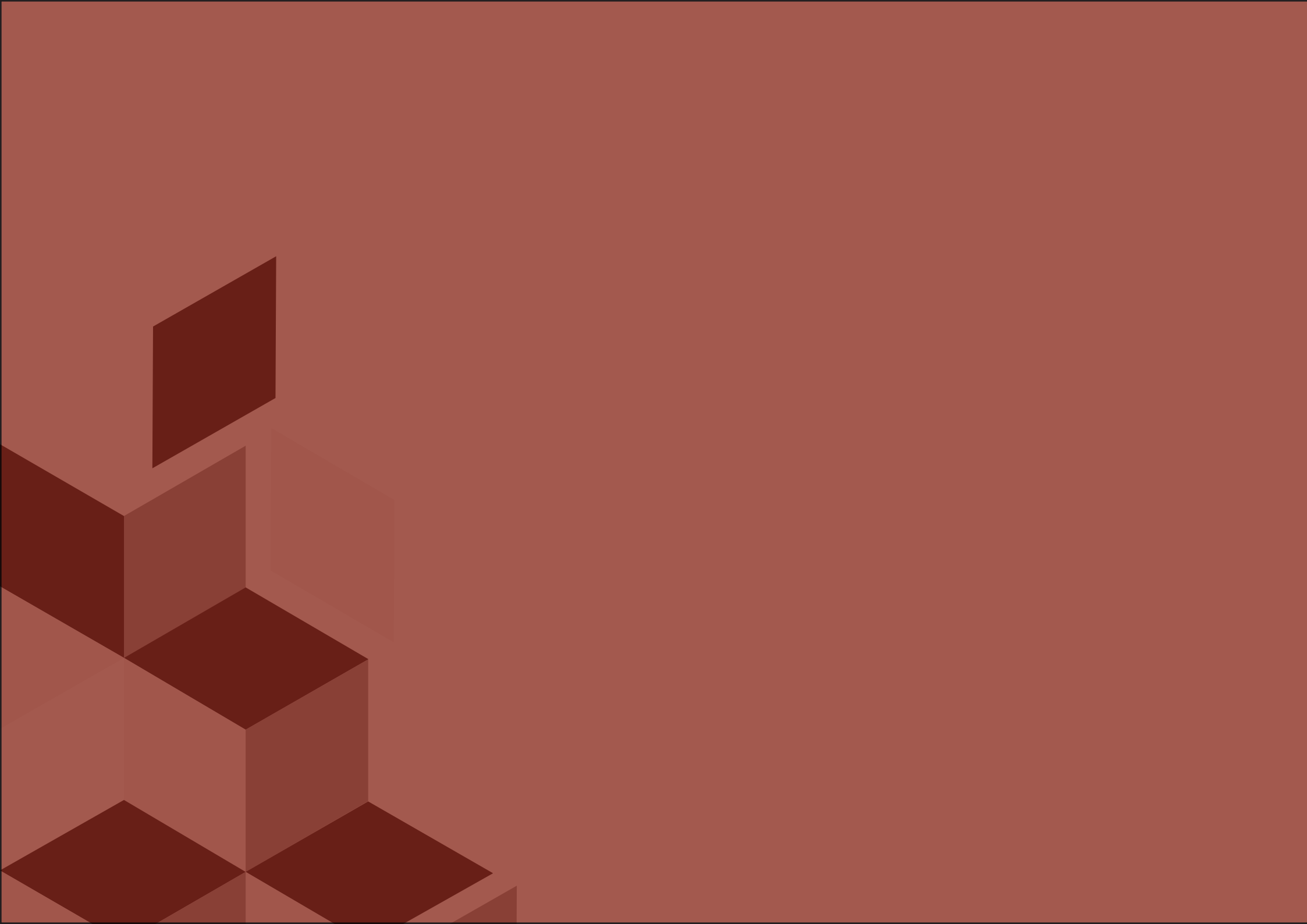




شركة الديرة القابضة
Al-Deera Holding Co. K.P.S.C.

Annual Report
2025





His Highness Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah
Emir of the State of Kuwait
may God protect him



His Highness Sheikh
Sabah Khaled Al-Hamad Al-Mubarak Al-Sabah
Crown Prince of the State of Kuwait
may God protect him



Contents

7 Board of Directors Members

8 The Chairman's Speech

11 Annual Governance Report for the fiscal year ending on 31/12/2025

- 11 The first rule: Building a balanced structure for the Board of Directors
- 22 Rule Two: Proper definition of tasks and responsibilities
- 32 Rule Three: Selecting competent individuals for membership on the board of directors and the executive management
- 35 Rule Four: Integrity of financial reports
- 36 Rule Five: Establishing sound systems for risk management and internal control
- 38 Rule Six: Promoting professional conduct and ethical values
- 40 Rule Seven: Disclosure and transparency accurately and in a timely manner
- 41 Rule Eight: Respecting the rights of shareholders
- 42 Rule Nine: Incorporating the role of stakeholders
- 43 Rule Ten: Enhancing and Improving Performance
- 44 Rule Eleven: Focusing on the importance of social responsibility

47 Annual Audit Committee Report for the Financial Year Ending 31 December 2025

50 The financial statements for the fiscal year ended on 31 December 2025

50 Independent Auditor's Report

- 54 Consolidated statement of profit or loss
- 55 Consolidated statement of profit or loss and other comprehensive income
- 56 Consolidated Statement of Financial Position
- 58 Consolidated statement of changes in equity
- 60 Consolidated statement of cash flows
- 62 Notes to the consolidated financial statements





Board of Directors Members



Talal Bader Al-Bahar
Chairman of the Board of Directors



Bader Jasem Al-Hajri
Vice Chairman of the Board



Rami Habli
Chief Executive Officer
& Board Member



Fahad Hussam Al-Shamlan
Board Member



Abdulaziz A. Al-Muaijel
Board Member



The Chairman's Speech



Dear Esteemed Shareholders,

After greetings,

I am pleased to present to our valued shareholders the annual report of Al-Deera Holding Company for the financial year ended December 31, 2025, which reflects an exceptional year of strong financial performance and sustainable growth. During this year, the Company continued to strengthen its position in the Kuwaiti market, supported by a clear strategic vision and a balanced operational approach aimed at maximizing value and achieving long-term financial stability.

Our efforts in 2025 were crowned with remarkable financial results, as net profit attributable to the shareholders of the parent company increased by 46% to reach KWD 4.94 million, compared to KWD 3.39 million in the previous year. Earnings per share also rose to 43.48 fils, compared to 29.87 fils in 2024, reflecting a noticeable improvement and sustained efficiency in operational performance.

Shareholders' equity witnessed strong growth, reaching KWD 42.4 million by the end of 2025, compared to KWD 32 million in the previous year, achieving exceptional growth over the past five years. This reflects the Company's solid financial position and the effectiveness of its investment strategy.

In the same context, total assets increased to KWD 51 million, supported by growth in investments in associate companies and other financial assets. The Company also maintained low leverage levels, which declined to 16% compared to 21% in the previous year, further enhancing its financial flexibility and ability to withstand economic challenges.

In line with our commitment to maximizing shareholder value, the Board of Directors has recommended the distribution of bonus shares at 20%, reflecting management's confidence in the Company's future performance and its commitment to rewarding shareholders for their continued support.

One of our associate companies, (Arzan Financial Group for Financing and Investment), delivered strong performance by the end of 2025, with net profit attributable to the parent company's shareholders reaching KWD 23 million, compared to KWD 14 million in 2024, representing a growth of 65%. Earnings per share rose to 25.639 fils, while operating revenues reached KWD 38.6 million compared to KWD 25.4 million in the previous year, achieving a growth rate of 52%.

Furthermore, the Group's (Arzan Financial Group for Financing and Investment) total assets increased by 35.90% to reach KWD 385 million, driven by an increase in the fair value of financial assets and entry into new investments. On the other hand, total liabilities rose by 38.51%, although they remain within acceptable limits.

Based on these results, the Group's (Arzan Financial Group for Financing and Investment) Board of Directors recommended the distribution of cash dividends at 2% (2 fils per share), in addition to bonus shares at 6% (6 shares for every 100 shares).

In conclusion, we look forward with confidence to 2026, determined to build on our achievements by exploring new investment opportunities and adopting balanced financial policies that support sustainable growth and enhance returns for our shareholders. We also reaffirm our ongoing commitment to strengthening Al-Deera Holding Company's position as a trusted investment partner and a key player in the Kuwaiti market.

Finally, I would like to extend my sincere thanks and appreciation to our valued shareholders for their continued support and trust. We also take pride in the efforts of our management team and all employees, wishing them continued success in achieving the Company's objectives.



Talal Bader Al-Bahar

Chairman of the Board of Directors





Annual Governance Report 2025

Introduction

The Board of Directors ("the Board") of Al-Deera Holding Company ("the Company") continuously strives, through its decisions and actions, to safeguard the interests of shareholders, clients, and all other stakeholders. The Board is committed to establishing the highest standards and best practices of sound governance rules, and to ensuring that internal control systems within the Company are conducted in accordance with best practices.

The Board also seeks to affirm the principle of trust in the Company's management of its various resources by preserving, growing, and prudently administering those resources. The Board works to protect related parties and ensures compliance with the Company's approved policies and procedures in this regard. The Board of Directors exercises its duties through effective supervision and oversight of these operations and ensures that full disclosure is made to shareholders with complete transparency and clarity.

Governance is defined as the system through which the Company's business is directed, managed, and monitored at the highest level, and through which the Company's capacity to achieve long-term strategic objectives is enhanced — by adhering to the Company's operational policies and procedures and complying with legal and regulatory requirements.

The Board believes that having an appropriate governance system for the Company is of paramount importance, as it enhances the soundness of the Company's business and investor confidence. Accordingly, the Board regularly seeks to improve the effectiveness and performance of the governance system by monitoring the performance of Board committees. Throughout the year ending 31 December 2025, the Company worked to comply with the Corporate Governance regulations issued by the Capital Markets Authority. The Company's philosophy is to achieve the highest standards of accountability, transparency, and integrity in conducting its business, with a focus on compliance with all issued regulations and laws in its field.

The Company has adopted a set of policies and best practices to enhance transparency and the timely and accurate disclosure of information regarding its financial statements, operational performance, management, and approved governance system.

Principle One

Building a Balanced Board Structure

The composition of the Board of Directors has been structured in a manner appropriate to the Company's nature and activities, ensuring that the majority of Board members are non-executive members with no relationships that could affect the independence of their decisions. The Board comprises a sufficient number of members to allow for the formation of an adequate number of sub-committees. The Board committees consist of the Nominations and Remuneration Committee, the Audit Committee, and the Risk Management Committee. Each of these committees has approved operating charters defining its scope of work, authorities, responsibilities, and duties.

The Board of Directors is accountable to the General Assembly of Shareholders. It is entrusted with the responsibility of protecting the Company's interests, developing its business, and achieving its vision, mission, strategy, and objectives to fulfill the aspirations of shareholders and other stakeholders. The Board also works to manage and prevent conflicts of interest, while giving priority to the Company's best interests.

The Board of Directors consists of five members elected by the Company's General Assembly for a term of three years. The Board's structure is collectively characterized by diversity in expertise, qualifications, and knowledge across the activities in which the Company operates, including familiarity with legal, economic, governance, internal control and risk management, financial management, and strategic planning aspects.



Board of Directors Composition:

Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
Mr. Talal Bader Al-Bahar	Chairman of the Board of Directors (Non-Executive)	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Business Administration (Finance - Management Information Systems) - Boston University, USA, 2001. <p>Professional Certificates:</p> <ol style="list-style-type: none"> Finance and Investment Program Certificate - Kuwait Investment Authority, Kuwait, 2001. Private Equity Program - Business School, London, 2008. Training certificates from Harvard Business School: Leading Change and Organisational Renewal (2016), Negotiation and Competitive Decision-Making (2018), Creating Smarter Corporations (2019). Trading Academy Certificate - CMA Governance Rules (May 2021). Online certificate from Trading Academy (Investment Companies Union) - Anti-Money Laundering & Financial Crimes, 2022 & 2023. Online certificate from Trading Academy (Investment Companies Union) - Anti-Money Laundering & Financial Crimes, 2024. Certificate from Brocapita Training Institute - Corporate Governance / Disclosure and Transparency, 2024. Certificate from SDA Bocconi School of Management - AI and Data Science for Executives, 2025. Certificate from Al-Tahir Legal Group - Workshop on Central Bank Governance Rules, 2025 - CINET. <p>Career Positions Held:</p> <ol style="list-style-type: none"> Executive Vice President - Arzan Financial Group for Financing and Investment (from 01 March 2021 - present). Chairman of the Board - EFG Hermes IFA Financial Group (from 24 September 2014 - present). Chairman of the Board - Al-Deera Holding Company (from 24 November 2014 - present). Vice Chairman of the Board - Kuwait Clearing Company (from 23 July 2020 - present). Chairman of the Board - Kuwait Netting Company (from 11 April 2023 - present). Member, Economic Policies Committee - Investment Companies Union (from 14 July 2024 - present). Board Member - Kuwait National Gas Company (from 20 February 2019 - present). Board Member - Ravinia Company (from 01 October 2024 - present). Company Director - Fairway Kuwait Limited for Management Consulting (from 22 April 2025 - present). Board Member - CINET, Kuwait Credit Information Network (from 29 July - present). 	14/05/2024

Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
Mr. Talal Bader Al-Bahar	Chairman of the Board of Directors (Non-Executive)	<p>11. Vice Chairman - Kuwait International Investment Company (from 27/3/2011 - 12/9/2024).</p> <p>12. Board Member - Kuwait Clearing Company (from 05 May 2019 - 22 July 2020).</p> <p>13. Member, Election Supervision Committee - Kuwait Chamber of Commerce and Industry Elections, 2020.</p> <p>14. Board Member - Credit Information Network Company (2017-2020).</p> <p>15. Board Member - Kuwait International Investment Company (from 13 February 2010 - 27 March 2011).</p> <p>16. Board Member - FastTelco (from 24 January 2008 - 2014).</p> <p>17. Board Member - Automated Systems Company (from 22 March 2012 - 12 May 2013).</p> <p>18. Board Member - EFG Hermes IFA Financial Group (from 05 June 2011 - 25 September 2014).</p> <p>19. Vice Chairman - Kuwait Holding Company (from 07 September 2009 - 16 January 2011).</p> <p>20. Vice Chairman - Al-Deera Holding Company (from 25 May 2014 - 23 November 2014).</p> <p>21. Board Member - IFA Hotels and Resorts (from 2005 - 2007).</p> <p>22. Board Member - Safa Real Estate Company (from 10 May 2004 - 5 April 2010).</p> <p>The following positions are currently held:</p> <p>1. Executive Vice President - Arzan Financial Group for Financing and Investment.</p> <p>2. Chairman of the Board - EFG Hermes IFA Financial Group.</p> <p>3. Chairman of the Board - Al Deera Holding Company.</p> <p>4. Vice Chairman of the Board - Kuwait Clearing Company.</p> <p>5. Chairman of the Board - Kuwait Depository Company.</p> <p>6. Member of the Economic Policy Committee - Union of Investment Companies.</p> <p>7. Board Member - National Gas Company.</p> <p>8. Board Member - Ravinia Company.</p> <p>9. Managing Director - Fairway Kuwait Limited for Management Consulting.</p> <p>10. Board Member - CINET (Kuwait Credit Information Network Company).</p>	14/05/2024



Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
Mr. Bader Jasem Al-Hajri	Vice Chairman of the Board (Non-Executive)	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Administrative Sciences (Marketing) - Kuwait University, 1999. <p>Career Positions Held:</p> <ol style="list-style-type: none"> Special Services Relations Officer - Dar Al-Istithmar (15/09/2001 - 17/05/2003). Assistant Manager, Marketing and Placement - Gulf Investment House (18/05/2003 - 01/10/2005). Manager, Investment Placement - Al-Awal Investment (02/09/2006 - 31/12/2007). Senior Manager, Investment Placement - Al-Awal Investment (01/01/2008 - 30/04/2010). Manager, Banking Services - Boubyan Bank (02/05/2010 - 30/04/2012). Vice President, Government & Regulatory Affairs - FastTelco (01/05/2012 - 30/04/2016). Board Member - Kuwait International Investment Company (Holding) (24/02/2016 - 12/09/2024). Board Member - Financial Consulting Holding Company (19/10/2016 - 30/07/2017). Vice Chairman - Seven Seas Company (16/07/2018 - 02/12/2024). <p>Current Positions:</p> <ol style="list-style-type: none"> Vice Chairman - Al-Aqdan Kuwait Real Estate Development Company. Chairman of the Board - International Resorts Company. Vice Chairman - Al-Deera Holding Company. Board Member - EFG Hermes IFA Financial Group. Board Member - Arzan Financial Group for Financing and Investment (21 May 2019). Board Member - First Takaful Insurance Company. Board Member - Real Estate Investors Union. Board Member - Sanam Real Estate Company. CEO & Board Member - International Real Estate Revenues Company. 	14/05/2024

Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
Mr. Rami Habli	Chief Executive Officer & Board Member (Executive)	<p>Academic Qualifications:</p> <ul style="list-style-type: none"> • BBA – American University of Beirut, 1996. • MBA – Boston University, 1999. • CPA – Massachusetts, USA, 1999. • CFA – USA, 2002. • CA & CPA – Ontario, Canada, 2003. <p>Career Positions Held:</p> <ol style="list-style-type: none"> 1. Executive Vice President for Investment – Kuwait Holding Company. 2. Vice President for Investment – Al-Ritaj Investment Company. 3. Group Manager – Corporate Finance and Internal Audit Departments – Al-Ghanim Industries. 4. Manager – Deloitte, Boston and Toronto branches. 5. Financial Analyst – Abdul Latif Jameel Company (Saudi Arabia). <p>Current Positions:</p> <ol style="list-style-type: none"> 1. CEO & Board Member – Al-Deera Holding Company. 2. Board Member – Kuwait National Gas Company. 3. Board Member – Suhail Telephone Services Company. 4. Board Member – Kuwait National Slaughterhouses Company. 5. Board Member – EFS Facilities Management, DIFC. 6. Board Member – Fifth Pillar Takaful Insurance Company (Pakistan). 7. Board Member – First Takaful Insurance Company. 	14/05/2024



Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
<p>Mr. Saleh Mohammed AITneib</p>	<p>Board Member (Independent)</p>	<p>Academic Qualification:</p> <ul style="list-style-type: none"> • Master of Accounting Sciences - San Diego University, 2010. <p>Career Positions Held:</p> <ol style="list-style-type: none"> 1. Board Member - Al-Awal Slaughterhouses Company. 2. Board Member - IFA Food Company. 3. CEO - Souq Al-Yasmin Central Food Market. 4. Board Member - Kuwait International Investment Company (Holding) (Closed). <p>Current Positions (as of appointment date):</p> <ol style="list-style-type: none"> 1. Board Member - Al-Deera Holding Company. 2. CEO - On Cost Cash and Carry. 3. General Manager - Al-Nuzha United Restaurant Management Company. 4. General Manager - Kuwait Al-Nuzha Group for Restaurant Management. 5. Vice Chairman - IFA Food Company. 6. Audit Committee Chairman - First Takaful. 7. Vice Chairman - IFA Food Company. 8. General Manager - Blue Jay Import & Export Company. 9. General Manager - Smooth Logistics for Warehousing (LLC). 10. Board Member - Kuwait International Investment Company (Holding) (Closed). 	<p>14/05/2024</p> <p>Resigned: 01/05/2025</p>



Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
<p>Mr. Fahad Hussam Al-Shamlan</p>	<p>Board Member (Non-Executive)</p>	<p>Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Architecture - University of Miami, School of Architecture, Florida, 2000. • Master of Business Administration, Finance, and International Business - University of Miami, Graduate School of Business, Florida, 2004. <p>Career Positions Held:</p> <ol style="list-style-type: none"> 1. Associate Project Manager - Forbes Architects, Miami, Florida, 2000-2002. 2. Development & Design Manager - Global Destinations Development LLC, Miami, Florida, June 2004 - March 2008. 3. Investment & Acquisition Manager - IFA Hotels and Resorts, Dubai, UAE, May-December 2008. 4. Head of Investments - Raimon Land PLC, Bangkok, Thailand, October 2009 - February 2010. 5. Investment & Development Manager - IFA Hotels and Resorts (Africa & Indian Ocean), Durban, South Africa, February-October 2010. 6. Development Manager - IFA Hotels and Resorts, Beirut, Lebanon, October 2010 - May 2011. <p>Current Positions:</p> <ol style="list-style-type: none"> 1. Vice President - Investment & Acquisition Management - Kuwait Real Estate Company. 2. Partner - Arzan Investment Management, Dubai. 3. Board Member - Al-Deera Holding Company. 4. Board Member - Al-Aqdan Kuwait Real Estate Development Company. 5. Member - Active Holding Company. 	<p>14/05/2024</p>



Name	Classification	Academic Qualifications & Work Experience	Election / Appointment Date
<p>Mr. Abdulaziz Abdulrazzaq Al-Muaijel</p>	<p>Board Member (Independent)</p>	<p>Academic Qualification:</p> <ul style="list-style-type: none"> • Bachelor of Architecture - Kuwait University, 2004. <p>Work Experience:</p> <ul style="list-style-type: none"> • Vice President - Real Estate Development Department, Kuwait Real Estate Company (from 2010 - present). • Real Estate Development Manager - Aqar Company (from 2004 - 2010). <p>Current Positions:</p> <ul style="list-style-type: none"> • Vice Chairman & CEO - Kuwait National Slaughterhouses Company. • Chairman of the Board - Active Holding Company. • Chairman of the Board - Al-Aqdan Kuwait Real Estate Development Company. • Board Member - Gulf Concessions Company. 	<p>03/12/2025</p>



Name	Position / Title	Academic Qualifications	Board Secretary Appointment Date
Mohamed Kamal Abdulaziz	Assistant Manager - Finance and Board Secretary	Bachelor of Accounting - Helwan University	14/05/2024

The minutes of the Board of Directors meetings are recorded by Mr. Mohamed Kamal Abdulaziz, who was reappointed by a Board resolution dated 14 May 2024.

On 03/12/2025, pursuant to the resolution of the Ordinary General Assembly and the meeting of the Board of Directors, Mr. Abdulaziz Abdulrazzaq Al-Muaijel was appointed as an Independent Board Member, as a member of the Audit Committee, and as a member of the Nominations and Remuneration Committee, replacing Mr. Saleh Mohammed Al-Tneib who submitted his resignation from Board membership on 01/05/2025.

The Board has established a dedicated register for meeting minutes, containing discussions and deliberations, and indicating the venue, date, start time, and end time of each meeting. Meeting minutes have been numbered sequentially for the year in which they were held, and are classified and archived in an easily retrievable manner. In order to ensure that all required information and data are accurately and timely available to all Board members, full updated information and data that any member may require are kept with the Board Secretary.



Summary of Board of Directors Meetings:

The Board held, at the invitation of the Chairman, thirteen meetings during the year 2025, in accordance with the Company's Articles of Association and Memorandum of Incorporation. Board members were provided with meeting agendas covering specific topics, supported by the necessary documents and information sufficiently in advance for review and study, and agendas were approved during the meetings.

Board of Directors Meetings During 2025:

#	Member Name	Role	Mtg 1 06/03	Mtg 2 27/03	Mtg 3 13/04	Mtg 4 07/05	Mtg 5 15/05	Mtg 6 07/08	Mtg 7 16/10	Mtg 8 12/11	Mtg 9 18/11	Mtg 10 02/12	Mtg 11 03/12	Mtg 12 10/12	Mtg 13 18/12	# Mtgs	Attendance %
1	Talal Bader Al-Bahar	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	100%
2	Bader Jasem Al-Hajri	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	100%
3	Rami Habli	CEO & Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	100%
4	Saleh Mohammed Al-Tneib	Former Board Member	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	3	23%
5	Fahad Hussam Al-Shamlan	Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13	100%
6	Abdulaziz Abdulrazzaq Al-Muaijel	Board Member	-	-	-	-	-	-	-	-	-	-	✓	✓	✓	3	23%

Implementation of Registration, Coordination, and Record-Keeping Requirements for Board Meetings

The Company maintains, through the Board Secretary, a numbered register showing the dates of Board meetings during 2025.

- On 03/12/2025, based on the resolution of the Ordinary General Assembly and the Board of Directors meeting, Mr. Abdulaziz Abdulrazzaq Al-Muaijel was appointed as an Independent Board Member of the company, replacing Mr. Saleh Mohammed Al-Tneib, who had submitted his resignation from the Board of Directors of the company on 01/05/2025.

وزارة التجارة والصناعة
Ministry of COMMERCE and Industry

إقرار عضو مجلس الإدارة المستقل

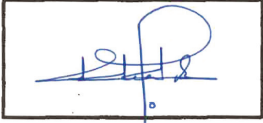
أقر أنا الموقع أدناه^{عبدالعزيز عبدالرزاق المعجل} بطاقة مدنية (أو جواز سفر لغير المقيم) رقم²⁸¹⁰²¹¹⁰⁰⁰⁷¹ ، والمرشح كعضو مجلس إدارة مستقل لدى شركة^{الدبيرة القابضة} بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالإستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم :^{عبدالعزيز عبدالرزاق المعجل}
التاريخ :

التوقيع :



وزارة التجارة والصناعة
Ministry of COMMERCE and Industry

إقرار عضو مجلس الإدارة المستقل

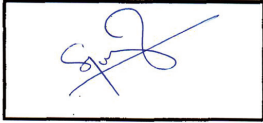
أقر أنا الموقع أدناه^{صالح محمد التنيب} بطاقة مدنية (أو جواز سفر لغير المقيم) رقم²⁸⁷⁰¹²⁸⁰¹⁷⁰³ ، والمرشح كعضو مجلس إدارة مستقل لدى شركة^{الدبيرة القابضة} بأنه تتوافر لدي الشروط التالية :

1- أنني أتمتع بالإستقلالية على النحو الوارد في المادة (2-3) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم :^{صالح محمد التنيب}
التاريخ :

التوقيع :



Principle Two

Proper Definition of Duties and Responsibilities

Definition of Duties and Responsibilities of the Board of Directors and Executive Management in Approved Policies and Regulations, as well as Delegated Authorities

The Board of Directors exercises all powers and authorities necessary for managing the Company and bears ultimate responsibility for the Company. The duties and responsibilities of both the Board and the Executive Management have been clearly defined in the approved policies and regulations, reflecting a balance of authorities between them. The Board exercises its duties and functions through its sub-committees, to which it has delegated certain authorities based on approved charters. The Board is also responsible for approving all policies and ensuring the existence of an appropriate strategy that serves its objectives and aspirations.

The Board's duties and responsibilities include:

1. Approving, reviewing, and directing objectives, strategies, business plans, and key operations.
2. Approving annual budgets and adopting interim and annual financial statements.
3. Overseeing the Company's major capital expenditures and the acquisition and disposal of assets.
4. Ensuring compliance with policies and procedures that guarantee the Company adheres to applicable internal regulations and rules.
5. Ensuring the accuracy and integrity of required disclosures in accordance with the applicable disclosure and transparency policies and systems.
6. Establishing effective communication channels that allow shareholders to be regularly and periodically informed about the Company's various activities and any material developments.
7. Establishing the Company's governance system, overseeing it generally, monitoring its effectiveness, and amending it as needed.
8. Forming specialized sub-committees pursuant to approved charters specifying committee duration, authorities, responsibilities, means of Board oversight, member nominations, and defining members' duties, rights, and obligations; as well as Evaluating committee performance.
9. Ensuring that the Company's approved policies and regulations are transparent and clear to facilitate decision-making and achieve sound governance principles, and ensuring the separation of authorities between the Board and Executive Management through: (a) approving and developing internal regulations and rules related to the Company's operations, including defining tasks, responsibilities, and duties across organizational levels; and (b) approving the policy for delegating and executing duties assigned to Executive Management.
10. Determining the authorities delegated to Executive Management, decision-making procedures, duration of delegation, and specifying matters reserved for the Board's sole determination.
11. Supervising and overseeing the performance of Executive Management members and ensuring they fulfill all assigned duties.
12. Determining the remuneration tiers to be granted to employees.
13. Establishing a policy regulating relationships with stakeholders in order to protect their rights.
14. Monitoring the performance of each Board member and each member of Executive Management based on objective KPIs.
15. Establishing a mechanism to regulate dealings with related parties in order to limit conflicts of interest.

16. Periodically verifying the effectiveness and adequacy of the internal control systems in place at the Company and its subsidiaries, including: ensuring the soundness of financial and accounting systems including those related to financial reporting; and ensuring the implementation of appropriate control systems for measuring and managing risks by identifying the range of risks the Company may face, establishing a risk-aware culture at the Company level, and disclosing these transparently to stakeholders and related parties.
17. Preparing an annual report to be read at the Company's Annual General Assembly, covering requirements and procedures for completing corporate governance rules and the degree of adherence thereto.
18. Establishing a plan/policy for incorporating sustainability factors into the Company's overall strategy, key business plans, and risk measurement and management process, where required.

Board of Directors' Achievements During 2025:

1. Monitoring the progress of the Company's operations through periodic meetings with Executive Management and discussing the Company's results through a set of periodic financial and operational reports.
2. Working to develop and achieve the Company's strategic objectives.

Executive Management

The Company's activities are conducted by the Executive Management with the aim of achieving a balance in relationships between the Company and its shareholders, employees, clients, and other stakeholders, and ensuring that operations remain within the Company's purposes, dedicating resources appropriately to meet its objectives in alignment with the Company's policy and strategy. Executive Management is accountable to the Board for the Company's practices, activities, and operations. The primary responsibilities and duties of management generally include achieving objectives, supervising the day-to-day operations of the Company's activities, participating in strategic planning, and preparing budgets, financial reports, and others.

