope contracts
- ▶ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- ▶ Add new disclosure requirements to enable investors to understand the effect of these contracts on the Group's consolidated financial performance and consolidated cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

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

2.4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.1 Basis of consolidation (continued)

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4.2 Assets held for sale and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of consolidated financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in Note 12. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the capital. For each business combination, the Group elects whether to measure the non-controlling interests in the capital at fair value or at the proportionate share of the capital's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.4.4 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate. since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the consolidated statement of profit or loss.

Upon loss of "significant influence" over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Where applicable, adjustments are made to bring the accounting policies of the associate in line with those of the Group. The difference in reporting date of the associate and the Group is not more than three months. Adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.5 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, non-restricted cash at banks, cash held in investment portfolios and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2.4.6 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPP test and is performed at an instrument level. Financial assets with cash flows that are not SPPP are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective yield method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably certain equity investments under this category.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any profit or dividend income, are recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ 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; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (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 its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.6 Financial instruments – initial recognition and subsequent measurement

ii) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include other liabilities and lease liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other liabilities, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through profit or loss
- ▶ Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Other liabilities

Other liabilities are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments

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

2.4.7 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss as follows:

- ▶ Financial assets measured at amortised cost (*Trade and other receivables, including contract assets*)

Equity investments are not subject to ECLs. Further, the Group has no debt investments measured at FVOCI.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.7 Impairment of financial assets (continued)

i. Impairment of financial assets at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective profit rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition are accounted for as follows:

- ▶ Finished goods - production cost on a specific identification basis.
- ▶ Spares and consumables - purchase cost on a weighted average basis.
- ▶ Goods in transit - purchase cost incurred up to the reporting date.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.4.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.10 Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Except for leasehold land stated at revalued amount, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

▶ Buildings	10 years
▶ Buildings improvements	10 years
▶ Machinery and equipment	2 – 25 years
▶ Furniture, fixtures and computers	3 - 8 years
▶ Vehicles	3 - 8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of these assets commences when the assets are ready for their intended use.

2.4.11 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.11 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.4.12 Employees end of service benefits

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

In addition, with respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

2.4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4.14 Treasury shares

The Group's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares and the voting rights related to these shares are discarded. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.4.15 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.16 Taxes

Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve, until the reserve reaches 50% of share capital, should be excluded from profit for the year when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

Zakat

Contribution to Zakat is calculated at 1% of the profit for the year attributable to Parent Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

National Labour Support Tax

NLST is calculated at 2.5% of the profit for the year attributable to the Parent Company in accordance with Law No. 19 of 2000 and the Ministry of Finance resolutions No. 24 of 2006.

2.4.17 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rental income

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Rental income is recorded net of real estate operating expenses.

Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Sale of goods - inventory and spare parts

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised at the point in time when the control of the related services is transferred to the customer, generally on completion of the underlying service.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.18 Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Transactions and balances

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Kuwaiti Dinar at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.4.19 Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

2.4.20 Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.21 Leases

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2.4.11) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4.21 Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Significant judgments

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and profit on the principal amount outstanding.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Legal cases

In accordance with IFRSs, outcome of legal cases may result in disclosure of contingent assets, contingent liabilities or recognition of a provision. Contingent asset or possible assets that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control and are disclosed if the inflow of economic benefits is probable.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Significant judgments (continued)

Legal cases (continued)

The Group may also recognise a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements.

Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the consolidated financial statements, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for disclosures and provision in its consolidated financial statements. Among the factors considered in making decisions on disclosure or provisions are the nature of litigation, claim or assessment, the legal process and potential outcome in the jurisdiction in which the litigation has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of associates

Investment in associates is accounted for under the equity method of accounting, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates, less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 *Fair Value Measurement*.

Investment properties under construction are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 10.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Estimates and assumptions (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	2025 KD	2024 KD
Cash on hand	19,101	11,495
Cash at banks and financial institutions	2,667,297	1,753,737
Expected credit losses	(77,045)	-
Cash and bank balances	2,609,353	1,765,232
Short-term deposits whose original maturity is within 3 months	700,000	-
Cash and cash equivalents	3,309,353	1,765,232
Less: restricted bank balance	(384,076)	-
Add: expected credit losses	77,045	-
Cash and cash equivalents for the purpose of consolidated statement of cash flows	3,002,322	1,765,232

Short-term deposits were made for varying periods ranging from one day to three months and carried an average profit rate of 3.0% to 3.5% per annum (2024: Nil).

5. TERM DEPOSITS

	2025 KD	2024 KD
Term deposits	5,500	5,500
Foreign deposit	-	424,214
	5,500	429,714

In the prior year, foreign deposit was a restricted deposit with a foreign financial institution and carried an average effective profit rate of 25.75% per annum which matured during the year.

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2025 KD	2024 KD
Trade receivables	7,664,520	7,957,968
Less: Expected credit losses (a)	(6,596,151)	(6,618,692)
Net trade receivables	1,068,369	1,339,276
Receivables from related parties	126,822	200,965
Less: Expected credit losses (b)	(76,993)	(180,846)
Net receivables from related parties (Note 28)	49,829	20,119
Receivable from GFH Financial Group	2,747,240	2,770,301
Less: Expected credit losses	(138,714)	(138,714)
Net receivable from GFH Financial Group *	2,608,526	2,631,587
Other assets (c)	392,596	429,055
Advance subscriptions **	-	154,825
Prepayments, advances and deposits	165,461	346,124
	4,284,781	4,920,986

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

* The receivable represents restricted credit account held by GFH Financial Group. This account is designated for future investments and is not restricted for a specific period. GFH Financial Group will offer investment options to the Parent Company and participate in these investments from this account.

**In the prior year, GFH Financial Group offered an investment opportunity of KD 154,825, which the Parent Company accepted and formalized through a subscription agreement. During the year, control of the investment was transferred to the Parent Company.

