



**H.H. Sheikh Meshal AL-Ahmad Al-Jaber Al-Sabah
Amir Of The State Of Kuwait**



**H. H. Sheikh Sabah Khaled Al-Hamad Al-Sabah
Crown Prince Of The State Of Kuwait**



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▶ Board Members and the Chief Executive Officer (C.E.O)

Mr. Saad Mohammad Al-Saad	Chairman
Mr. Suliman Hamad Al-Dalali	Vice Chairman
Mr. Abdulaziz Ibrahim Al-Rabiah	Board Member
Mr. Ali Morad Bahbehani	Board Member
Mr. Hosam Fawzi Al-Kharafi	Board Member
Dr. Abdul Aziz Rashed Al-Rashed	Board Member
Mr. Mohammed Abdul Mohsen Al-Asfour	Independent Board Member
Mrs. Maha Khalid Al-Ghunaim	Independent Board Member
Mr. Bader Salah Al-Mulla	Board Member
Mr. Ahmed M. Hassan	(C.E.O)



Chairman's Message

Dear Shareholders,

It gives me great pleasure, on my own behalf and on behalf of the members of the Board of Directors of National Industries Group Holding, to welcome you to the Sixty-Sixth Ordinary General Assembly Meeting of the Group. I am also pleased to present to you the Annual Report for the financial year ended 31 December 2025.

This report provides a comprehensive overview of the Group's performance during the year, including the Board of Directors' report and the annual corporate governance report. These reflect our firm commitment to strengthening our corporate governance framework in accordance with international best practices and in compliance with the requirements of the Capital Markets Authority of the State of Kuwait. Such commitment contributes to reinforcing the principles of transparency and accountability, while enhancing the confidence of the Group's shareholders and investors.

The report also highlights the most significant operational and strategic developments witnessed by the Group during the year, in addition to outlining its key activities and achievements. Furthermore, it provides an overview of major economic developments at the global, regional, and local levels, and their impact on the business environment and the investment sector.

On the global front, financial markets continued their positive performance during 2025, recording strong gains for the third consecutive year, supported by broad momentum across global equity markets. This strong performance was achieved despite ongoing challenges related to geopolitical tensions and trade disruptions. The positive momentum was driven by several key factors, most notably the shift in monetary policies toward lower interest rates, the continued resilience of global economic growth, and strong corporate earnings. In addition, increased investments in companies associated with artificial intelligence technologies contributed to supporting market performance and enhancing investor risk appetite.

Across global asset classes, precious metals recorded exceptional performance during the year, with both gold and silver achieving notable gains. In contrast, energy markets witnessed a relative decline, as crude oil prices recorded a noticeable decrease, ending the year at approximately USD 60.9 per barrel.

At the local level, Bursa Kuwait continued to deliver strong performance in 2025, positioning itself among the best-performing markets in the region. The All Share Index rose by 21%, closing the year at 8,907.6 points, supported by improved liquidity levels and increased investment activity. All market sectors also recorded gains during the year, reflecting growing investor confidence in the market.

In the context of economic developments, 2025 witnessed the State of Kuwait's return to the international debt markets through the issuance of U.S. dollar-denominated sovereign bonds in October with maturities of three, five, and ten years. The issuance received strong demand from international investors, reflecting the global markets' confidence in the resilience of the Kuwaiti



economy. The government also issued local debt instruments in the domestic market as part of its efforts to diversify funding sources and enhance liquidity management within the banking sector. These issuances followed the approval of the Public Debt Law, which allows the government to borrow up to KWD 30 billion, supporting the financing of infrastructure projects and strengthening efforts to diversify the economy in line with Kuwait Vision 2035.

Against this evolving economic backdrop, the Group succeeded in achieving strong financial results that reflect the strength of its business model, the diversity of its investments, and the efficiency of its management. Net profit for the financial year ended 31 December 2025 reached approximately KWD 73 million, with earnings per share of 29.3 fils, compared to net profit of KWD 59 million and earnings per share of 23.7 fils in 2024.

Total assets increased to approximately KWD 1.7 billion in 2025, compared to KWD 1.6 billion in the previous year. Meanwhile, total equity attributable to the shareholders of the parent company reached approximately KWD 597 million, compared to KWD 550.9 million in 2024, reflecting the continued growth of the Group's capital base and the strengthening of its financial position.

In line with the Board of Directors' commitment to delivering sustainable value to the Group's shareholders and enhancing investment returns, the Board has recommended to the Ordinary General Assembly the distribution of cash dividends of 5% of the paid-up capital, equivalent to approximately KWD 12.65 million, in addition to recommending the distribution of In-kind dividend to distribute 4 shares of National Industries Company K.P.S.C. (subsidiary) for every 100 shares held in National Industries Group Holding K.P.S.C. (parent company) resulting in total distribution of 101,217,591 shares of National Industries Company K.P.S.C owned by the parent company, after the approval of the regulatory authorities.

In conclusion, we reaffirm our commitment to further strengthening the Group's position and consolidating the foundations of sustainable growth in order to meet the aspirations of our shareholders and enhance the long-term value of their investments.

We also extend our sincere appreciation to the executive management and all employees of the Group for their dedicated efforts and valuable contributions in achieving these results.