The Board's responsibility for overseeing Executive Management includes:

1. Appointing or dismissing any member of Executive Management, including the Chief Executive Officer or equivalent.
2. Setting performance standards that form the basis for periodic evaluations of Executive Management members, and ensuring an effective succession strategy.
3. Ensuring that the qualifications and experience of Executive Management members are consistent with the Company's nature of business and the risks it faces.
4. Supervising Executive Management members to ensure they fulfill assigned roles in accordance with the Company's Board-approved objectives and policies.
5. Monitoring actions taken by Executive Management to ensure they are in line with the Board-approved strategy and policies and in accordance with the Company's approved risk appetite.
6. Holding periodic meetings with Executive Management as necessary to discuss various Company matters.
7. Reviewing and discussing information and reports submitted by Executive Management.

Executive Management's Duties Toward the Board of Directors:

1. Implementing the Board-approved Company strategic plan and related internal policies and regulations, and ensuring their adequacy and effectiveness.
2. Submitting recommendations regarding the pursued strategy with the aim of improvement and development through studied plans.



3. Preparing periodic, accurate, and comprehensive reports on departmental performance regarding progress in Company activities in light of strategic plans and objectives, for presentation to the Board.
4. Establishing an integrated accounting system that maintains books, records, and accounts accurately and in detail reflecting the financial statements and income accounts, enabling the preservation of Company assets and the preparation of financial statements in accordance with the International Accounting Standards approved by the Capital Markets Authority.
5. Submitting periodic reports on the exercise of delegated authorities and monitoring the implementation of granted authorities and responsibilities in accordance with the approved delegation matrix.
6. Developing, amending, updating, discussing, and approving policies and procedures for best implementation.
7. Establishing internal control and risk management systems and ensuring their adequacy and effectiveness.
8. Managing all activities and human and financial resources effectively to maximize profits, minimize expenses, and achieve the Company's strategic objectives.
9. Actively participating in building and developing ethical values within the Company.

Implementation of Requirements for Forming Specialized Independent Committees by the Board

Within the framework of the evolving role of the Board in relation to oversight, strategic planning, governance, risk management, and internal control of the Company, sub-committees have been formed to carry out the Board's work efficiently and effectively. These committees are as follows:



Audit Committee

Formation Date

On 14 May 2024, the Audit Committee was formed and shall continue until a new Board of Directors is re-elected in 2027. The Audit Committee aims to assist the Board in carrying out its oversight responsibilities by supervising the internal audit function, following up on the work of the external auditor, and ensuring the effective implementation of the Company's various policies. This committee works to entrench a culture of compliance within the Company by ensuring the integrity of the Company's financial reporting and the adequacy and effectiveness of the internal control systems applied within the Company.

The Committee's duties and responsibilities include:

1. Reviewing periodic financial statements before presenting them to the Board, and providing opinion and recommendation thereon, in order to ensure the fairness and transparency of financial reporting.
2. Recommending to the Board the appointment, reappointment, or replacement of the external auditor and determining his fees, with attention to confirming his independence and reviewing his appointment letters upon recommendation for appointment.
3. Following up on the work of the external auditor and ensuring he does not provide services to the Company other than those required by the audit profession.
4. Studying the external auditor's observations on the Company's financial statements and following up on action taken in that regard.
5. Reviewing the accounting policies applied and providing opinion and recommendation to the Board.
6. Assessing the adequacy of the internal control systems applied within the Company and preparing a report containing the Committee's opinion and recommendations in this regard.
7. Providing technical oversight of the internal audit activity in the Company to verify its effectiveness in performing the duties and tasks determined by the Board.
8. Recommending to the Board the appointment, transfer, or dismissal of the internal audit officer, evaluating his performance, or recommending the outsourcing of internal audit work to an external party.
9. Evaluating the performance of the internal audit activity.
10. Reviewing and approving the audit plans proposed by the internal audit activity and the external auditor's work plans, and providing observations thereon.
11. Reviewing the results of internal audit reports and ensuring that necessary corrective actions have been taken regarding the observations contained in the reports.
12. Reviewing the results of regulatory authorities' reports and ensuring that necessary actions have been taken in that regard.



The Committee is composed of the following members:

#	Member Name	Title	Member Status	Appointment Date
1	Mr. Fahad Hussam Al-Shamlan	Committee Chairman	Non-Executive	14/5/2024
2	Mr. Bader Jasem Al-Hajri	Member	Non-Executive	14/5/2024
3	Mr. Saleh Mohammed Al-Tneib	Resigned Member	Non-Executive (Independent)	14/5/2024; Resigned 01/05/2025
4	Mr. Abdulaziz Al-Muaijel	Member	Non-Executive - Independent	03/12/2025

On 03/12/2025, pursuant to the resolution of the Ordinary General Assembly and the Board of Directors, Mr. Abdulaziz Al-Muaijel was appointed as a member of the Audit Committee in place of Mr. Saleh Mohammed Al-Tneib.

Audit Committee Meeting Summary for 2025:

#	Meeting Date	Meeting Number	Members Present	Attendance Rate
1	06/03/2025	Audit Committee Meeting No. (1)	3	100%
2	27/03/2025	Audit Committee Meeting No. (2)	3	100%
3	15/05/2025	Audit Committee Meeting No. (3)	2	66%
4	07/08/2025	Audit Committee Meeting No. (4)	2	66%
5	12/11/2025	Audit Committee Meeting No. (5)	2	66%
6	23/12/2025	Audit Committee Meeting No. (6)	3	100%

Mr. Mohamed Kamal Abdulaziz serves as the Committee Secretary.

The Committee's Key Achievements During 2025:

1. Reviewing interim and annual financial reports and recommending their adoption to the Board.
2. Reviewing the internal control systems adequacy report issued by an independent audit office, which covers the adequacy of the internal control systems applied within the Company.
3. Preparing the Audit Committee Report on the adequacy of internal systems for 2025 within the Company in preparation for presentation at the General Assembly.
4. Reviewing the internal audit reports issued during 2025.
5. Examining the independence of the external auditor.
6. Reviewing the results of regulatory authorities' reports issued during 2025.

During 2025, there were no conflicts between the Audit Committee's recommendations and the Board's decisions, nor between the recommendations of the specialized advisory firm to which internal audit activities were outsourced and the Board's decisions.



Risk Management Committee

Formation Date

On 14 May 2024, the Risk Management Committee was formed and shall continue until a new Board is re-elected in 2027. The Risk Management Committee aims to establish policies and regulations for risk management.

The Committee's duties and responsibilities include:

1. Preparing and reviewing risk management strategies and policies before their approval by the Board, ensuring the implementation of these strategies and policies, and verifying that they are appropriate to the nature and scale of the Company's activities.
2. Ensuring the availability of adequate resources and systems for risk management.
3. Evaluating the systems and mechanisms for identifying, measuring, and monitoring the various types of risks the Company may face, in order to identify deficiencies.
4. Assisting the Board in determining and evaluating the acceptable risk level for the Company and ensuring the Company does not exceed this level after approval by the Board.
5. Reviewing the risk management organizational structure and making recommendations before its approval by the Board.
6. Ensuring the independence of risk management employees from activities that expose the Company to risks.
7. Ensuring that risk management unit employees have a thorough understanding of the risks surrounding the Company and working to increase employees' awareness and understanding of risk culture.
8. Preparing periodic reports on the nature of risks facing the Company and presenting these reports to the Board.
9. Ensuring that Executive Management establishes internal control and risk management systems, verifying their effectiveness and adequacy, and ensuring Executive Management adheres to the Board-approved risk appetite.
10. Considering matters referred to it by the Board related to the Committee's work.

The Committee is composed of the following members:

#	Member Name	Title	Member Status	Appointment Date
1	Mr. Bader Jasem Al-Hajri	Committee Chairman	Non-Executive	14/05/2024
2	Mr. Rami Habli	Member	Executive	14/05/2024
3	Mr. Fahad Hussam Al-Shamlan	Member	Non-Executive	14/05/2024

Risk Management Committee Meeting Summary for 2025:

#	Meeting Date	Meeting Number	Members Present	Attendance Rate
1	05/03/2025	Risk Management Meeting No. (1)	3	100%
2	25/03/2025	Risk Management Meeting No. (2)	3	100%
3	13/04/2025	Risk Management Meeting No. (3)	3	100%
4	21/06/2025	Risk Management Meeting No. (4)	3	100%
5	31/08/2025	Risk Management Meeting No. (5)	3	100%
6	15/10/2025	Risk Management Meeting No. (6)	3	100%
7	18/11/2025	Risk Management Meeting No. (7)	3	100%
8	10/12/2025	Risk Management Meeting No. (8)	3	100%

Mr. Mohamed Kamal Abdulaziz serves as the Committee Secretary.

The Committee's Key Achievements During 2025:

1. Reviewing the Company's risk management plan.
2. Reviewing the risk management reports issued during 2025.

During 2025, there were no conflicts between the Risk Management Committee's recommendations and the Board's decisions.



Nominations and Remuneration Committee

Formation Date

On 14 May 2024, the Nominations and Remuneration Committee was formed and shall continue until a new Board is re-elected in 2027. The Nominations and Remuneration Committee aims to assist the Board of Directors in fulfilling its supervisory responsibilities and duties to ensure the nomination of the necessary competencies for Board membership and executive and managerial positions in the Company. The Committee's duties and responsibilities include:

1. Recommending the acceptance of nominations and re-nominations for Board and Executive Management members.
2. Reviewing the Board's structure and making recommendations regarding possible changes.
3. Conducting an annual review of the required skills for Board membership and seeking to attract Board members.
4. Preparing job descriptions for executive members, non-executive members, and independent members.
5. Ensuring that independent Board members retain their independent status.
6. Attracting applications for executive positions as needed and reviewing such applications.
7. Establishing a clear policy for remuneration of Board members and Executive Management.
8. Determining the remuneration tiers to be granted to Company employees, such as fixed remuneration tiers, performance-linked remuneration tiers, share-based remuneration tiers, and end-of-service remuneration tiers.
9. Preparing a detailed annual report on all remuneration granted to Board members and Executive Management, whether in amounts, benefits, or perquisites of any nature or name, to be presented to the Company's General Assembly for approval and read by the Chairman of the Board.
10. Assisting the Board in identifying areas of weakness and strength and proposing remedies in the best interests of the Company.
11. Considering matters referred to it by the Board related to the Committee's work.

The Committee is composed of the following members:

#	Member Name	Title	Member Status	Appointment Date
1	Mr. Talal Bader Al-Bahar	Committee Chairman	Non-Executive	14/5/2024
2	Mr. Bader Jasem Al-Hajri	Member	Non-Executive	14/5/2024
3	Mr. Saleh Mohammed Al-Tneib	Resigned Member	Non-Executive - Independent (Former)	14/5/2024; Resigned 01/05/2025
4	Mr. Abdulaziz Al-Muaijel	Member	Non-Executive - Independent	03/12/2025

On 03/12/2025, pursuant to the resolution of the Ordinary General Assembly and the Board of Directors, Mr. Abdulaziz Al-Muaijel was appointed as a member of the Nominations and Remuneration Committee in place of Mr. Saleh Mohammed Al-Tneib.

Nominations and Remuneration Committee Meeting Details for 2025:

#	Meeting Date	Meeting Number	Members Present	Attendance Rate
1	12/03/2025	N&R Committee Meeting No. (1)	3	100%
2	27/03/2025	N&R Committee Meeting No. (2)	3	100%
3	10/04/2025	N&R Committee Meeting No. (3)	3	100%
4	05/11/2025	N&R Committee Meeting No. (4)	2	66%
5	09/11/2025	N&R Committee Meeting No. (5)	2	66%

Mr. Mohamed Kamal Abdulaziz serves as the Committee Secretary.

During 2025, there were no conflicts between the Nominations and Remuneration Committee's recommendations and the Board's decisions.

Mechanism for Board Members to Obtain Information and Data

Board members are enabled through the Board Secretary to obtain information and data as stipulated in the approved Board operating charter. The Secretary provides members with data and information sufficiently in advance for review and discussion before meetings.



Principle Three

Selecting Competent Persons for Board and Executive Management Membership

Implementation of Nominations and Remuneration Committee Formation Requirements

In compliance with the Capital Markets Authority's instructions, the Nominations and Remuneration Committee was formed to make recommendations for the appointment of Board members and re-election at the General Assembly, in addition to conducting the annual self-evaluation of Board members' performance. The Committee is also responsible for coordinating the evaluation of remuneration for Board members and Executive Management in accordance with the Company's long-term strategic objectives.

The Nominations and Remuneration Committee charter defines all conditions and requirements for forming the committee in accordance with CMA governance rules regarding membership conditions, membership term, and all other requirements.

Remuneration Report for Board Members, Executive Management, and Managers

The Company grants its employees annual bonuses when the Company achieves its targeted objectives. Such bonuses are not obligatory for the Company but are subject to annual review and are contingent on the Company achieving its objectives and their approval by the Board. The annual bonus proposal is prepared by the Human Resources Department based on the specified allocations and the evaluation of Company employees. The CEO and other Executive Management members are evaluated by the Board, and the remuneration amount is then determined and approved by the Board based on the recommendation of the Nominations and Remuneration Committee. The Committee reviews the proposed remuneration for Board members.

The Ordinary General Assembly may, based on a proposal by the Board, distribute profits to shareholders at the end of the fiscal year, provided that such distribution is from actual profits in accordance with recognized accounting principles and does not affect the Company's paid-up capital.

Summary of the Company's Remuneration and Incentive Policy, particularly as it relates to Board Members, Executive Management, and Managers:

The Company has established a clear policy for granting remuneration to the Chairman and Board members, which includes adhering to the provisions of the Companies Law, attracting the best qualified employees, ensuring equality within the Company, and maintaining transparency in granting remuneration.

Article (25) of the Company's Articles of Association states: "The total remuneration of the Chairman and Board members shall not exceed 10% of net profit after deducting depreciation, reserves, and distributing a profit of no less than 5% of capital to shareholders. Annual remuneration not exceeding six thousand dinars may be distributed to the Chairman of the Board and each Board member during periods when the Company does not achieve profits until it achieves profits allowing for remuneration distribution. The Ordinary General Assembly may, by resolution, exempt the independent Board member from the aforementioned maximum remuneration ceiling."

Board Member Remuneration:

The Company complies with the remuneration system for the Board of Directors as specified in Article 198 of Companies Law No. 1 of 2016, and the approval of the General Assembly is obtained for Board member remuneration.

Executive Management and Managerial Remuneration and Incentives:

Remuneration includes both salaries and benefits (including end-of-service gratuities), which are granted pursuant to the salary and grade scale and applicable laws and regulations, and the Human Resources policies and procedures manual. Remuneration is also linked to the achievement of pre-established objectives, and this type of remuneration is designed to motivate and reward Executive Management members. Remuneration is allocated based on the individual performance of the Executive Management member and the Company's overall performance.

Summary of Nominations Policy

Article (16) of the Company's Articles of Association: The following conditions must be fulfilled by any candidate for Board membership:

1. The candidate must have full legal capacity.
2. The candidate must not have been previously sentenced for a felony punishable by a custodial sentence, nor for a bankruptcy fraud or negligence crime, nor for an offense involving dishonesty or breach of trust, nor for a custodial penalty due to violation of the Companies Law, unless their civil rights have been restored.
3. Except for independent Board members, a Board member must be a shareholder of the Company.

If a Board member loses any of the above conditions, their membership lapses from the date of loss of the condition.