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 29.1 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within other assets do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

a) Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2025 KD	2024 KD
As at 1 January	6,618,692	6,541,297
Net ECL reversal on trade receivables (Note 20)	(22,541)	(12,711)
Write-off	-	(10,778)
Transfer from discontinued operation	-	100,884
As at 31 December	6,596,151	6,618,692

b) Set out below is the movement in the allowance for expected credit losses of receivables from related parties:

	2025 KD	2024 KD
As at 1 January	180,846	175,846
Net ECL (reversal) charge on receivables from related parties (Note 20)	(103,853)	5,000
As at 31 December	76,993	180,846

c) Set out below is the movement in the allowance for expected credit losses of other assets:

	2025 KD	2024 KD
As at 1 January	-	-
ECL charge on other assets (Note 20)	273,719	-
Write-off	(273,719)	-
As at 31 December	-	-

7. INVENTORIES

	2025 KD	2024 KD
Finished goods and goods for resale (at lower of cost and net realisable value)	36,064	25,023
Raw materials (at cost)	339,455	285,053
Work in process (at cost)	74,763	84,507
	450,282	394,583
Less: provision for slow moving and obsolete inventories	(48,233)	(47,747)
Total inventories at the lower of cost and net realisable value	402,049	346,836

Set out below is the movement in the provision for slow moving and obsolete inventories:

	2025 KD	2024 KD
As at 1 January	47,747	26,973
Charge of provision (Note 20)	486	431
Transfer from discontinued operation	-	20,343
As at 31 December	48,233	47,747

8. INVESTMENT SECURITIES

	2025 KD	2024 KD
<i>Financial assets at FVTPL</i>		
Quoted equity securities	7,963,457	3,759,678
Unquoted equity securities	353,616	724,178
	8,317,073	4,483,856
<i>Financial assets at FVOCI</i>		
Quoted equity securities	1,940,397	1,557,205
Unquoted equity securities	6,424,689	6,371,647
	8,365,086	7,928,852
Investment securities (at fair value)	16,682,159	12,412,708

Financial assets at FVTPL include investments in other related parties of KD 321,438 (2024: KD 178,725) and investments in a fund managed by the Parent Company of KD 145,389 (2024: KD 697,765), whereas financial assets at FVOCI include investments in other related parties of KD 1,973,997 (2024: KD 1,574,800) (Note 28).

The hierarchy for determining and disclosing the fair value of investment securities by valuation techniques are presented in Note 32.1.

During the prior year, financial assets at FVOCI having zero carrying value were disposed and derecognised resulting in a realised loss of KD 8,079,817 and accordingly transferred from fair value reserve to retained earnings.

9. INVESTMENT IN ASSOCIATES

The following table illustrates summarised financial information of the Group's investment in its associates. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Asia Holding Company K.S.C. (Holding)*		Senergy Holding Company K.S.C.P. ("Senergy")**		Total	
	2025 KD	2024 KD	2025 KD	2024 KD	2025 KD	2024 KD
Current assets	1,247,090	1,256,225	4,636,901	4,633,086	5,883,991	5,889,311
Non-current assets	884,477	847,928	9,406,076	9,939,784	10,290,553	10,787,712
Total assets	2,131,567	2,104,153	14,042,977	14,572,870	16,174,544	16,677,023
Current liabilities	4,350	11,155	2,053,013	2,359,255	2,057,363	2,370,410
Non-current liabilities	-	-	2,718,615	3,198,222	2,718,615	3,198,222
Total liabilities	4,350	11,155	4,771,628	5,557,477	4,775,978	5,568,632
Equity	2,127,217	2,092,998	9,271,349	9,015,393	11,398,566	11,108,391
Group's share in %	21.70%	21.70%	20.877%	20.877%	-	-
Group's carrying amount of the investment	461,606	454,181	1,935,580	1,882,144	2,397,186	2,336,325
Revenue	20,969	25,546	5,168,933	4,133,748	5,189,902	4,159,294
(Loss) profit	(11,081)	9,574	240,429	(208,246)	229,348	(198,672)
Other comprehensive income (loss)	45,302	417,551	(31,325)	28,170	13,977	445,721
Total comprehensive income (loss)	34,221	427,125	209,104	(180,076)	243,325	247,049
Group's share of results for the year	(2,405)	2,078	50,194	(43,476)	47,789	(41,398)
Group's share of other comprehensive income for the year	9,831	90,609	(6,540)	5,881	3,291	96,490

* Private entity – no quoted price available.

** As at 31 December 2025, the fair value of the Group's investment in Senergy (based on quoted market price in Boursa Kuwait) was KD 4,634,695 (2024: KD 2,442,610). Accordingly, the market capitalization of the entity exceeds the carrying amount of its net assets.

9. INVESTMENT IN ASSOCIATES (continued)

	2025 KD	2024 KD
Reconciliation of carrying amounts		
At 1 January	2,336,325	2,256,787
Share of results for the year	47,789	(41,398)
Share of acquisition of non-controlling interests	9,781	24,446
Share of other comprehensive income	7,425	92,616
Share of movement of foreign currency translation reserve	(4,134)	3,874
At 31 December	2,397,186	2,336,325

10. INVESTMENT PROPERTIES

	2025 KD	2024 KD
As at 1 January	16,290,913	15,923,051
Addition to right-of-use assets	-	226,847
Capital expenditure	-	6,310
Change in fair value	(450,748)	123,155
Exchange differences	(23,138)	11,550
As at 31 December	15,817,027	16,290,913

Investment properties comprise of buildings on a leasehold land amounting to KD 13,199,846 (2024: KD 13,650,594) and other commercial properties amounting to KD 2,617,181 (2024: KD 2,640,319).

The Group's investment properties are located in the following geographical locations:

	2025 KD	2024 KD
Kuwait	13,199,846	13,650,594
Other countries	2,617,181	2,640,319
Total	15,817,027	16,290,913

	2025 KD	2024 KD
Market value as estimated by the external valuer	13,066,917	13,226,771
Add: lease liabilities recognised separately	2,750,110	3,064,142
Fair value for financial reporting purposes	15,817,027	16,290,913

The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). Based on these valuations, the fair value of investment properties witnessed a decrease of KD 450,748 compared to its carrying values as at 31 December 2025 (2024: increase of KD 123,155).