Details of Remuneration, Benefits, and Perquisites Granted to Board Members and Executive Management for 2025:

Board of Directors Remuneration & Benefits							
Total Number of Members	Remuneration & Benefits through Parent Company			Remuneration & Benefits through Subsidiaries			
	Fixed Remuneration Variable Remuneration & Benefits	Fixed Remuneration & Benefits (KWD)		Variable Remuneration Variable Remuneration & Benefits		Variable Remuneration & Benefits (KWD)	
	Health Bonuses	Annual Bonuses	Committee Bonuses	Health Insurance	Monthly salaries (total for the year)	Annual Bonuses	Committee Bonuses
5	2,075	25,000	--	--	--	--	--

Total remuneration and benefits granted to the top five highest-compensated executives, including the CEO and CFO (or their equivalents if not among them)																
Total no. of executive positions	Remuneration & benefits through the parent company							Remuneration & benefits through subsidiaries								
	Fixed remuneration & benefits (Kuwaiti Dinar)							Variable remuneration & benefits (KD)	Fixed remuneration & benefits (Kuwaiti Dinar)							Variable remuneration & benefits (KD)
	Monthly salaries (total for year)	Health insurance	Annual travel tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual bonuses	Monthly salaries (total for year)	Health insurance	Annual travel tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual bonuses		
5	133,690	3,780	11,340	--	--	--	27,555	--	--	--	--	--	--	--		

* Note: The total number of managers in the Company is (5) only.

The Company recorded no deviations from the approved remuneration and benefits policy during the year.

Principle Four

Ensuring the Integrity of Financial Reports

Written Commitments by Both the Board of Directors and Executive Management Regarding the Soundness and Integrity of Financial Reports

In order to ensure the integrity of financial reports, the Executive Management has provided a written commitment to the Board that the financial reports have been presented fairly and soundly, that they cover all financial aspects of the Company in accordance with the International Accounting Standards approved by the Authority, and that the annual report submitted to shareholders by the Board pledges the soundness and integrity of the financial statements, thereby reinforcing the accountability of management to the Board and the Board to the shareholders.

Implementation of Audit Committee Formation Requirements

In compliance with the Capital Markets Authority's instructions, the Audit Committee was formed as a sub-committee of the Board of Directors to assume responsibility for assisting the Board in fulfilling its obligations regarding oversight of the quality and soundness of accounting practices, internal and external audit, internal controls, risk management framework, financial reporting, and the Company's overall governance framework.

It is noted that the role and responsibilities of the Committee, and all conditions related to its formation, are defined in the Audit Committee charter approved by the Board.

In the event of a conflict between the Audit Committee's recommendations and the Board's decisions, a statement shall be included that clearly explains the recommendations and the reason(s) behind the Board's decision not to adhere to them.

In adherence to the highest standards of transparency, the Company has established a mechanism to address conflicts between Audit Committee recommendations and Board decisions — particularly when the Board refuses to follow the Committee's recommendations regarding external and/or internal auditors — whereby the Board is committed, in case of any conflict, to including such disclosure.

Confirming the Independence and Impartiality of the External Auditor

In order to limit potential conflicts of interest, the Audit Committee has confirmed the independence and impartiality of the external auditor by establishing criteria and bases for evaluating his independence, enabling it to recommend to the Board his appointment, reappointment, or replacement.



Principle Five

Establishing Sound Risk Management and Internal Control Systems

Implementation of Forming an Independent Risk Management Department

The Risk Management Department is responsible for identifying, measuring, monitoring, and mitigating risks and preparing periodic risk reports. The risk management function is independent of other business units, with access permitted to all activities to understand their nature or to request specific data for the proper assessment and monitoring of risks. The Company uses various approaches to deal with the types of surrounding risks that may affect the Company's operations, including risk transfer, risk sharing, risk avoidance, or acceptance of controllable risks while developing mitigation and reduction plans in accordance with the objectives, returns, and cost-effectiveness criteria of the risk management process.

Implementation of Risk Management Committee Formation Requirements

The Board has formed the Risk Management Committee as a sub-committee, ensuring the fulfillment of CMA requirements. For example, among other considerations, the Board ensured that the Board Chairman is not a member of the Committee. The Committee's duties, responsibilities, membership term, and working methods are defined in the Risk Management Committee charter approved by the Board.

The Committee aims to improve the Board's effective oversight by taking on tasks related to all aspects of risk management, including assisting the Board in identifying and evaluating the acceptable risk level for the Company and ensuring the Company does not exceed this level.

Internal Control and Compliance Systems

The Company's internal control system is a comprehensive process implemented by the Company's management and employees, designed to address risks and target the efficiency and effectiveness of all Company operations, confirm the accuracy and correctness of financial statements, and ensure compliance with applicable laws and regulations, thereby guaranteeing the protection of assets from damage, loss, or misuse.

1. Organizational Structure

The Company's organizational structure defines responsibilities, delegates authorities, and clearly delineates reporting relationships without ambiguity. It also embodies the Company's strategy and investment structure. The Board ensures the selection of persons with integrity, technical competence, and experience in the Company's field of work. Board approval is required for the appointment of the remaining Executive Management members, who will be supervised by the CEO. Adequate oversight of the Executive Management is provided to verify that they fulfill their assigned roles within the framework of the Company's objectives and purposes, and to verify the implementation of Board-approved policies.

2. Delegation of Authority

The Board has delegated to the Company's Executive Management responsibility for daily operations, and all financial transactions that cannot be delegated to Executive Management and that require Board approval have been clarified. Executive Management is accountable to the Board for the full management and evaluation of the Company's performance, and Executive Management manages the Company in accordance with the Board-approved strategy, plans, and policies.

3. Advanced Information Systems

The Company relies on a range of advanced systems built on international standards that effectively contribute to internal control and provide accurate and transparent information.

4. Internal Control Procedures

Internal control procedures cover administrative, accounting, and internal control mechanisms and are applied on a periodic basis. Procedures have been established enabling employees to communicate with the Chairman of the Board to report their concerns about potential violations, and these procedures include assurances of protection for whistleblowers, giving them sufficient confidence that they will not face any threats or penalties even if the concerns are not substantiated.

5. Internal Control Documentation System

All documents related to the internal control system are maintained and classified for use in employee training and examination and testing procedures aimed at ensuring the efficiency and effectiveness of the system. Detailed job descriptions have been prepared for all positions within the Company.

6. Availability of Necessary Employee Competencies

The Company has sought to provide the best local talent to carry out internal control procedures efficiently and effectively.

Implementation of Independent Internal Audit Department/Office/Unit Formation Requirements

The internal audit activity reports structurally directly to the Company's Board of Directors and its work has been outsourced to an external party. This party verifies the soundness of internal control procedures covering all Company operations, confirms the protection of tangible and intangible assets, and ensures the accuracy and correctness of financial reports in accordance with accounting standards and compliance with applicable laws and regulations. The internal audit activity also assists the Company in achieving its objectives through a system aimed at improving risk control elements, implementing internal control procedures, and enhancing the Company's governance system. All internal audit reports are submitted to the Audit Committee.



Principle Six

Promoting Professional Conduct and Ethical Values

Code of Conduct Comprising Standards and Parameters for Professional Conduct and Ethical Values

The principles and ethics of conduct included in the Code of Business Conduct aim to guide the Board and Executive Management in making correct decisions — as individuals and on behalf of the Company. Compliance with the Code of Business Conduct is the responsibility of every employee in the Company, and through these values and principles, the Company has a positive impact on the sector in which it operates and on the communities it serves. This will also help build an institution that is a source of pride for all parties, with social responsibility as one of its most important characteristics.

Integrity

The Company's Code of Business Conduct requires the adoption of integrity, honesty, and fairness in all daily dealings by the Company, its suppliers, business partners, and other related parties. The Company recognizes the need to develop its Code of Business Conduct to reflect changes in the legislative and regulatory environment. On this basis, the Company has established a continuous review and update policy, which will enable it to comply with the highest standards of honesty, fairness, transparency, and integrity.

Confidentiality

Board members, Executive Management members, and all employees are required to maintain the confidentiality of information entrusted to them, except in cases authorized by the Company's Executive Management or mandated by regulatory authorities. Confidential information includes all non-public information that could be of use to competitors or harmful to the Company or its clients if disclosed, as well as information entrusted to the Company by suppliers and clients. The obligation to maintain confidentiality continues even after an employee's service with the Company ends.

Compliance with Laws and Regulatory Rules

All Board members, executive officers, employees, and others are required to comply with all laws and regulatory rules applicable to their official capacity as part of the Company, including transparency and disclosure of material information.

Whistleblowing Policy

The whistleblowing policy provides a cooperative and transparent work environment for all employees. It enables Company employees to convey their concerns regarding any violations, wrongful practices, or improper conduct to the Board of Directors, with these procedures carried out within a framework that ensures employee protection and provides for the necessary investigation and oversight of such procedures.



Policies and Mechanisms for Limiting Conflicts of Interest

Conflict of Interest

The Company is committed to managing potential conflicts of interest that may arise, and the Company is dedicated to fulfilling its obligations toward maintaining effective organizational and administrative arrangements. Current policies ensure that appropriate procedures and measures are in place for identifying and managing any conflict of interest. These policies also ensure that the Board appropriately handles actual and potential conflicts of interest, and that all decisions are made in the best interests of the Company.

The Board takes all reasonable measures to identify, prevent, or manage conflict of interest problems that may harm the Company. In cases where minority shareholders have influence over the appointment of Board members, Board members must exercise their duties toward the Company regardless of the party that appointed them. Board members must always act in the interests of the Company and not in the interests of any particular group or party. This means setting aside personal interests and performing their duties in Company transactions in a manner that strengthens stakeholders' confidence in the integrity, objectivity, and impartiality of the Board. No member may derive any profit directly or indirectly as a result of their position, provided that members may receive reasonable expenses incurred in the performance of their duties.

A Board member must immediately disclose to the Chairman of the Audit Committee and/or the Chairman of the Board any situation that involves, or can reasonably be expected to involve, a conflict of interest.

The Company expects its employees to avoid any personal activities and any financial or non-financial interests that may conflict with their commitment to performing their duties effectively. Any employee who actively participates in business interests outside the Company must disclose details of these business activities in writing. The employee must obtain the approval of the Human Resources Department before providing services to another employer.

Related Party Transactions

The related party transactions policy sets out guidelines on how to conduct and manage transactions with related parties, whether between the Company and Board members, Executive Management members, or employees.



Principle Seven

Timely and Accurate Disclosure and Transparency

Implementation of Accurate and Transparent Disclosure Mechanisms that Define the Aspects, Areas, and Characteristics of Disclosure

The Company follows disclosure and transparency policies and procedures, and adopts a disclosure matrix covering all data required to be disclosed to the Capital Markets Authority and other stakeholders. The Company's website provides a clear and accessible portal for all those dealing with the Company, as well as shareholders and the public, to obtain complete, accurate, and disclosed information.

Implementation of Disclosure Register Requirements for Board Members and Executive Management

The Company maintains, in the custody of the Board Secretary, a register organizing the disclosures of Board members and Executive Management, which is updated periodically.

Implementation of Investor Relations Department Formation Requirements

Continuous communication with shareholders and the financial community is a strategic priority for the Company, and there is always a regular dialogue between the Company's executive officers and shareholders. During the year, the Company took numerous measures to ensure the preservation of shareholders' rights to obtain information through continuous disclosure in accordance with CMA rules, through designated channels, including the announcement of interim and annual financial results, Board recommendations, and any material developments related to the Company's business.

Development and Heavy Reliance on Information Technology Infrastructure in Disclosure Operations

The Company continually strives to improve the effectiveness of communication with shareholders, stakeholders, and the financial community in general, and to disseminate accurate information about the Company and the development of its operations, believing in the importance of accurate and regular disclosure, which will be reflected in a fair understanding and valuation of the Company.

The Company's management provides continuous support to shareholders by offering qualified personnel to manage shareholder relations and respond to inquiries regarding the development of the Company's business and shareholders' accounts and records via telephone, mail, fax, or email. The Company has also developed its website and the information technology infrastructure, relying on it significantly in all forms of disclosure.



Principle Eight

Respecting Shareholders' Rights

Implementation of Requirements for Defining and Protecting the General Rights of Shareholders to Ensure Fairness and Equality Among All Shareholders

Ensuring shareholders' rights is one of the most important requirements stipulated in Book Fifteen (Corporate Governance) of the Executive Regulations and the Companies Law. In its commitment to providing the highest standards of transparency and equality in all current or potential transactions for shareholders, the Company has prepared a policy to ensure the identification and protection of shareholders' rights in accordance with the Company's Articles of Association, its internal policies and regulations, and the necessary procedures and controls, to ensure that all shareholders exercise their rights in a fair and equal manner, without conflict with applicable laws, regulations, resolutions, and instructions. The Company also strives to treat all shareholders holding the same class of shares equally and fairly without discrimination.

Establishing a Special Register Maintained at the Clearing Agency for Continuous Monitoring of Shareholder Data

The Company strives for continuous monitoring of all data related to shareholders. Accordingly, a special register has been established and maintained at the clearing agency, in which the names, nationalities, addresses, and number of shares owned by each shareholder are recorded. The register is annotated with any changes to the recorded data according to data received by the Company or the clearing agency, and any interested party has the right to request from the Company or the clearing agency data from this register.

Encouraging Shareholders to Participate and Vote at Company General Assembly Meetings

In order to facilitate and clarify the role of shareholders at General Assembly meetings, a mechanism for voting and participation in General Assembly meetings has been prepared, clarifying that shareholders have the right during these meetings to vote on resolutions — a fundamental right of all shareholders regardless of their level — as stipulated in the Articles of Association, Memorandum of Incorporation, and shareholders' rights policy. General Assembly meetings are organized to allow shareholders to effectively participate and discuss the items on the agenda. The Company has also ensured that shareholders have the right to access all data contained in the special register of disclosures by Board members and Executive Management.

The Company works to invite all shareholders to attend General Assembly meetings and contribute to decision-making, through all announcement channels, including the Kuwait Stock Exchange website, the Company's website, and daily newspapers.



Principle Nine

Recognizing the Role of Stakeholders

Systems and Policies Ensuring the Protection and Recognition of Stakeholders' Rights

In its commitment to recognizing and protecting stakeholders' rights, the Company has prepared a stakeholder protection policy. This policy was designed to ensure respect for and protection of stakeholders' rights in accordance with the laws and instructions issued by the relevant regulatory authorities.

The purpose of the stakeholder protection policy is to ensure that the rights of stakeholders are respected and protected by the Company as stipulated in the relevant laws and regulations. The Company has also protected the rights of all stakeholders and provided occupational stability and sustainability through its good financial performance. The parties considered stakeholders in the Company have been identified through the policy, and guidelines have been established regarding how these rights are protected.