The hierarchy for determining and disclosing the fair value of investment properties by valuation techniques are presented in Note 32.2.

11. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets KD	Buildings KD	Building improvements KD	Machinery and equipment KD	Furniture, fixtures and computers KD	Vehicles KD	Total KD
Cost:							
At 1 January 2025	4,615,537	593,122	253,272	3,242,873	1,634,872	123,836	10,463,512
Additions	46,331	-	1,274	35,594	227,241	34,919	345,359
Disposals and derecognition	(77,095)	-	-	-	(36,368)	(18,426)	(131,889)
Exchange differences	-	-	-	-	751	-	751
At 31 December 2025	4,584,773	593,122	254,546	3,278,467	1,826,496	140,329	10,677,733
Accumulated depreciation and impairment:							
At 1 January 2025	530,157	452,868	214,642	2,455,980	1,481,642	108,942	5,244,231
Depreciation charge for the year	206,562	51,537	6,320	112,549	71,377	6,451	454,796
Disposals and derecognition	(77,095)	-	-	-	(22,264)	(13,468)	(112,827)
Exchange differences	-	-	-	-	(394)	-	(394)
At 31 December 2025	659,624	504,405	220,962	2,568,529	1,530,361	101,925	5,585,806
Net book value:							
At 31 December 2025	3,925,149	88,717	33,584	709,938	296,135	38,404	5,091,927

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
As at and for the year ended 31 December 2025

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
As at and for the year ended 31 December 2025

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Right-of-use assets KD	Buildings KD	Building improvements KD	Machinery and equipment KD	Furniture, fixtures and computers KD	Vehicles KD	Total KD
Cost:							
At 1 January	1,653,079	155,500	241,700	3,227,287	1,560,096	118,685	6,956,347
Additions	705,299	-	11,572	15,308	116,695	5,151	854,025
Disposals and derecognition	(629,651)	-	-	-	(24,970)	-	(654,621)
Transfers to discontinued operation (Note 12)	2,886,810	437,622	-	-	-	-	3,324,432
Exchange differences	-	-	-	278	(16,949)	-	(16,671)
At 31 December 2024	4,615,537	593,122	253,272	3,242,873	1,634,872	123,836	10,463,512
Accumulated depreciation and impairment:							
At 1 January 2024	567,813	116,877	208,742	2,341,760	1,485,393	96,190	4,816,775
Depreciation charge for the year	237,740	139,061	5,900	113,337	38,512	12,752	547,302
Disposals and derecognition	(463,244)	-	-	-	(24,968)	-	(488,212)
Transfers to discontinued operation (Note 12)	187,848	196,930	-	-	-	-	384,778
Exchange differences	-	-	-	883	(17,295)	-	(16,412)
At 31 December 2024	530,157	452,868	214,642	2,455,980	1,481,642	108,942	5,244,231
Net book value:							
At 31 December 2024	4,085,380	140,254	38,630	786,893	153,230	14,894	5,219,281

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation included in the consolidated statement of profit or loss is allocated as follows:

	2025 KD	2024 KD
Cost of sales (Note 21)	218,091	225,575
General and administrative expenses (Note 21)	236,705	321,727
	<u>454,796</u>	<u>547,302</u>

12. DISCONTINUED OPERATION

On 26 December 2023, the Group signed a Sale and Purchase Agreement (SPA) to sell its entire 50% equity interest in its subsidiary, Middle East for Chemical Manufacturing W.L.L. ("MECC"). An advance payment of KD 250,000 was received, with the remaining balance of KD 300,000 collected on 19 August 2024. Accordingly, the SPA was executed during the prior year, resulting in the Group recognizing a gain of KD 331,050 on the sale of its subsidiary as detailed below.

	2024 KD	2024 KD
Total consideration		550,000
Total net asset of MECC	686,527	
Net asset attributable to non-controlling interest	(467,577)	
	<u> </u>	
Net asset attributable to the Parent Company		(218,950)
		<u> </u>
Gain on sale of MECC		<u>331,050</u>

The result of MECC for the prior year is presented below:

	<u>MECC</u> 2024 KD
Revenue from contracts with customers	674,445
Cost of sale	(432,774)
Gross profit	<u>241,671</u>
General and administrative expenses	(136,333)
Finance costs	(19,710)
Gain on sale of MECC	331,050
Profit for the year from discontinued operations	<u>416,678</u>
Attributable to:	
Equity holders of the Parent Company	238,469
Non-controlling interests	178,209
	<u>416,678</u>

12. DISCONTINUED OPERATION (continued)

The net cash flow activities by the MECC classified as held for sale are, as follows:

	MECC 2024 KD
Cash flows used in operating activities	(29,729)
Cash flows from financing activities	40,136
Net cash inflow	<u>10,407</u>

13. OTHER LIABILITIES

	2025 KD	2024 KD
Trade payables	770,921	973,706
Amounts due to related parties (Note 28)	1,013,074	1,013,074
Accrued staff leave	250,483	474,373
Provision for employees' end of service benefits	1,125,987	1,040,089
Accrued expenses	370,565	439,720
NLST Payable	145,931	48,019
KFAS payable	54,942	95,175
Zakat payable	57,835	92,552
Dividends payable (Note 28)	95,562	-
Other payables	677,808	757,335
	<u>4,563,108</u>	<u>4,934,043</u>

14. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2025 KD	2024 KD
As at 1 January	4,253,554	3,647,555
Additions	46,331	932,146
Finance cost	260,638	300,631
Payments	(725,175)	(745,093)
Derecognition	-	(172,622)
Transfers from discontinued operation	-	290,937
As at 31 December	<u>3,835,348</u>	<u>4,253,554</u>
Current portion	487,881	450,606
Non-current portion	3,347,467	3,802,948
	<u>3,835,348</u>	<u>4,253,554</u>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position ranges from 4.5% to 6.5% (2024: 4.5% to 6.5%). The maturity analysis of lease liabilities are disclosed in Note 30.