How Stakeholders Are Encouraged to Participate in Monitoring the Company's Various Activities:

1. Shareholders: A shareholder rights protection policy has been established as stipulated in the applicable law and instructions, and as part of the Company's governance framework, in addition to effective communication with shareholders to understand their views on various matters concerning the Company.
2. Regulatory Authorities: The Company complies with the laws, executive regulations, and instructions issued by the Capital Markets Authority, the Ministry of Commerce and Industry, and any other relevant regulatory authorities. The Company also continuously ensures the maintenance of good relationships with all regulatory authorities, and fully cooperates with the CMA and relevant regulatory authorities during inspection operations and in providing information, data, books, records, and tools requested by representatives of regulatory authorities, and providing all data, information, and statistics requested by the CMA and relevant regulatory authorities.
3. Clients: The Company undertakes to provide the best services to its clients, in addition to its constant commitment to following up on client suggestions and complaints; as well as improving communication with clients by innovating modern communication means to allow clients easy access to support at any time, in addition to adopting the principle of participation and transparency with clients by taking their opinions and suggestions before issuing any new product or project the Company intends to launch in the market, where these observations are monitored, analyzed, and presented in a report to decision-makers to take what is in the best interests of clients.
4. Employees: The Company is committed to employing national labor and developing the skills of all Company employees. The Company's focus is on providing opportunities for professional development, offering necessary training programs, and directing recruitment efforts toward hiring and training the best national talent.

Principle Ten

Enhancing and Improving Performance

In order to develop the skills of Board members and Executive Management, the Company has contracted with more than one local advisory firm to provide technical support to members of both the Board and Executive Management in aspects related to governance, internal control, human resources management, legal affairs, and others, to ensure they have an adequate understanding of best practices in the Company's field of work and operations.

Implementation of Requirements for Establishing Mechanisms for Board Members and Executive Management to Access Training Programs and Courses on an Ongoing Basis

During 2025, Board and Executive Management members attended a workshop on "Applying Best Practices and Disclosure and Transparency According to the Practices Applied by the Capital Markets Authority - State of Kuwait."

How the Performance of the Board as a Whole and Each Board Member and Executive Management Member is Evaluated

The Company has established systems and mechanisms for periodically evaluating the performance of each Board member and Executive Management member, through setting a set of performance indicators linked to the achievement of the Company's strategic objectives and the adequacy of internal control systems. During the year, the self-evaluation procedures for Board members, the Board, and its committees were carried out. The self-evaluation results also included a plan to develop the Board's work and identify the necessary development and training areas for members during 2025.

Board of Directors' Efforts in Creating Institutional Values (Value Creation) for Company Employees Through Achieving Strategic Objectives and Improving Performance Rates

In the Board's pursuit of creating values within the Company over the short, medium, and long term, the Board has adopted the Code of Business Conduct, which affirms the existence of means to follow these practices and commit to the highest professional standards and institutional values. The Board has also sought to link adherence to institutional values with employee performance evaluation rates to ensure the achievement of the Company's specific strategic objectives.



Principle Eleven

Emphasizing the Importance of Social Responsibility

The Company's interest in social responsibility has grown during the preceding period, as social responsibility has become one of the Company's key performance criteria, particularly as the Company believes that social responsibility is no longer a voluntary matter of helping society but has become fundamental to the Company's long-term success through various activities (charitable, cultural, scientific, health, environmental, and social) as a matter of commitment.

Establishing a Policy Ensuring Balance Between Company Objectives and Societal Objectives

In the Company's commitment to its responsibility toward society and its employees, the Company has adopted a policy ensuring the achievement of both Company and societal objectives. The Company is committed to aligning its values and business strategy with social and economic needs, while providing the necessary support to society to achieve business and social benefits in the long term and ensuring the continuity of the Company's business in a manner that minimizes harmful effects on society and the environment. The Company has established the pillars of an effective social responsibility framework, including responsibilities toward society, environmental responsibilities, responsibilities toward various community groups, stakeholder participation, and employee development.

The Company also works to increase employees' awareness of social responsibility by ensuring that employees understand and are aware of the importance of social responsibility programs and of the Company's social responsibility objectives that it continuously implements, contributing to the improvement of the Company's performance level.

Programs and Mechanisms Used to Highlight the Company's Efforts in Social Work:

1. Shared Responsibility.
2. Continuous Development.
3. Employee Care.



Executive Management Declaration and Commitment on Financial Reports

The Executive Management of Al-Deera Holding Company (K.S.C.P.) acknowledges its responsibility to the Board of Directors for presenting the Company's annual financial statements and reports, which include the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements as of 31 December 2025. These have been prepared in accordance with International Accounting Standards, the Company maintains accounting records and documents in proper order, and is responsible for providing an effective control system within the Company. The Executive Management accepts responsibility should it be proven that the Company's financial statements and reports do not truthfully represent its actual financial position, results of operations, and cash flows.

The Executive Management also acknowledges that all data, records, documents, and information necessary for auditing the Company's financial statements have been made available to its external auditor, and that the auditors have been enabled to review all documents and information they deemed necessary for the performance of their duties, and that the Company's financial statements faithfully and clearly reveal the Company's true financial position, results of operations, and cash flows.

The CEO and the Assistant Manager - Finance also confirm the accuracy, correctness, and completeness of the information and data contained in the Company's financial statements, reports, and attachments, and that they are presented fairly and soundly in accordance with International Accounting Standards.

Rami Habli

:Chief Executive Officer:


Signature

.....


Mohamed Kamal Abdulaziz

:Assistant Manager - Finance:

Signature:

.....


Kuwait: 31 March 2026

[Official Company Seal]







Board of Directors Declaration and Commitment on Financial Reports

The Board of Directors of Al-Deera Holding Company (K.S.C.P.) acknowledges its responsibility for the soundness and integrity of all the Company's annual financial statements and reports, which include the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements as of 31 December 2025. These have been prepared in accordance with International Accounting Standards, the Company maintains accounting records and documents in proper order, and is responsible for providing an effective control system within the Company. The Board accepts responsibility should it be proven that the Company's financial statements and reports do not truthfully represent its actual financial position, results of operations, and cash flows.

The Board also acknowledges that all data, records, documents, and information necessary for auditing the Company's financial statements have been made available to its external auditor, and that the auditors have been enabled to review all documents and information they deemed necessary for the performance of their duties, and that the Company's financial statements faithfully and clearly reveal the Company's true financial position, results of operations, and cash flows.

The Chairman of the Board and Board members also confirm the accuracy, correctness, and completeness of the information and data contained in the Company's financial statements, reports, and attachments, and that they are presented fairly and soundly in accordance with International Accounting Standards.

Members of the Board of Directors of Al-Deera Holding Company:

Name	Board Membership /	Role	Signature
1. Talal Bader Al-Bahar	Chairman	Non-Executive	
2. Bader Jasem Al-Hajri	Vice Chairman	Non-Executive	
3. Rami Habli	CEO & Board Member	Executive	
4. Abdulaziz Abdulrazzaq Al-Muaijel	Board Member	Independent	
5. Fahad Hussam Al-Shamlan	Board Member	Non-Executive	

Kuwait: 31 March 2026

[Official Company Seal]



Annual Audit Committee Report for the Financial Year Ending 31 December 2025

Introduction

In compliance with the instructions of the Capital Markets Authority ("the Authority") in the State of Kuwait, the Audit Committee ("the Committee") was formed as a sub-committee of the Company's Board of Directors ("the Board"), and the Committee's charter was approved by the Board, which sets out the criteria and method for selecting Committee members, the Committee's duration, tasks, responsibilities, authorities, and operating rules. The Committee enjoys full independence from the Company's Executive Management.

Pursuant to Book Fifteen (Corporate Governance) of the Executive Regulations issued by the Capital Markets Authority in the State of Kuwait (Article No. 9-9, Item No. 4), which stipulates that the Ordinary General Assembly agenda must include the reading of the Audit Committee Report, this report was prepared for the purpose of being read at the Company's General Assembly meeting.

The Company has established an internal audit activity with technical independence through direct reporting to the Audit Committee. Internal audit work has been outsourced to a specialized advisory firm to assist in internal audit activities at the Company level.

All Committee members have academic qualifications and/or practical experience in accounting and finance.

The Committee Secretariat records all Committee meeting minutes, indicating the venue, date, start time, and end time. Meeting minutes have been numbered sequentially for the year in which they were held and are classified and archived in an easily retrievable manner. To ensure that all required information and data are accurately and timely available to all Committee members and/or the Board, full updated information and data that any member may require are kept with the Committee Secretary.

The Committee's Opinion on the Internal Control Systems Applied within the Company

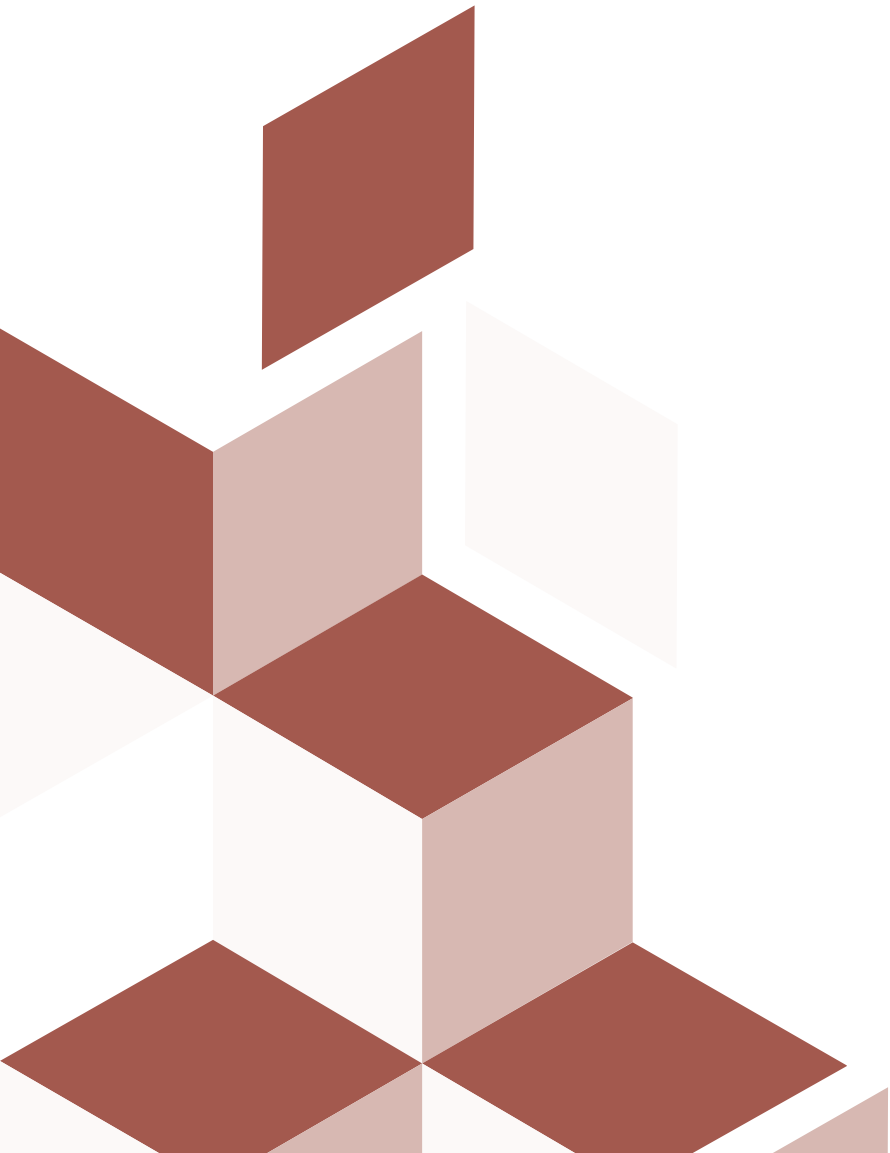
The Committee is of the opinion that the Company has appropriate and satisfactory internal control and compliance systems that cover all of the Company's activities, work to preserve the Company's financial soundness and accuracy of data and efficiency of operations from various aspects. The Company's organizational structure considers:

1. Proper definition of authorities and responsibilities.
2. Dual examination and control, and dual signing for financial and accounting operations in a manner that does not conflict with the Board-approved authority schedule.
3. The principle of Segregation of Incompatible Duties in all Company operations conducted through manual and automated systems. The main objectives of this principle are: (a) reducing the opportunity to conceal any ongoing operation; (b) reducing the ability of one person to control all stages of an operation; (c) limiting conflicts of interest; and (d) reducing fraud risks.

The Committee is of the opinion that the Company relies on a range of advanced information systems that effectively contribute to internal control and provide accurate and transparent information. An authority matrix is applied within the Company that defines limits of access and dealing with information systems. In addition, authority limits have been established by the Board and Executive Management to reflect decision-making authorities, and authorized signatories on behalf of the Company have been identified. The Company's management ensures that the authorities granted to employees are consistent with their responsibilities at an acceptable level of delegation and segregation of duties. Employees' authorities and responsibilities are subject to review in accordance with the requirements of the work environment and any changes in the Company's organizational structure.

Internal control procedures cover operational, administrative, and accounting controls and are continuously applied. The Company's activities and performance are discussed through periodic senior management meetings, and all concerned departments are informed of all decisions. All documents related to the internal control system are maintained and classified for use in employee training and examination and testing procedures aimed at verifying the efficiency and effectiveness of the system. Departments maintain their files and records in a secure location and access thereto is granted only to authorized personnel in accordance with management instructions.





**Consolidated financial statements
and independent auditor's report**
Al-Deera Holding Company - KPSC
and subsidiaries
Kuwait
31 December 2025

Committee Achievements

The Committee worked to entrench a culture of compliance within the Company by ensuring the integrity of the Company's financial reporting and the adequacy and effectiveness of the internal control systems applied within the Company.

The Committee's Key Achievements During 2025:

1. Reviewing the Company's interim and annual consolidated financial statements and recommending their adoption to the Board.
2. Meeting with the independent external auditor and discussing reports and financial statements, and confirming the absence of any interference or obstacles encountered during the audit of the Company's interim and annual consolidated financial statements from executive departments or the Board.
3. Following up on the performance of the independent external auditor, evaluating his independence, and submitting a recommendation to the Board for his reappointment.
4. Reviewing and discussing the Internal Control Review (ICR) report on the internal control systems applied within the Company, issued by an independent audit office, and following up on addressing the observations and implementing the recommendations in previous reports.
5. Preparing the annual Audit Committee Report on the adequacy of the internal control systems applied within the Company, including the Committee's opinion and recommendations, and presenting the report to the Board.
6. Preparing the Audit Committee Report in preparation for presentation at the General Assembly.
7. Approving the annual internal audit plan.
8. Meeting with the internal auditor to review and discuss internal audit reports (including the internal control systems evaluation report) and following up on addressing observations and implementing recommendations in these reports.
9. Reviewing and approving the internal audit activity evaluation report (every three years).

The Committee has transparently notified the Board of its activities, findings, and decisions. The Board periodically monitors the Committee's work to verify that it is performing the assigned duties, and the Committee bears responsibility for its work before the Board.

The Company's Executive Management has provided all information and data needed by the Committee, fully, accurately, and in a timely manner to all Committee members, enabling them to review and perform their duties and responsibilities efficiently and effectively.

In adherence to the highest standards of transparency, the Company has established a mechanism to address conflicts between Audit Committee recommendations and Board decisions, particularly when the Board refuses to follow the Committee's recommendations regarding the external auditor and/or internal auditor, whereby the Board is committed, in case of any conflict, to including in its governance report a statement that clearly explains these recommendations and the reason(s) behind the Board's decision not to adhere to them.

During 2025, there were no conflicts between the Audit Committee's recommendations and the Board's decisions.

Fahad Hussam Al-Shamlan
Chairman of the Audit Committee



Independent Auditor's Report

To the Shareholders of

Al-Deera Holding Company - KPSC

Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Deera Holding Company - KPSC ("the Parent Company") and subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 determined the matter described below as the key audit matter.

Independent Auditor's Report to the Shareholders of Al-Deera Holding Company - KPSC (continued)

Investment in associates

The investment in associates represents a significant part of the Group's total assets which is accounted for under the equity method of accounting considering any impairment in case of any indication thereto. The investment in associates is significant to our audit due to the Group's share of net assets in the associates and the carrying value of the associates. Accordingly, we considered this as a key audit matter.

Investment in associates (continued)

Our audit procedures included, among others, assessment of the financial position and performance of the associate and evaluation of management's considerations of the impairment indicators of investment in associate and using such considerations, we assessed whether any significant or prolonged decline in value exists, or any significant adverse changes in the market or legal environment in which the investee operates. We also assessed the Group's disclosures relating to associate which are included in Note 10 to the consolidated financial statements.

Other information included in the Group's Annual Report for the year ended 31 December 2025

Management is responsible for the other information. The other information comprises Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Group's Annual Report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do 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.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report to the Shareholders of Al-Deera Holding Company - KPSC (continued)

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 skepticism 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.

Independent Auditor’s Report to the Shareholders of Al-Deera Holding Company - KPSC (continued)

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

- 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 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, related safeguards.

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 and its Executive Regulations, as amended, and by the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law, the Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

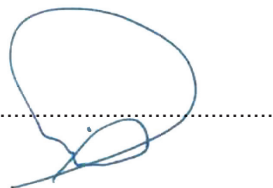
We further report that, during the course of our audit and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority (“CMA”) and its related regulations during the year ended 31 December 2025 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea

(Licence No. 141-A)

of Grant Thornton - Al-Qatami, Al-Aiban & Partners

Kuwait



Consolidated statement of profit or loss

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
INCOME			
Change in fair value of financial assets at FVTPL		2,188,984	1,990,857
(Loss)/gain on sale of financial assets at FVTPL		(578,015)	200,828
Share of results of associates	10	3,887,354	2,354,858
Gain on sale of associate's shares		-	6,643
Dividend income		59,464	93,280
Foreign exchange gain or loss		906	
Other income		203,300	165,831
		5,761,993	4,812,297
EXPENSES AND OTHER CHARGES			
Staff costs		(235,094)	(197,618)
General, administrative and other expenses		(278,022)	(284,232)
Finance costs	7	(329,144)	(479,584)
Provision for doubtful debts	12	-	(254,200)
		(842,260)	(1,215,634)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat		4,919,733	3,596,663
Contribution for KFAS		-	(8,658)
Provision for NLST		-	(126,803)
Provision for Zakat		-	(50,416)
Profit for the year		4,919,733	3,410,786
Attributable to:			
Shareholders of the Parent Company		4,937,605	3,392,664
Non-controlling interests		(17,872)	18,122
		4,919,733	3,410,786
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	9	43.48 Fils	29.87 Fils

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec 2024 KD
Profit for the year	4,919,733	3,410,786
Other comprehensive income:		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Share of other comprehensive loss of associates (Note 10)	(38,952)	(261,324)
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Net change in fair value of financial assets at FVTOCI	744,717	2,229,936
Share of other comprehensive income of associates (Note 10)	5,224,025	4,401,786
	5,968,742	6,631,722
Total other comprehensive income for the year	5,929,790	6,370,398
Total comprehensive income for the year	10,849,523	9,781,184
Attributable to:		
Shareholders of the Parent Company	10,867,395	9,744,237
Non-controlling interests	(17,872)	36,947
	10,849,523	9,781,184

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.



Consolidated statement of financial position

	Notes	31 Dec. 2025 KD	31 Dec. 2024 KD
ASSETS			
Non-current assets			
Property, plant and equipment		12	12
Investment in associates	10	37,426,335	28,780,638
Financial assets at FVTOCI	11	4,223,765	3,677,275
		41,650,112	32,457,925
Current assets			
Receivables and other assets	12	797,733	1,110,231
Financial assets at FVTPL	13	8,451,638	7,085,084
Cash and cash equivalents		94,074	266,507
		9,343,445	8,461,822
Total assets		50,993,557	40,919,747
EQUITY AND LIABILITIES			
Equity			
Share capital	14	11,356,607	10,324,188
Statutory reserve	15	1,025,898	532,137
Voluntary reserve	15	1,025,898	532,137
Other components of equity	16	10,557,742	9,473,020
Retained earnings		18,434,694	11,188,171
Total equity attributable to the shareholders of the Parent Company		42,400,839	32,049,653
Non-controlling interests		338,161	356,033
Total equity		42,739,000	32,405,686

Consolidated statement of financial position (continued)

	Notes	31 Dec. 2025	31 Dec. 2024
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		243,058	219,063
Term loans from related parties	17	1,721,514	1,721,514
Wakala payable - non-current portion	18	4,169,375	4,589,375
		6,133,947	6,529,952
Current liabilities			
Wakala payable - current portion	18	375,000	339,375
Payables and other liabilities	19	1,745,610	1,644,734
		2,120,610	1,984,109
Total liabilities		8,254,557	8,514,061
Total equity and liabilities		50,993,557	40,919,747

Talal Bader Al-Bahar
Chairman

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.



Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total
	Share capital	Statutory reserve	Voluntary reserve	Other components of equity (note 16)	Retained earnings	Sub - total		
	KD	KD	KD	KD	KD	KD		
Balance at 31 December 2024	10,324,188	532,137	532,137	9,473,020	11,188,171	32,049,653	356,033	32,405,686
Bonus shares distribution (Note 20)	1,032,419	-	-	-	(1,032,419)	-	-	-
Cash Distribution					(516,209)	(516,209)	-	(516,209)
Profit for the year	-	-	-	-	4,937,605	4,937,605	(17,872)	4,919,733
Other comprehensive income	-	-	-	5,929,790	-	5,929,790	-	5,929,790
Total comprehensive income/(loss) for the year	-	-	-	5,929,790	4,937,605	10,867,395	(17,872)	10,849,523
Transfer to reserves	-	493,761	493,761	-	(987,522)	-	-	-
Loss on disposal of financial assets at FVTOCI	-	-	-	1,283	(1,283)	-	-	-
Share in realized profit on equity financial assets at FVTOCI owned by associates	-	-	-	(4,846,351)	4,846,351	-	-	-
Balance at 31 December 2025	11,356,607	1,025,898	1,025,898	10,557,742	18,434,694	42,400,839	338,161	42,739,000

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests	Total
	Share capital	Statutory reserve	Voluntary reserve	Other components of equity (note 16)	Retained earnings	Sub - total		
	KD	KD	KD	KD	KD	KD		
Balance at 31 December 2024	9,177,056	174,283	174,283	9,850,520	1,681,832	21,057,974	319,086	21,377,060
Bonus shares distribution (Note 20)	1,147,132	-	-	-	(1,147,132)	-	-	-
Profit for the year	-	-	-	-	3,392,664	3,392,664	18,122	3,410,786
Other comprehensive income	-	-	-	6,351,573	-	6,351,573	18,825	6,370,398
Total comprehensive income for the year	-	-	-	6,351,573	3,392,664	9,744,237	36,947	9,781,184
Transfer to reserves	-	357,854	357,854	-	(715,708)	-	-	-
Gain on disposal of financial assets at FVTOCI	-	-	-	(6,729,073)	6,729,073	-	-	-
Net effect of change in ownership in associate on movement of treasury shares	-	-	-	-	1,247,442	1,247,442	-	1,247,442
Balance at 31 December 2025	10,324,188	532,137	532,137	9,473,020	11,188,171	32,049,653	356,033	32,405,686

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.



Consolidated statement of cash flows

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
OPERATING ACTIVITIES			
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat			
		4,919,733	3,596,663
Adjustments for:			
Share of results of associates	10	(3,887,354)	(2,354,858)
Gain on disposal of shares of associates		-	(6,643)
Dividend income		(59,464)	(93,280)
Provision for doubtful debts	12	-	254,200
Finance costs		329,144	479,584
Provision charge for employees' end of service benefits		27,995	16,695
		1,330,054	1,892,361
Changes in operating assets and liabilities:			
Financial assets at FVTPL		(3,679,409)	(5,529,090)
Receivables and other assets		(137,863)	(79,477)
Due from related party		(592,328)	-
Due to related party		678,282	-
Payables and other liabilities		(572,548)	(165,714)
Employees' end of service indemnity paid		(4,000)	-
KFAS paid		(2,842)	(5,816)
NLST and Zakat paid		(90,416)	(85,130)
Net cash used in operating activities		(3,071,070)	(3,972,866)

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
INVESTING ACTIVITIES			
Addition to investment in associates		(6,378)	(39,641)
Proceeds from sale of associate's shares		-	39,808
Dividend received from associates	10	433,108	277,633
Proceeds from sale of financial assets at FVTOCI		1,168,449	2,965,877
Purchase of financial assets at FVTOCI		(354,147)	(2,122,090)
Proceeds from sale of financial assets at FVTPL		2,305,788	2,306,494
Dividend received		59,464	93,280
Finance costs paid		(323,272)	(332,161)
Net cash from investing activities		3,283,012	3,189,200
FINANCING ACTIVITIES			
Repayment of term loans from related parties		-	(205,699)
Receipt of Wakala payable		-	900,000
Repayment of Wakala payable		(384,375)	(71,250)
Net cash (used in)/from financing activities		(384,375)	623,051
Net decrease in cash and cash equivalents		(172,433)	(160,615)
Cash and cash equivalents at beginning of the year		266,507	427,122
Cash and cash equivalents at end of the year		94,074	266,507
Material non-cash transactions			
Settlement of term loans from related parties	17	-	(5,549,735)
Settlement of balances due to related parties	19	-	(1,684,426)
Cost of financial assets at FVTOCI transferred on settlements	11	-	2,173,634
Gain recognised directly to retained earnings within equity	11	-	5,060,527

The notes set out on pages 62 to 112 form an integral part of these consolidated financial statements.



Notes to the consolidated financial statements

1 Incorporation and activities

Al Deera Holding Company KPSC (“the Parent Company”) was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the Parent Company was changed from a limited liability company to a Kuwaiti public shareholding company. The Parent Company’s shares are listed on Boursa Kuwait. The address of the Parent Company’s registered offices is PO. Box 4839, Safat 13049 - Kuwait.

The Group comprises the Parent Company and its subsidiaries (Note 6).

The Parent Company is a subsidiary of Kuwait Holding Company - KSCC (“Intermediate Parent Company) which is a subsidiary of Med Al-Bahar Holding - WLL (“Ultimate Parent Company).

The Parent Company’s objectives are as follows:

- Management of the Parent Company’s subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities.
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

These consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the Board of Directors of the Parent Company on 31 March 2026 and are subject to the approval of the general assembly of the shareholders. The general assembly of the Parent Company’s shareholders has the power to amend these consolidated financial statements after issuance.

2 Statement of compliance with IFRS accounting standards and going concern assumption

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

These consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered various factors and has a reasonable expectation that the Group has and will have adequate resources to continue its operations for the foreseeable future.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following amendments to existing IFRS Accounting Standards were effective for the current year.

Standard or Interpretation	Effective for annual periods beginning
----------------------------	--

IAS 21 Amendments - Lack of exchangeability	1 January 2025
---	----------------

IAS 21 Amendments - Lack of exchangeability

The amendments to IAS 21 addresses determination of exchange rate when there is long term lack of exchangeability. The amendments:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The adoption of the amendments did not have a significant impact on the Group's consolidated financial statements.

3.2 Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.



Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

Standard or Interpretation	Effective for annual periods beginning
IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards - volume 11	1 January 2026

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments

The amendments to IFRS 7 and IFRS 9 addresses three changes:

- derecognition of a financial liability settled through electronic transfer whereby entities are permitted to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- Classification of financial assets based on a) contractual terms that are consistent with basic lending arrangements, b) assets with non-recourse description has been enhanced to include a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets, and c) contractually linked instruments have been clarified, and
- Disclosures relating to a) financial assets at FVTOCI where entities are required to disclose fair value gain or loss separately for financial assets derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period, and b) contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

The new standard will replace the IAS 1 Presentation of Financial Statements though it contains a number of the current requirements in the IAS 1. IFRS 18 sets out to ensure the financial statements provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- The classification of all income and expenses within the statement of profit or loss in one of five categories
- Disclosures of management-defined performance measures (MPM)
- An improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

Management is currently working to identify all of the impacts that IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows reduced disclosure requirements for an entity instead of the disclosure requirements in other IFRS Accounting Standards if the entity 1) is a subsidiary, 2) it does not have public accountability, 3) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity electing to apply IFRS 19 is required to apply other IFRS Accounting Standards, except for the disclosure requirements.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Annual Improvements to IFRS Accounting Standards - volume 11

The annual improvement project updates a number of standards primarily providing clarifications and removing inconsistencies.

Management does not anticipate adoption of the amendments will have a significant impact on the Group's consolidated financial statements.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information

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

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are measured at fair value.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The Group has elected to present the "consolidated statement of comprehensive income" in two statements: the "consolidated statement of profit or loss" and the "consolidated statement of profit or loss and other comprehensive income".

The Group attributes total comprehensive income or loss of subsidiaries between the Parent Company and the non-controlling interests based on their respective ownership interests.

4.2 Basis of consolidation

The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiaries are prepared for reporting dates which are typically not more than three months from that of the Parent Company, using consistent accounting policies. Adjustments are made for the effect of any significant transactions or events that occur between that date and the reporting date of the Parent Company's financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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

When a controlling interest in the subsidiaries is disposed of, the difference between the selling price and the net asset value plus cumulative translation difference and goodwill is recognised in the consolidated statement of profit or loss. The fair value of any financial assets retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in associates or a joint venture.

However, changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent Company.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of profit or loss.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

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.

4.3 Business combinations (continued)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the consolidated statement of profit or loss immediately.

4.4 Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting, i.e. on the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment and the consolidated statement of profit or loss reflects the Group's share of the results of operations of associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Parent Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. Changes in the Group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.4 Investment in associate (continued)

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investment in associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associate and the Parent Company's reporting date.

4.4 Investment in associate (continued)

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

However, when the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.5 Segment reporting

The Group operates in one sector which is "investments". In identifying the operating segments, management generally follows the Group's service lines representing its main products and services. Each of the operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements. In addition, assets or liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

4.6 Interest and similar income

Interest and similar income are reported on an accrual basis using the effective interest rate method.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.7 Dividend income

Dividend income, other than those from investment in associates, are recognised at the time the right to receive payment is established.

4.8 Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or at the date of their origin.

4.9 Finance costs

Finance costs are recognised on a time proportion basis taking into account the outstanding balance of borrowing payable and applicable interest rate.