14. LEASE LIABILITIES (continued)

The following are the amounts recognised in profit or loss related to right-of-use assets and lease liabilities:

	2025 KD	2024 KD
Depreciation expense of right-of-use assets (Note 11)	(206,562)	(237,740)
Finance costs on lease liabilities	(260,638)	(300,631)
Gain on derecognition of leases (included in other income)	-	6,215
Total loss recognised in profit or loss	(467,200)	(532,156)

15. EQUITY

a) Share capital

	<i>Number of shares</i>		<i>Authorised, issued and fully paid</i>	
	2025	2024	2025 KD	2024 KD
Shares of 100 fils each (paid in cash)	<u>317,522,290</u>	<u>383,275,688</u>	<u>31,752,229</u>	<u>38,327,569</u>

The Board of Directors of the Parent Company in their meeting held on 20 March 2025 proposed to extinguish accumulated losses of KD 6,575,340 as at 31 December 2024, through reduction in capital from KD 38,327,569 to KD 31,752,229, by cancelling 65,753,400 shares.

This proposal has been approved by the shareholders at the extraordinary general assembly meeting (“EGM”) held on 2 June 2025. The capital reduction was authenticated in the commercial register on 15 June 2025 under registration number 36002.

As a result of share cancellation for capital reduction, the treasury shares and the related treasury share reserve were reduced by KD 697,912 each (Note 16).

On 25 May 2025, the shareholders at general assembly meeting (“AGM”) authorized the Board of Directors to distribute interim dividends on an interim basis, quarterly or semi-annually, whenever deemed appropriate during the year ended 31 December 2025. Accordingly, on 11 August 2025, the Board of Directors approved distribution of an interim cash dividend of 5 fils per share on the outstanding shares as of 30 June 2025 amounting to KD 1,429,841 (2024: Nil). The interim cash dividend amounting to KD 1,334,279 was paid during the year, and the unpaid amount of KD 95,562 is recorded within ‘other liabilities’ in the consolidated statement of financial position.

The Board of Directors in their meeting held on 24 February 2026 proposed to distribute bonus shares of 5% (2024: Nil) for the year ended 31 December 2025. This proposal is subject to the approval of the shareholders at the AGM.

b) Share premium

This represents the difference between the nominal value of the shares issued and the subscription or issue price. The reserve is not available for distribution except in cases stipulated by the Companies Law.

c) Statutory reserve

In accordance with the Companies’ Law, and the Company’s Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and Director’s remuneration attributable to the equity holders of the Company shall be transferred to the statutory reserve. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

d) Voluntary reserve

In accordance with the Companies’ Law, and the Parent Company’s Memorandum of Incorporation and Articles of Association a maximum of 10% of the profit for the year attributable to the equity holders of the Parent Company before contribution to KFAS, NLST, Zakat and directors’ remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the annual general assembly of the Parent Company upon a recommendation by the Board of Directors. There are no restrictions on distribution of the voluntary reserve.

16. TREASURY SHARES

	2025	2024
Number of treasury shares	31,554,093	38,087,557
Percentage of issued shares (%)	9.94%	9.94%
Cost of treasury shares (KD)	3,370,207	4,068,119
Market value (KD)	8,235,618	4,189,631

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

Following the capital reduction (Note 15), both the treasury shares and the corresponding treasury share reserve were reduced by KD 697,912 each.

17. DISAGGREGATION OF REVENUE

Contracts with customers

Set out below is the disaggregation of the Group’s revenue from contracts with customers:

	2025 KD	2024 KD
Types of goods or services:		
Sale of goods	3,007,419	2,625,427
Rendering of services	59,000	5,000
	<u>3,066,419</u>	<u>2,630,427</u>

Timing of revenue recognition:

Goods and services transferred at a point in time	3,007,419	2,625,427
Goods and services transferred over time	59,000	5,000
	<u>3,066,419</u>	<u>2,630,427</u>

Fee and commission income

Set out below is the disaggregation of the Group’s fees and commission income:

	2025 KD	2024 KD
Types of goods or services:		
Rendering of services	348,740	262,001
	<u>348,740</u>	<u>262,001</u>
Timing of revenue recognition:		
Goods and services transferred at a point in time	65,116	140,507
Goods and services transferred over time	283,624	121,494
	<u>348,740</u>	<u>262,001</u>

18. NET INVESTMENT INCOME ON FINANCIAL ASSETS

	2025 KD	2024 KD
Income from deposits	31,216	117,116
Dividend income	459,280	349,876
Realised gain on sale of financial assets at FVTPL	887,082	193,332
Unrealised gain on financial assets at FVTPL	169,133	138,516
	<u>1,546,711</u>	<u>798,840</u>

19. NET RENTAL INCOME

	2025 KD	2024 KD
Rental income	2,095,212	1,865,655
Less: property and maintenance expenses	(320,116)	(350,788)
	<u>1,775,096</u>	<u>1,514,867</u>

20. NET ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS

	2025 KD	2024 KD
Net ECL reversal on trade receivables (Note 6)	22,541	12,711
Net ECL reversal (charge) on receivables from related parties (Note 6)	103,853	(5,000)
Net ECL charge on other assets (Note 6)	(273,719)	-
ECL charge on cash and cash equivalents (Note 4)	(77,045)	-
Charge of inventories provision (Note 7)	(486)	(431)
Reversal (charge) of legal provisions no longer required	132,150	(214,474)
Reversal of other provisions	-	83,921
	<u>(92,706)</u>	<u>(123,273)</u>

21. PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2025 KD	2024 KD
<i>Included in cost of sales:</i>		
Materials and spare parts	896,278	780,739
Salaries, wages and other staff costs	857,559	806,403
Repairs and maintenance	46,289	32,679
Depreciation (Note 11)	218,091	225,575
Other expenses	110,801	152,930
	<u>2,129,018</u>	<u>1,998,326</u>
<i>Included in general and administrative expenses:</i>		
Staff costs	1,626,008	1,909,364
Selling and distribution expenses	8,453	7,872
Legal and professional fees	369,964	133,267
Rent expense for short-term leases	3,178	9,743
Depreciation (Note 11)	236,705	321,727
Other expenses	411,735	431,155
	<u>2,656,043</u>	<u>2,813,128</u>