Finance costs that are directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of finance costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Other finance costs are recognised as an expense in the period in which they are incurred.

4.10 Taxation

4.10.1 Kuwait Foundation for the Advancement of Sciences (KFAS)

The contribution to KFAS is calculated at 1% of taxable profit of the Group attributable to the shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from an associate and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

4.10.2 National Labour Support Tax (NLST)

NLST is calculated in accordance with Law No. 19 of 2000 and the Minister of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit of the Group attributable to the shareholders of the Parent Company for the year. As per law, income from an associate and subsidiaries and cash dividends from listed companies which are subjected to NLST have to be deducted from the profit for the year.

4.10.3 Zakat

Contribution to Zakat is calculated at 1% of the profit of the Group attributable to the shareholders of the Parent Company in accordance with the Law No. 46 of 2006.

Under the NLST and Zakat regulations no carry forward of losses to the future years nor any carry back to prior years is permitted.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.11 Leased assets

The Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right of use asset and a lease liability on the consolidated statement of financial position measured as follows:

Right of use asset

The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

4.12 Impairment testing of goodwill and non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments

4.13.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement of financial assets and financial liabilities are described below.

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pay and receive' 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 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 the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of profit or loss.

4.13.2 Classification of financial assets

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

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL).

The classification is determined by both:

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.2 Classification of financial assets (continued)

The Group may make the following irrevocable tests/designation at initial recognition of a financial asset:

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

4.13.3 Subsequent measurement of financial assets

- **Financial assets at amortised cost**

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

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

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost comprise of the following:

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions which are subject to an insignificant risk of changes in value.

- **Receivables and other assets**

Receivables and other assets are stated at original amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

- **Financial assets at FVTOCI**

The Group's financial assets at FVTOCI comprise equity investments. The equity investments represent investments in equity shares of various companies and include both quoted and unquoted.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

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

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

Equity investments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

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

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised

in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains investments in equity shares.

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.3 Subsequent measurement of financial assets (continued)

- **Financial assets at FVTPL (continued)**

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of investments in equity shares.

4.13.4 Impairment of financial assets

All financial assets except for those at FVTPL and Equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost or at FVTOCI.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at the probability of default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group always recognises lifetime ECL for staff receivables and other assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4.13.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include payables and other liabilities, due to related parties and term loans from related parties.

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

- **Financial liabilities at amortised cost**

These are stated using effective interest rate method. Payable and other liabilities, due to related parties and term loans from related parties are classified as financial liabilities other than at FVTPL.

- *Due to/term loans from related parties*

Due to/term loans from related parties are financial liabilities arising in the normal course of the business or money advances from those related parties and are not quoted in an active market.

- *Wakala payable*

Wakala payable represent amount payable on deferred settlement basis for assets purchases under wakala arrangements. Wakala payable are stated at the total amount payable, less deferred finance costs. Deferred finance cost is expensed on a time apportionment basis taking account of the borrowing rate attributable and the balance outstanding.

- *Payables and other liabilities*

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



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.14 Amortised cost of financial instruments

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

4.15 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.16 Offsetting of financial instruments

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

4.17 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

4.18 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid-up.

Other components of equity include the following:

- Foreign currency translation reserve - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Kuwaiti Dinars.
- Fair value reserve - comprises gains and losses relating to financial assets at FVTOCI and share of associate' fair value reserve.

Retained earnings includes all current and prior period profits and accumulated losses.

Dividend payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting.



Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

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

4.20 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

4.20 Provisions, contingent assets and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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

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 benefits is remote.

4.21 Foreign currency translation

4.21.1 Functional and presentation currency

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

4.21.2 Foreign currency transactions and balances

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

Notes to the consolidated financial statements (continued)

4 Material accounting policy information (continued)

4.21 Foreign currency translation (continued)

4.21.3 Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the KD are translated into KD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into KD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate. Income and expenses have been translated into KD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to the consolidated statement of profit or loss and are recognised as part of the gain or loss on disposal.

4.22 Related party transactions

Related parties represent subsidiaries, associate, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out with the approval the Group's management.

4.23 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks (e.g. regulatory changes and reputational risks) and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels). The Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's consolidated financial statements. Management continuously assesses the impact of climate-related matters.



Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty

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

5.1 Significant management judgments

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

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.13). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Significant increase in credit risk

Estimated credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define "significant" increase. Therefore, for assessment whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5.1.3 Control assessment

When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgement.

5.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.



Notes to the consolidated financial statements (continued)

5 Significant management judgements and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.1 Impairment of associate

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

5.2.2 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future. The Group based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.3 Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.4 Significant influence

Significant influence exists when the size of an entity's own voting rights relative to the size and dispersion of other vote holders, give the entity the practical ability unilaterally to direct the relevant activities of the Company.



Notes to the consolidated financial statements (continued)

6 Subsidiaries

6.1 The details of subsidiaries are set out below:

Name of the subsidiary	Country of incorporation	Percentage of ownership		Principal activity
		31 Dec. 2025	31 Dec. 2024	
		%	%	
Univest Consultancy Group - WLL (6.1.1)	Kuwait	49%	49%	Financial services
Al Deera International Communication Company - WLL (6.1.2)	Kuwait	99%	99%	General trading & contracting
Al Deera SG Company - WLL (6.1.3)	Kuwait	-	99%	General trading
Al Deera REG Company - WLL (6.1.3)	Kuwait	-	99%	General trading
Al Deera FG Company - WLL	Kuwait	99%	99%	General trading

6.1.1 The Group holds 49% ownership interest and voting rights in Univest Consultancy Group - WLL. When determining control, management considered whether the Group has the practical ability to direct the relevant activities of Univest Consultancy Group - WLL on its own to generate returns for itself. Management concluded that it has the power based on its ability to appoint and remove the majority of management of the investee at any time, without restrictions. The Group, therefore, has accounted for Univest Consultancy Group - WLL as a subsidiary.

6.1.2 Al Deera International Communication Company - WLL is a limited liability company registered and operating in Kuwait. This company is owned by Town Holding Company Limited, a company registered in Dubai and does not have any operations and/or entities operating other than Al Deera International Communication Company - WLL.

6.1.3 During the year, the Group completed the liquidation of its subsidiaries, Al Deera SG Company - WLL and Al Deera REG Company - WLL. The liquidation did not result in any gain or loss being recognized.

Notes to the consolidated financial statements (continued)

7 Finance costs

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Finance costs on term loans from related parties	-	132,188
Finance costs on Wakala payables	329,144	347,396
	329,144	479,584



Notes to the consolidated financial statements (continued)

8 Net gain on financial assets and financial liabilities

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
From financial assets at amortised cost:		
- Interest income	87,130	87,176
- Provision for doubtful debts	-	(254,200)
From financial assets at FVTPL:		
- Gain on sale	(578,015)	200,828
- Change in fair value	2,188,984	1,990,857
From financial assets at FVTOCI:		
- recognised directly in other comprehensive income	744,717	2,229,936
- recognised directly in consolidated statement of profit or loss as dividend	59,464	93,280
	2,502,280	4,347,877
From financial liabilities at amortised cost:		
- Finance costs on term loans from related parties	-	(132,188)
- Finance costs on Wakala payables	(329,144)	(347,396)
	2,173,136	3,868,293
Net gain recognised in the consolidated statement of profit or loss	1,428,419	1,638,357
Net gain recognised in the consolidated statement of profit or loss and other comprehensive income	744,717	2,229,936
	2,183,866	3,868,293

Notes to the consolidated financial statements (continued)

9 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by weighted average number of shares outstanding during the year as follows:

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit for the year attributable to the shareholders of the Parent Company (KD)	4,937,605	3,392,664
Weighted average number of shares outstanding during the year (shares)	113,566,068	113,566,068
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	43.48 Fils	29.87 Fils

The comparative weighted average number of shares for calculating the basic and diluted earnings per share has been adjusted to reflect the bonus shares issued in 2025 (Note 20). Earnings per share for the year ended 31 December 2024 were 32.86 Fils before retrospective adjustment.

10 Investment in associates

10.1 Details of the Group's investment in associates are as follows:

Name of the associate	Country of incorporation	Percentage of ownership		Principal activity
		31 Dec. 2025 %	31 Dec. 2024 %	
Arzan Financial Group for Financing and Investment - KPSC (Quoted)	Kuwait	16.73	16.73	Financing and investment
House of Linen Group LLC	Cayman Islands	40	-	General trading and contracting

The Group holds 16.73% (31 December 2024: 16.73%) equity interest in Arzan Financial Group for Financing and Investment - KPSC ("Arzan"). Since the ownership in Arzan is below 20% management performed an assessment of significant influence using various factors and determined that it exercises significant influence over Arzan and, consequently, classified the investment as an associate.



Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.2 The movement in the carrying amount of the investment in associates is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Balance at beginning of the year	28,780,638	21,309,033
Additional investments made during the year	6,378	39,641
Disposal of shares	-	(33,165)
Share of results	3,887,354	2,354,858
Cash dividend received	(433,108)	(277,633)
Share of other comprehensive income of associates	5,185,073	4,140,462
Net effect of change in ownership in associates on movement of treasury shares	-	1,247,442
Balance at end of the year	37,426,335	28,780,638



Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.2 The movement in the carrying amount of the investment in associate is as follows (continued):

Investment in associates is pledged against term loans from related parties (Note 17) and Wakala payable (Note 18).

10.3 Summarised financial information of the Group's associates is set out below:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Non-current assets	301,144,808	221,599,655
Current assets	83,710,637	61,599,097
Total assets	384,855,445	283,198,752
Non-current liabilities	37,126,212	24,955,121
Current liabilities	46,168,922	31,033,358
Total liabilities	83,295,134	55,988,479
Total equity	301,560,311	227,210,273
Non-controlling interests	(77,836,749)	(54,923,742)
Equity attributable to the owners of the associate	223,723,562	172,286,531



Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.3 Summarised financial information of the Group's associates is set out below (continued):

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Revenue	38,617,966	25,424,784
Expenses and other charges	(13,855,520)	(9,402,383)
Profit for the year	24,762,446	16,022,401
Profit attributable to:		
Shareholders of the Parent Company	23,241,415	14,096,643
Non-controlling interests	1,521,031	1,925,758
Other comprehensive income for the year	52,513,788	37,575,176
Total comprehensive income for the year	77,276,234	53,597,577
Group's share of results	3,887,354	2,354,858
Group's share of other comprehensive income	5,185,073	4,140,462

Notes to the consolidated financial statements (continued)

10 Investment in associates (continued)

10.3 Summarised financial information of the Group's associates is set out below (continued):

Reconciliation of the above summarised financial information of the associate with the carrying amount in the consolidated statement of financial position is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Group's ownership interest	16.73%	16.73%
Net assets attributable to the owners of the associate	223,723,562	172,286,531
Group's share of net assets	37,419,957	28,780,638
Other adjustments	-	-
Carrying value of investment in associates	37,419,957	28,780,638
Market value of the associate	53,813,651	37,969,122



Notes to the consolidated financial statements (continued)

11 Financial assets at FVTOCI

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Local quoted securities (refer 'b' below)	2,443,263	2,265,412
Local unquoted securities	554,980	780,661
Foreign quoted securities	1,225,522	1,523
Foreign unquoted securities	-	629,679
	4,223,765	3,677,275

- a. These investments are held in equity instruments for medium-to-long-term strategic objectives. Accordingly, the management has chosen to identify these investments in equity instruments as financial assets at FVTOCI where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long-term.
- b. Local quoted securities amounting to KD2,020,448 (31 December 2024: KD1,455,838) are held through managed portfolios.
- c. During the year, the Group disposed of financial assets at FVTOCI with total cost of KD1,169,732 (31 December 2024: KD2,395,286) for cash consideration of KD1,168,449 (31 December 2024: KD2,965,877) resulting in a loss of KD1,283 (31 December 2024: KD570,591) recognized directly in retained earnings within equity.
- d. Financial assets at FVTOCI with a carrying value of KD 2,108,161 (31 December 2024: KD3,047,596) are pledged against term loans from related parties (Note 17) and Wakala payable (Note 18).

Notes to the consolidated financial statements (continued)

12 Receivables and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets		
Due from related parties (a)	1,987,892	1,647,217
Staff receivables	5,033	2,503
Other assets	200,372	723,575
	2,193,297	2,373,295
Less: provision for doubtful debts (b)	(1,395,564)	(1,395,564)
	797,733	977,731
Non-financial assets		
Advance payment to acquire investment	-	132,500
	797,733	1,110,231

- a. The Parent Company entered into a sale and repurchase (Repo) agreement of a foreign unquoted share with a related party. The related party received USD3,000,000 (equivalent to KD916,200) in exchange for the share. The amount advanced by the Parent Company carries an annual interest rate of 9.5% and matures within 180 days of the date of agreement. The agreement has been renewed to end on 05 February 2026.
- b. In measuring the expected credit losses, the financial assets have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and nature of debtors.



Notes to the consolidated financial statements (continued)

12 Receivables and other assets (continued)

Detail of the expected credit losses on the financial assets above as at 31 December 2025 are as follows:

	Not past due	30 to 180 days	180 to 365 days	Total
	KD	KD	KD	KD
31 December 2025:				
Gross carrying amount	-	2,503	2,370,792	2,373,295
Provision for doubtful debts	-	-	(1,395,564)	(1,395,564)
Total financial assets	-	2,503	975,228	977,731

The movement of the provision for doubtful debts during the year is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Balance at beginning of the year	1,395,564	1,141,364
Charge during the year	-	254,200
Write-off during the year	-	-
Balance at end of the year	1,395,564	1,395,564

Notes to the consolidated financial statements (continued)

13 Financial assets at FVTPL

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Local quoted securities	8,451,638	7,085,084

During the previous year, the Group acquired 20.57% ownership which decreased during the year to 18.70% of a local listed company. At 31 December 2025, the value of this investment amounted to KD8,451,636 (31 December 2024: KD4,622,858). Management assessed that the Group does not exercise significant influence over the Company. Accordingly, the investment is classified as financial assets at FVTPL.



Notes to the consolidated financial statements (continued)

14 Share capital

	31 Dec. 2025	31 Dec. 2024
	KD	KD
113,566,068 authorised, issued and fully paid-up shares of 100 Fils each - in cash (31 December 2024: 103,241,880 shares)	11,356,607	10,324,188

The Extraordinary General Assembly of the Parent Company's shareholders held on 21 May 2025 approved to increase the share capital through the distribution of bonus shares. As a result of this increase, the share capital increased by 10% became KD 11,356,607 comprising of 113,566,070 shares of 100 Fils each. The capital increase was registered with the Ministry of Commerce and Industry in the Commercial Registry on 01 June 2025 (Note 20).

15 Statutory and voluntary reserves

Statutory reserve

In accordance with the Companies Law and the Parent Company's memorandum of incorporation and articles of association, 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfer when the reserve totals 50% of the paid-up share capital.

Statutory reserve (continued)

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for distribution of a dividend of that amount.

Voluntary reserve

In accordance with the Parent Company's articles of association, 10% of the profit for the year attributable to the shareholders of the Parent Company before KFAS, NLST, Zakat and directors' remuneration is transferred to the voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer to reserves is required in the year the Group incurs losses or where accumulated losses exists.