22. DISPOSAL OF A SUBSIDIARY

On 30 June 2025, the Group entered into a Sale and Purchase Agreement (SPA) to sell its entire 60% equity interest in The Roots Stock Brokerage House S.A.E. ("Roots" or "the Subsidiary"). As per the terms of the SPA, rights associated with the ownership of Roots, such as voting rights at the AGM and entitlement to dividends, were transferred to the buyer on signing the SPA. Accordingly, the Parent Company lost control upon signing of the SPA. The loss on the disposal of the subsidiary is as following:

	30 June 2025 KD
Property, plant and equipment	20,390
Financial asset at FVOCI	4,906
Account receivables and other assets	297,814
Cash and cash equivalents	168,681
Accounts payable and other liabilities	(265,975)
Net assets and liabilities	225,816
Net asset attributable to non-controlling interest	(90,327)
Net asset attributable to the Parent Company	135,489
Total consideration	129,051
Loss on sale of the subsidiary	(6,438)
Cash and cash equivalents disposed of	(168,681)

The legal transfer of the Roots shares to the buyer along with other regulatory formalities was completed on 22 September 2025.

On the date of disposal, the foreign currency translation reserve related to Roots amounted to KD 646,662 was reclassified to the consolidated statement of profit or loss and included under "Net foreign exchange differences".

23. OTHER INCOME

Other income includes AED 60,000,000 (equivalent to KD 5,023,200), representing the first installment received from Evolvance Capital Ltd ("the Custodian") following a final court ruling in favor of the Parent Company on 21 August 2024.

24. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares, less treasury shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2025	2024
<i>Basic and diluted earnings per share:</i>		
Profit (loss) attributable to ordinary equity holders of the parent:		
Continuing operations	5,604,555	(20,777)
Discontinued operations (Note 12)	-	238,469
Profit for the year attributable to the equity holders of the Parent Company (KD)	<u>5,604,555</u>	<u>217,692</u>
Weighted average number of outstanding shares *	279,434,931	272,434,896
Basic and diluted earnings per share (fils)	20.06	0.80
Basic and diluted earnings (loss) per share from continued operation (fils)	20.06	(0.08)
Basic and diluted earnings per share from discontinued operation (fils)	-	0.88

24. BASIC AND DILUTED EARNINGS PER SHARE

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

Earnings per share calculation for the prior year ended 31 December 2024 have been adjusted to take account of cancellation of shares in 2025 (Notes 15 and 16).

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

25. SEGMENTAL INFORMATION

The Group is organized into four major business segments based on the internal reporting provided to the management. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

- Financial** : Managing funds of private and public institution, acquiring companies in various sectors, mediation in lending and borrowing operations, acting as bond issuance managers, trading in securities including buying and selling of stocks and bonds of local companies and international governmental agencies.
- Real estate** : Investing in real estate, owning movable and real estate properties that are necessary to practice its activities in accordance to the law.
- Industries** : Producing various chemical products and marketing them locally and abroad. Owning industrial rights for patents, trade names, designs and leasing the same to other companies for their use inside or outside Kuwait.
- Others** : Providing and preparing technical consultations, economic, valuation, feasibility studies and preparing necessary studies for establishments and companies.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

The following table presents information regarding the Group's operating segments:

	<i>Financial KD</i>	<i>Real estate KD</i>	<i>Industries KD</i>	<i>Others KD</i>	<i>Total KD</i>
2025					
Total revenue *	2,047,577	93,120	1,032,026	233,808	3,406,531
Profit (loss) for the year	5,443,786	(228,420)	312,238	33,980	5,561,584
Total assets	19,852,387	16,531,673	10,122,684	1,483,238	47,989,982
Total liabilities	1,549,035	3,425,365	3,202,309	221,747	8,398,456
Other disclosures:					
Investment in associates	461,606	-	1,935,580	-	2,397,186
Share of results of associates	(2,405)	-	50,194	-	47,789

25. SEGMENTAL INFORMATION (continued)

	<i>Financial KD</i>	<i>Real estate KD</i>	<i>Industries KD</i>	<i>Others KD</i>	<i>Total KD</i>
2024					
Total revenue *	1,339,335	531,166	701,469	307,086	2,879,056
(Loss) profit for the year	(155,303)	165,863	373,160	99,009	482,729
Total assets	16,169,441	16,679,528	9,893,152	979,874	43,721,995
Total liabilities	1,826,804	3,703,889	3,306,740	350,164	9,187,597
Other disclosures:					
Investment in associates	454,181	-	1,882,144	-	2,336,325
Share of results of associates	2,078	-	(43,476)	-	(41,398)

* Total revenue comprises operating profit after excluding general and administrative expenses.

The Group's total assets include KD 5,721,525 (2024: KD 5,868,090) as non-current assets located outside Kuwait, which mainly include financial assets at fair value through other comprehensive income, investment in associates, investment properties, and property and equipment.

26. MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of the subsidiary that has material non-controlling interests is provided below:

<i>Name of subsidiary</i>	<i>Country of incorporation and operation</i>	<i>2025</i>	<i>2024</i>
Safat Industries Holding Company K.S.C. (Closed)	Kuwait	36.21%	36.21%
Accumulated balances of material non-controlling interests		1,769,149	1,816,910
(Loss) profit allocated to material non-controlling interests		(78,289)	105,645

The consolidated financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	<i>2025 KD</i>	<i>2024 KD</i>
Revenue	70,916	444,134
Expenses	(226,392)	(267,699)
Total (loss) profit and comprehensive income	(155,476)	176,435
Attributable to non-controlling interests	(78,289)	105,645

26. MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised consolidated statement of financial position:

	2025 KD	2024 KD
Current assets	2,552,130	2,667,721
Non-current assets	3,609,156	3,626,445
TOTAL ASSETS	6,161,286	6,294,166
Current liabilities	1,441,673	1,463,308
Non-current liabilities	284,975	296,437
TOTAL LIABILITIES	1,726,648	1,759,745
TOTAL EQUITY	4,434,638	4,534,421
Attributable to:		
Equity holders of the Parent Company	2,665,489	2,717,511
Non-controlling interests	1,769,149	1,816,910

Summarised cash flow information:

	2025 KD	2024 KD
Cash flows from (used in) operating activities	47,928	(250,619)
Cash flows (used in) from investing activities	(4,150)	556,922
Cash flows (used in) from financing activities	(28,000)	142,583
Net increase in cash and cash equivalents	15,778	448,886

27. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of clients. The total value of these portfolios at 31 December 2025 amounted to KD 59,601,195 (2024: KD 52,964,233) which are not reflected in the consolidated financial statements.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

For the year ended 31 December 2025, income earned from fiduciary assets amounted to KD 141,219 (2024: KD 121,494).

28. RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, managed funds, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and are subject to the approval of the shareholders at the annual general assembly meeting (AGM).

28. RELATED PARTY DISCLOSURES (continued)

The following tables show the aggregate value of transactions and outstanding balances with related parties:

	2025 KD	2024 KD
Consolidated statement of financial position:		
Receivables from related parties - <i>Other related parties</i> *	49,829	20,119
Financial assets at FVTPL - <i>Other related parties</i> (Note 8)	321,438	178,725
Financial assets at FVTPL - <i>Managed Fund</i> (Note 8)	145,389	697,765
Financial assets at FVOCI - <i>Other related parties</i> (Note 8)	1,973,997	1,574,800
Other liabilities - <i>Director</i> (Note 13) **	300,074	300,074
Other liabilities - <i>Associates</i> (Note 13) **	713,000	713,000
Dividends payable - <i>Shareholders</i> (Note 13 and 15) **	95,562	-
Consolidated statement of profit or loss:		
Management fees income - <i>Associates</i>	2,039	1,057
Management fees income - <i>Other related parties</i>	-	10
Consulting fees income - <i>Associates</i>	42,445	-
Consulting fees income - <i>Other related parties</i>	141,402	1,666
Other expenses - <i>Other related parties</i>	(6,194)	(5,994)

* Other assets from other related parties represents gross due from related parties amounting to KD 126,822 (2024: KD 200,965), adjusted for related expected credit losses amounting to KD 76,993 (2024: KD 180,846) (Note 6).

** The amounts due to related parties are interest free and payable on demand.

Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 849,966 (2024: KD 426,011).

Key management personnel

Key management personnel comprise the Board of Directors, Executive Committees and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	2025 KD	2024 KD
Salaries and short-term benefits	174,997	246,629
Committees' remuneration	-	80,000
Employees' end of service benefits	10,673	9,808
	185,670	336,437

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise of other liabilities and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and bank balances, term deposits and accounts receivable and other assets that derive directly from its operations. The Group also holds investments in securities.

The Group is exposed to credit risk, liquidity risk and market risk (including foreign currency risk, profit rate risk and equity price risk). The Group's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2025 KD	2024 KD
Bank balances (net of ECL)	2,590,252	1,753,737
Short-term deposits	700,000	-
Long-term deposits	5,500	429,714
Accounts receivable and other assets (excluding prepaid expenses and advances)	4,119,320	4,420,037
	<u>7,415,072</u>	<u>6,603,488</u>

Balances with banks and term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

Impairment on bank balances and term deposits has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances and term deposits have low credit risk based on the external credit ratings of the counterparties and CBK guarantee of deposits placed with local banks. During the year, the management has recorded ECL on bank balances amounting to KD 77,045 (2024: KD Nil).

Trade receivables

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables				
	Total KD	Days past due			
		< 90 days KD	90-180 days KD	180-365 days KD	> 365 days KD
Expected credit loss rate		0.49%	5.01%	13.74%	100%
Estimated total gross carrying amount at default	7,664,520	883,693	91,608	118,196	6,571,023
Expected credit loss	(6,596,151)	(4,296)	(4,593)	(16,239)	(6,571,023)

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.1 Credit risk (continued)

Trade receivables (continued)

2024	Total KD	Trade receivables			
		Days past due			
		< 90 days KD	90-180 days KD	180-365 days KD	> 365 days KD
Expected credit loss rate		0.16%	3.66%	7.92%	100%
Estimated total gross carrying amount at default	7,957,968	1,046,250	91,623	224,227	6,595,868
Expected credit loss	(6,618,692)	(1,723)	(3,352)	(17,749)	(6,595,868)

Receivables from related parties and Receivable from GFH Financial Group

As of 31 December 2025, the Group has expected credit losses on receivables from related parties amounting to KD 76,993 (2024: KD 180,846), and expected credit losses on receivable from GFH Financial Group amounting to KD 138,714 (2024: KD 138,714).

Other assets

During the year ended 31 December 2025, the Group has recorded ECL on other assets amounting to KD 273,719 (2024: KD Nil) which were subsequently written off. The net other assets recorded as of 31 December 2025 are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

29.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on an ongoing basis. The Group's credit sales require amounts to be paid within 60 days of the date of invoice and trade payables are normally settled within 60 to 90 days from the date of purchase.

The table below summarises the maturity profile of the Group's liabilities based on contractual undiscounted payments:

	Payable on demand KD	Within 3 months KD	3 to 12 months KD	More than 1 Year KD	Total KD
31 December 2025					
Other liabilities	1,108,636	934,067	1,394,418	1,125,987	4,563,108
Lease liabilities	-	155,130	564,492	4,187,590	4,907,212
	<u>1,108,636</u>	<u>1,089,197</u>	<u>1,958,910</u>	<u>5,313,577</u>	<u>9,470,320</u>
	Payable on demand KD	Within 3 months KD	3 to 12 months KD	More than 1 Year KD	Total KD
31 December 2024					
Other liabilities	1,013,074	1,209,452	1,671,428	1,040,089	4,934,043
Lease liabilities	-	184,580	524,922	4,800,097	5,509,599
	<u>1,013,074</u>	<u>1,394,032</u>	<u>2,196,350</u>	<u>5,840,186</u>	<u>10,443,642</u>

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: profit rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits and debt and equity investments.

a) Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group currently does not use financial derivatives to manage its exposure to currency risk. The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The following tables set out the Group's exposure to foreign currency exchange rates on financial assets and (liabilities) at the reporting date:

Currency	2025	2024
	Equivalent KD	Equivalent KD
US Dollar (USD)	5,696,340	5,680,860
Egyptian pound (EGP)	9,901	815,102

Foreign exchange rate sensitivity

The following table demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit/loss due to changes in the fair value of monetary assets and liabilities is as follows:

Currency	Change in exchange rate	2025		2024	
		Effect on profit	Effect on equity	Effect on profit	Effect on equity
		KD	KD	KD	KD
USD	+5%	129,872	154,945	130,335	153,708
	-5%	(129,872)	(154,945)	(130,335)	(153,708)
EGP	+5%	495	-	34,282	6,473
	-5%	(495)	-	(34,282)	(6,473)

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis.

An equivalent increase/decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

b) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's short-term debt obligations with floating profit rates.

The Group manages its profit rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities. Further, the Group's policy is to manage its profit cost by availing competitive credit facilities from local financial institutions and constantly monitoring profit rate fluctuations.

29. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

29.3 Market risk (continued)

b) Profit rate risk (continued)

Exposure to profit rate risk

The profit rate profile of the Group's profit-bearing financial instruments as reported to the management of the Group is as follows.

	2025 KD	2024 KD
Variable-rate instruments		
Financial assets	705,500	429,714

Rate sensitivity

A reasonably possible change of 50 basis points in profit rates at the reporting date would have resulted in an increase in profit for the year by KD 3,528 (2024: KD 2,149). This analysis assumes that all other variables, remain constant.

c) Equity price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) (Note 8). The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Senior Management reviews and approves all major equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 6,778,305 (2024: KD 7,095,825). Sensitivity analyses of these investments have been provided in Note 32.1.

The Group's listed equity investments are publicly traded and are included either in the Kuwait Stock Exchange ("Boursa Kuwait") or other GCC markets.

The table below summarizes the impact of increases/decreases of the respective price indices in the relevant market on the Group's equity and profit for the year. The analysis is based on the assumption that the equity indexes had increased or decreased by 5% respectively, with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	2025		2024	
	Effect on other comprehensive income KD	Effect on profit KD	Effect on other comprehensive income KD	Effect on profit KD
Market indices	+/- 97,020	+/- 398,173	+/- 77,860	+/- 187,984

An equal change in the opposite direction would have resulted in an equivalent but opposite impact on profit or equity.

30. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	31 December 2025		
	Within 12 months KD	After 12 months KD	Total KD
ASSETS			
Cash and cash equivalents	3,309,353	-	3,309,353
Term deposits	5,500	-	5,500
Accounts receivable and other assets	1,676,255	2,608,526	4,284,781
Inventories	402,049	-	402,049
Investment securities	8,317,073	8,365,086	16,682,159
Investment in associates	-	2,397,186	2,397,186
Investment properties	-	15,817,027	15,817,027
Property, plant and equipment	-	5,091,927	5,091,927
Total assets	13,710,230	34,279,752	47,989,982
LIABILITIES			
Other liabilities	3,437,121	1,125,987	4,563,108
Lease liabilities	487,881	3,347,467	3,835,348
Total liabilities	3,925,002	4,473,454	8,398,456
Net	9,785,228	29,806,298	39,591,526
	31 December 2024		
	Within 12 months KD	After 12 months KD	Total KD
ASSETS			
Cash and cash equivalents	1,765,232	-	1,765,232
Term deposits	429,714	-	429,714
Accounts receivable and other assets	2,289,399	2,631,587	4,920,986
Inventories	346,836	-	346,836
Investment securities	4,483,856	7,928,852	12,412,708
Investment in associates	-	2,336,325	2,336,325
Investment properties	-	16,290,913	16,290,913
Property, plant and equipment	-	5,219,281	5,219,281
Total assets	9,315,037	34,406,958	43,721,995
LIABILITIES			
Other liabilities	3,893,954	1,040,089	4,934,043
Lease liabilities	450,606	3,802,948	4,253,554
Total liabilities	4,344,560	4,843,037	9,187,597
Net	4,970,477	29,563,921	34,534,398

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may review the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Group.

No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024. Capital represents equity attributable to the shareholders of the Parent Company KD 35,645,054 (2024: KD 30,467,920).

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratio for the year ended 31 December 2025 and 31 December 2024 in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

32. FAIR VALUE MEASUREMENT

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

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's senior management determines the policies and procedures for recurring fair value measurement, such as investment properties and unquoted equity investments.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The Group measures financial instruments such as investment in equity securities and non-financial assets such as investment properties, at fair value at each reporting date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value, including the valuation methods, significant estimates and assumptions are disclosed below.

32. FAIR VALUE MEASUREMENT (continued)

Set out below is the summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	2025 KD	2024 KD
Financial instruments		
Investment securities (at fair value)		
Quoted equity securities	9,903,854	5,316,883
Unquoted equity securities	6,778,305	7,095,825
	<u>16,682,159</u>	<u>12,412,708</u>
Non-financial assets		
Investment properties	<u>15,817,027</u>	<u>16,290,913</u>

Management assessed that the fair value of the following financial assets and liabilities approximate their carrying amounts:

- ▶ Cash and cash equivalents
- ▶ Term deposits
- ▶ Accounts receivables and other assets
- ▶ Other liabilities
- ▶ Lease liabilities

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments

The Group invests in funds and private equity companies that are not quoted in an active market. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally classified as Level 2. Private equity companies represent non-listed entities. Transactions in such investments do not occur on a regular basis. The Group uses a weighted average of multiple valuation techniques such as market-based valuation technique, adjusted NAVs and Discounted Cash flow (DCF) model. The Group determines and calculates an appropriate trading multiple based on related listed peers. DCF model inputs, including forecast cash flows and the discount rate. The weighted average price based above related techniques /models are then discounted for considerations such as illiquidity and based on company-specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

Investment properties

The fair value of investment properties was assessed by accredited independent real estate experts with recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The valuation models applied are consistent with the principles in IFRS 13 'Fair Value Measurement' and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm'). The fair value of investment properties are classified as either level 2 or level 3.