Notes to the consolidated financial statements (continued)

16 Other components of equity

	Fair value reserve	Foreign currency translation reserve	Total
	KD	KD	KD
Balance at 31 December 2024	10,516,212	(1,043,192)	9,473,020
Share of other comprehensive income/(loss) of associate	6,099,003	(169,213)	5,929,790
Net change in fair value of financial assets at FVTOCI	(4,846,351)	-	(4,846,351)
Total other comprehensive income/(loss) for the year	1,252,652	(169,213)	1,083,439
Gain on disposal of financial assets at FVTOCI	1,283	-	1,283
Balance at 31 December 2025	11,770,147	(1,212,405)	10,557,742
Balance at 31 December 2023	10,629,642	(779,122)	9,850,520
Share of other comprehensive income/(loss) of associate	4,404,532	(264,070)	4,140,462
Net change in fair value of financial assets at FVTOCI	2,211,111	-	2,211,111
Total other comprehensive income/(loss) for the year	6,615,643	(264,070)	6,351,573
Gain on disposal of financial assets at FVTOCI	(6,729,073)	-	(6,729,073)
Balance at 31 December 2024	10,516,212	(1,043,192)	9,473,020



Notes to the consolidated financial statements (continued)

17 Term loans from related parties

The loans outstanding as of 31 December 2025 represent credit balances owed to related parties and to be matured on 31 July 2028.

	31 Dec. 2025	31 Dec. 2024
	KD	KD
International Resorts Company - KPSC (a)	359,469	359,469
AIM Consulting - WLL (b)	289,317	289,317
International Financial Advisors Holding Company - KPSC (c)	1,072,728	1,072,728
	1,721,514	1,721,514
Instalments due within next twelve months	-	-
Instalments due after next twelve months	1,721,514	1,721,514
	1,721,514	1,721,514

- a. The loan payable to International Resorts Company - KPSC - does not carry interest and is secured against investment in associates (Note 10) and financial assets at FVTOCI (Note 11).
- b. The loan payable to AIM Consulting - WLL does not carry interest and is secured against investment in associates (Note 10) and financial assets at FVTOCI (Note 11).
- c. The loan payable to International Financial Advisors Holding Company - KPSC does not carry interest and is unsecured.

Notes to the consolidated financial statements (continued)

18 Wakala payable

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Wakala facility of KD1,400,000	1,242,500	1,347,500
Wakala facility of KD3,600,000	3,301,875	3,581,250
	4,544,375	4,928,750
Instalments due within next twelve months	375,000	339,375
Instalments due after next twelve months	4,169,375	4,589,375
	4,544,375	4,928,750

The Wakala facilities have been obtained from a local Islamic financial institution amounting to KD1,400,000 and KD3,600,000 to finance the purchase of equity securities and real estates. The Wakala facilities carry annual profit rate of 2.5% above CBK discount rate and are secured against investment in associates (Note 10) and financial assets at FVTOCI (Note 11).



Notes to the consolidated financial statements (continued)

19 Payables and other liabilities

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Financial liabilities		
Due to related parties (Note 21)	678,282	489,921
Accrued expenses	46,852	97,318
Dividend payable	73,749	62,360
National Labour Support Tax payable (Note 23)	777,862	817,861
Zakat payable (Note 23)	56,946	107,362
KFAS payable (a)	5,816	8,658
Other payables	106,103	61,254
	1,745,610	1,644,734

- a. KFAS payable represents the provision charged during the previous periods. The Parent Company's management believes that the legislature has not issued a law on the contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and thus it is not a tax. KFAS is a private institution in accordance with the law. There is no provision in the Companies' Law or in the Parent Company's memorandum of incorporation and articles of association obligating the Parent Company to apply this deduction. Despite the above, the Ministry of Commerce and Industry (MOCI) has recently mandated that this deduction must be reflected in the financial statements until it is formally approved at the General Assembly meeting.

Therefore, the Parent Company's management decided to charge a provision as a precautionary procedure only even though it believes no amount is due from the Parent Company, particularly because the MOCI had issued similar instructions which were previously reversed.

Notes to the consolidated financial statements (continued)

20 Annual general assembly of shareholders and extraordinary general assembly

Subject to the requisite consent of the relevant authorities and approval of the shareholders' general assembly, the Board of Directors of the Parent Company propose not to distribute cash dividends (31 December 2024: cash dividends 5 Fils per share) for the year ended 31 December 2025 and proposed to distribute bonus shares at 20% for the shareholders of the Parent Company through increase in share capital (31 December 2024: bonus shares at 10%). Further, the Board of Directors of the Parent Company propose Board of Directors' remuneration of KD25,000 for the year ended 31 December 2025 (31 December 2024: KD25,000). This proposal is also subject to approval of the shareholders' General Assembly.

The Annual General Assembly of the Parent Company's shareholders held on 26 May 2025 approved the consolidated financial statements for the year ended 31 December 2024. Also, it approved to distribute bonus shares of 10% (equivalent to KD1,032,419) through increase in share capital and KD25,000 as remuneration for the Board of Directors for the financial year ended 31 December 2024 which has been recognised under expenses in the consolidated statement of profit or loss for the year.

Further, the Extraordinary General Assembly of the Parent Company's shareholders held on 21 May 2025 approved to increase the share capital through the distribution of 10 % bonus shares. As a result of this increase, the share capital became KD11,356,607 comprising of 113,566,068 shares of 100 Fils each. The capital increase was registered with the Ministry of Commerce and Industry in the Commercial Registry on 01 June 2025 (Note 14).



Notes to the consolidated financial statements (continued)

21 Related party balances and transactions

Related parties represent major shareholders, associate, 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 Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details of significant related party balances and transactions are as follows:

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Transactions included in consolidated statement of profit or loss:		
Dividend income	30,547	31,415
Other income	87,130	87,176
Advisory fees	(97,399)	(151,000)
Finance costs	-	(132,188)
Compensation of key management personnel:		
Salaries and other short-term benefits	123,000	126,875
End of service benefits	19,553	11,002
Directors' remuneration (included in general, administrative and other expenses)	25,000	25,000
	167,553	162,877



Notes to the consolidated financial statements (continued)

21 Related party balances and transactions (continued)

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Balances included in consolidated statement of financial position:		
Due from related parties - net of provision of KD700,000 (31 December 2024: KD700,000) (Note 12)	371,692	22,917
Balance due on sale and repurchase (Repo) agreement with a related party (Note 12.a)	916,200	924,300
Due to related parties (included in payables and other liabilities) (Note 19)	678,282	489,921
Term loans from related parties (Note 17)	1,721,514	1,721,514

22 Segmental information

The Group operates in one segment "investments" from which all of the Group's revenue and profits are generated and all of its assets and liabilities are related to this segment.

Most of the Group's assets and operations are located inside Kuwait.

23 Legal cases

The management of the Parent Company filed legal cases against the Tax Department of the Ministry of Finance with regard to method of calculation of National Labour Support Tax and Zakat provision for previous years especially with respect to unrealised income items. Appeal judgements were issued. Those legal cases are still under litigation at the Court of Cassation. In case the Court of Cassation ruled a judgement in favour of the Parent Company, those amounts (Note 19) will be reversed from payables and other liabilities to the revenue within the consolidated statement of profit or loss of the Group.

During the previous year, according to the final judgement issued by the Court of Cassation, the Group has settled an amount of KD851,299 related to NLST's outstanding amount for the year ended 31 December 2005.



Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies

The Group's activities expose it to variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Parent Company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The Group's risk management focuses on actively securing the Group's short to medium term cash flows by minimizing the potential adverse effects on the Group's financial performance. Long term financial investments are managed to generate lasting returns.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Group is exposed are described below.

24.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in Kuwait, the Middle Eastern countries and USA and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar. The Group's financial position can be significantly affected by the movement in these currencies. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

The Group had the following net significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate at year end:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
US Dollars	2,141,389	1,555,464

The foreign currency sensitivity is determined based on 2% (31 December 2024: 2%) increase or decrease in exchange rate. The percentages have been determined based on the average market volatility in exchange rates in the previous twelve months. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.



Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.1 Market risk (continued)

If the Kuwaiti Dinar had strengthened/(weakened) against the US Dollar assuming the above sensitivity, then this would have the following impact on the results for the year and equity:

	Results for the year		Equity	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD	KD	KD	KD
US Dollars	±18,348	±18,516	±42,828	±31,309

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest/profit rate risk with respect to wakala payable. The risk is managed by the Group by monitoring regularly to ensure positions are maintained within established limits.

Positions are monitored on a regular basis and hedging strategies are used, if required, to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the results for the year to a reasonable possible change in interest/profit rates with effect from the beginning of the year. Based on observation of current market conditions it has been assumed that a reasonable possible change in the interest/profit rates would be +1% and -1% (2024: +1% and -1%).



Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.1 Market risk (continued)

The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no direct impact on Group's equity.

	Increase in interest rate		Decrease in interest rate	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD	KD	KD	KD
Results for the year	45,444	49,288	(45,444)	(49,288)

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

c) Price risk

The Group is exposed to equity price risk with respect to its quoted equity investments. Equity investments are classified either as investments at fair value through profit or loss or as investment at fair value through other comprehensive income.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. There has been no change during the year in the methods and assumptions used in preparing the sensitivity analysis.



Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.1 Market risk (continued)

If equity prices had been 1% higher/lower, the effect on the profit and equity for the years ended 31 December 2025 and 2024 would have been as follows:

	Result for the year		Equity	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD	KD	KD	KD
Financial assets at FVTPL	±84,516	±70,851	±84,516	±70,851
Financial assets at FVTOCI	-	-	±24,448	±22,669

24.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarised below:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Receivables and other assets	797,733	977,731
Bank balances	93,074	265,507
	890,807	1,243,238

The Group continuously monitors defaults of customers and other counterparties, identified either individually or as a group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The credit risk for bank balances is considered negligible, since the counterparties are financial institutions with high credit quality.



Notes to the consolidated financial statements (continued)

24 Risk management objectives and policies (continued)

24.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The Group contractual maturity profile of financial liabilities based on undiscounted cash flows is as follows:

	Upto3 months	3-12 months	Over 1 year	Total
	KD	KD	KD	KD
31 December 2025				
Liabilities				
Provision for employees' end of service benefits	-	-	243,058	243,058
Term loans from related parties	-	-	1,721,514	1,721,514
Wakala payable	93,750	281,250	4,169,375	4,544,375
Payables and other liabilities	-	1,745,610	-	1,745,610
	93,750	2,026,860	6,133,947	8,254,557
31 December 2024				
Liabilities				
Provision for employees' end of service benefits	-	-	219,063	219,063
Term loans from related parties	-	-	1,721,514	1,721,514
Wakala payable	144,714	541,664	4,242,372	4,928,750
Payables and other liabilities	-	1,644,734	-	1,644,734
	144,714	2,186,398	6,182,949	8,514,061

Notes to the consolidated financial statements (continued)

25 Fair value measurement

25.1 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the consolidated statement of financial position are as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Financial assets:		
<i>Financial assets at amortised cost:</i>		
Receivables and other assets	797,733	977,731
Cash and cash equivalents	94,074	266,507
<i>Financial assets at fair value:</i>		
Financial assets at FVTPL	8,451,638	7,085,084
Financial assets at FVTOCI	4,223,765	3,677,275
	13,567,210	12,006,597
Financial liabilities:		
<i>Financial liabilities at amortised cost:</i>		
Term loans from related parties	1,721,514	1,721,514
Wakala payable	4,544,375	4,928,750
Payables and other liabilities	1,745,610	1,644,734
	8,011,499	8,294,998

Management considers that the carrying amounts of financial assets and liabilities, which are stated at amortised cost, approximate their fair values.



Notes to the consolidated financial statements (continued)

25 Fair value measurement

25.2 Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial instruments at fair value and measurement details are disclosed below. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

25.3 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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



Notes to the consolidated financial statements (continued)

25 Fair value measurement (continued)

25.3 Fair value hierarchy (continued)

	Notes	Level 1 KD	Level 3 KD	Total KD
31 December 2025				
Financial assets at FVTPL				
Local quoted securities	a	8,451,638	-	8,451,638
Financial assets at FVTOCI				
Local quoted securities	a	2,443,263	-	2,443,263
Local unquoted securities	b	-	554,980	554,980
Foreign quoted securities	a	1,225,522	-	1,225,522
Foreign unquoted securities	b	-	-	-
		12,120,423	554,980	12,675,403
31 December 2024				
Financial assets at FVTPL				
Local quoted securities	a	7,085,084	-	7,085,084
Financial assets at FVTOCI				
Local quoted securities	a	2,265,412	-	2,265,412
Local unquoted securities	b	-	780,661	780,661
Foreign quoted securities	a	1,523	-	1,523
Foreign unquoted securities	b	-	629,679	629,679
		9,352,019	1,410,340	10,762,359

There has been no transfer between levels 1 and 2 during the year. The Group does not have any financial liabilities measured at fair value.



Notes to the consolidated financial statements (continued)

25 Fair value measurement (continued)

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, market multiples and adjusted net book value which include some assumptions that are not supportable by observable market prices or rates.

Level 3 fair value measurements

The Group's financial assets classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Financial assets at FVTOCI	
	31 Dec. 2025	31 Dec. 2024
	KD	KD
Balance at beginning of the year	1,410,340	1,257,031
Change in fair value during the year	368,625	153,309
Balance at end of the year	1,778,965	1,410,340

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for instruments categorised in Levels 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. local unquoted securities) is determined by using valuation techniques. Fair value for the underlying unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the statement of financial position date.

Notes to the consolidated financial statements (continued)

25 Fair value measurement (continued)

Level 3 fair value measurements (continued)

The investment managers in determining the fair value of these investments use a variety of methods and make assumptions that are based on market conditions existing at each financial position date.

Investment managers use techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in the consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

The impact on consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

26 Capital management objectives

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimisation of the capital structure.

The capital of the Group comprises of total equity. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The net debt consists of the following:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Term loans from related parties	1,721,514	1,721,514
Wakala payable	4,544,375	4,928,750
Due to related parties	678,282	489,921
Less: Cash and cash equivalents	(94,074)	(266,507)
Net debt	6,850,097	6,873,678
Equity	42,739,000	32,405,686



Notes to the consolidated financial statements (continued)

26 Capital management objectives (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to equity ratio.

This ratio is calculated as net debt divided by equity as follows:

	31 Dec. 2025	31 Dec. 2024
	KD	KD
Net debt	6,850,097	6,873,678
Equity	42,739,000	32,405,686
Net debt to equity ratio	16%	21%

27 Subsequent events

Subsequent to the reporting date, geopolitical developments in the Middle East have continued to evolve, resulting in increased uncertainty and potential impacts on economic conditions and financial markets. These events are considered non-adjusting as they do not relate to conditions existing at the reporting date.

The Group holds investments measured using discounted cash flow techniques. These developments may affect future cash flow assumptions and discount rates; however, as at the date of approval of these consolidated financial statements, the financial impact cannot be reliably estimated. The Group continues to monitor the situation.





شركة الديرة القابضة ش.م.ك.ع.
Al-Deera Holding Co. K.P.S.C.