32. FAIR VALUE MEASUREMENT (continued)

32.1 Financial instruments

Fair value hierarchy

The following tables provide the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	<i>Fair value measurement using</i>			
	<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
	<i>KD</i>	<i>in active</i>	<i>observable</i>	<i>unobservable</i>
		<i>markets</i>	<i>inputs</i>	<i>inputs</i>
		<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
31 December 2025				
Financial assets at FVTPL:				
Quoted equity securities	7,963,457	7,963,457	-	-
Unquoted equity securities	353,616	-	191,485	162,131
	<u>8,317,073</u>	<u>7,963,457</u>	<u>191,485</u>	<u>162,131</u>
Financial assets at FVOCI				
Quoted equity securities	1,940,397	1,940,397	-	-
Unquoted equity securities	6,424,689	-	-	6,424,689
	<u>8,365,086</u>	<u>1,940,397</u>	<u>-</u>	<u>6,424,689</u>
Investment securities (at fair value)	<u>16,682,159</u>	<u>9,903,854</u>	<u>191,485</u>	<u>6,586,820</u>

	<i>Fair value measurement using</i>			
	<i>Total</i>	<i>Quoted prices</i>	<i>Significant</i>	<i>Significant</i>
	<i>KD</i>	<i>in active</i>	<i>observable</i>	<i>unobservable</i>
		<i>markets</i>	<i>inputs</i>	<i>inputs</i>
		<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>
31 December 2024				
Financial assets at FVTPL:				
Quoted equity securities	3,759,678	3,759,678	-	-
Unquoted equity securities	724,178	-	704,148	20,030
	<u>4,483,856</u>	<u>3,759,678</u>	<u>704,148</u>	<u>20,030</u>
Financial assets at FVOCI				
Quoted equity securities	1,557,205	1,557,205	-	-
Unquoted equity securities	6,371,647	-	-	6,371,647
	<u>7,928,852</u>	<u>1,557,205</u>	<u>-</u>	<u>6,371,647</u>
Investment securities (at fair value)	<u>12,412,708</u>	<u>5,316,883</u>	<u>704,148</u>	<u>6,391,677</u>

32. FAIR VALUE MEASUREMENT (continued)

32.1 Financial instruments (continued)

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Financial assets at FVOCI KD	Financial assets at FVTPL KD	Total KD
As at 1 January 2025	6,371,647	20,030	6,391,677
Additions	154,825	-	154,825
Disposals	(47,598)	-	(47,598)
Remeasurement recognised in OCI	(54,185)	-	(54,185)
Transfer from level 1 to level 3 *	-	152,744	152,744
Remeasurement recognised in profit or loss	-	(10,643)	(10,643)
As at 31 December 2025	6,424,689	162,131	6,586,820

	Financial assets at FVOCI KD	Financial assets at FVTPL KD	Total KD
As at 1 January 2024	6,694,998	11,740	6,706,738
Remeasurement recognised in OCI	(323,351)	-	(323,351)
Remeasurement recognised in profit or loss	-	8,290	8,290
As at 31 December 2024	6,371,647	20,030	6,391,677

* During the year, an equity investment was delisted and fair valued based on unobservable inputs. Accordingly it has been transferred from Level 1 to Level 3 of the fair value hierarchy during the year. There were no other transfers between any levels of the fair value hierarchy during the year and during the prior year.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	Range	Sensitivity of the input to fair value
Discount rate	2025: 10.43% 2024: 10.76%	1% (2024: 1%) increase (decrease) in discount rate would (decrease) increase the fair value by KD (369,475) / KD 458,149 (2024: (339,917) / 399,033)
Discount for lack of marketability (DLOM)	2025: 15% 2024: 15%	10% (2024: 10%) increase (decrease) DLOM would (decrease) increase the fair value by KD 658,682 (2024: KD 639,167)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

32. FAIR VALUE MEASUREMENT (continued)

32.2 Non-financial assets

The following tables provide the fair value measurement hierarchy of the Group's non-financial assets:

	Total KD	Fair value measurement using		
		Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
2025				
Investment properties	15,817,027	-	2,617,181	13,199,846
2024				
Investment properties	16,290,913	-	2,640,319	13,650,594

There were no transfers between any levels of the fair value hierarchy during 2025 or 2024.

Reconciliation of Level 3 fair values

Reconciliation for recurring fair value measurement of investment properties categorised within Level 3 of the fair value hierarchy is as follows:

	2025 KD	2024 KD
As at 1 January	13,650,594	13,294,282
Addition to right-of-use assets	-	226,847
Capital expenditure	-	6,310
Change in fair value	(450,748)	123,155
As at 31 December	13,199,846	13,650,594

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are the annual rental income, yield rate (income capitalisation approach) and price per sqm (market approach).

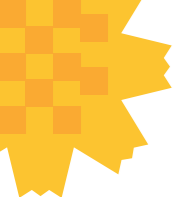
Significant assumptions used for valuation of investment properties with the same characteristics are as follows:

	2025	2024
Income capitalisation approach		
Average monthly rent (per sqm) (KD)	16.82	16.66
Yield rate (%)	9.63% to 44.33%	9.75% to 38.24%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties:

	Changes in valuation assumptions		
	2025	2024	
Income capitalisation approach			
Average monthly rent (per sqm) (KD)	+5%	538,198	549,100
	- 5%	(538,106)	(549,100)
Yield rate (%)	+50bps	(374,278)	(374,275)
	- 50bps	411,412	409,997



33. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
Letters of guarantee	<u>579,441</u>	<u>536,118</u>

The Group has provided bank guarantees in the ordinary course of business. No material liabilities are expected to arise.

34. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Parent Company received an instalment of AED 20,000,000 (equivalent to KD 1,665,124) from Evolvance Capital Ltd ("the Custodian") following a final court ruling in favor of the Parent Company on 21 August 2024 representing the second instalment from the Custodian.