Finally, we pray to Almighty Allah to protect the State of Kuwait and its people under the wise leadership of His Highness the Amir of Kuwait and His Highness the Crown Prince, and to continue to bless our beloved country with security, stability, and prosperity.

Thank you.

Saad Mohammed Al Saad

Chairman



▶ Annual Performance for the Subsidiaries and Associates



First: Subsidiaries Company

National Industries Company NIC

National Industries Company achieved profits in 2025 amounting to KWD 3.60 million, representing a 41% decrease compared to the 2024 profit of KWD 6.06 million. This decline was mainly due to lower profits from certain factories and some subsidiaries. It is worth noting that in 2024, a provision amounting to KWD 2.13 million was reversed and recognized in the Company's revenues following a final court judgment. Total sales increased by 6% to reach KWD 54.4 million, compared to KWD 51.4 million in 2024. This growth was driven by higher sales from the lime-based factories (lightweight blocks, plastics, polyethylene, and quarry), as well as increased sales from subsidiaries. Investment income decreased by 10% to KWD 2.27 million in 2025, compared to KWD 2.52 million in 2024. The primary reason for the decline was the valuation of real estate investments compared to the previous year. The most significant projects and achievements in 2025 include: the commencement of operations of the chemical plant under the ready-mix activity; completion of the installation and commissioning of a new interlock tile production line; completion of the design of a new production line with a capacity of 1,000 cubic meters of white lightweight blocks; signing new contracts with additional distributors to expand the Company's distribution network and market its products across all regions of Kuwait; and the launch of an e-commerce platform to market and sell the Company's products.



Noor Financial Investment Company

Noor has reported Net Profit of KD 34.49 million for the year ended 31 December 2025, resulting in an EPS of Fils 67.74, compared to last year's annual profit of KD 42.01 million. The Company Shareholders' Equity was KD 172.9 million as of 31 December 2025 leading to book value per share of Fils 339.6 compared to Fils 310 as of 31 December 2024. The decrease in net profit for the year ended 31 December 2025 compared to 2024 was primarily due to a decrease in share of results from associates and the absence of a one-off gain from the reversal of a legal provision amounting to KD



2.38 million, which was recorded as income in 2024. Based on the Company's market capitalization and trading activity during the year, Boursa Kuwait has included Noor on the watchlist for potential promotion to the Premier Market in 2027, subject to the continued fulfillment of the relevant criteria throughout 2026. Such a promotion would represent a significant step forward, as inclusion in the Premier Market is expected to support higher trading volumes, improve liquidity, and broaden the Company's access to institutional and international investors. Furthermore, in 2025, the Board of Directors recommended the conversion of the Company into a Shariah-compliant entity.

Ikarus Petroleum Industries company

Net loss after tax amounted to KWD 11.9 million compared to KWD 7.3 million in 2024. Net loss attributable to the parent company reached KWD 11.1 million compared to KWD 8.8 million in 2024.

Total consolidated operating revenues were KWD 23 million in 2025 compared to KWD 31 million in 2024, reflecting a decrease of 26%. Unrealized losses amounted to KWD 10.5 million, mainly driven by a decline in SIBKIM valued at KWD 12 million. Net loss attributable to the company was KWD 7.3 million in 2024 and increased to KWD 11.9 million in 2025. The book value per share declined from 195 fils to 161 fils due to revaluation losses. The company is operating under a strategy aimed at strengthening its financial position and leveraging strong banking relationships to pursue new investments, while seeking to acquire stakes in investment opportunities in the oil and gas sectors, complementary industries, and renewable energy.



Al Durra National Real-estate company

During the fourth quarter of 2025, construction of the new residential building located in Al-Riggae, with a total area of 1,000 square meters, was completed. The building consists of nine floors comprising 36 residential apartments, in addition to one retail shop and a basement designated for parking. A lease agreement has been signed with a tenant, with leasing set to commence in January 2026. The company also decided to construct a fully equipped warehouse in the Shuwaikh area on a plot of land measuring 2,000 square meters. Construction was completed in the fourth quarter of 2025, and the warehouse will be leased during the first quarter of 2026. Following the acquisition by Al Durra National Real Estate Company of a 1,601 square meter plot of land in the Fahad Al-Salem area – Kuwait City during 2025, the company continues to complete all necessary procedures and requirements to obtain the required approvals and licenses in preparation for commencing the development of a distinguished commercial tower on the site. The project will include offices, retail outlets, and restaurants, representing a qualitative addition to the company's investment portfolio in the real estate assets sector. The company also intends to participate in tenders for the development and refurbishment of residential projects in the State of Kuwait, while studying the possibility of entering into strategic partnerships with peer companies to ensure the highest quality standards and maximize return on investment.

Combined National Industries Holding Co. for Energy

Combined National Industries Holding Co. for Energy continues its efforts to select investments that align with its strategic objectives in the energy and infrastructure sectors, in cooperation with its parent company, subsidiaries, and associates.

Proclad Group

During 2025, Proclad UAE has been successful in taking new orders for the manufacture and supply of Mechanical Lined Pipe and weld overlay clad piping/pipelines. The performance of the UK Group remained sluggish, with no material change in the customer base. Nevertheless, continued efforts were made to optimize operations, improve efficiency, and enhance overall performance across the entities. 2025 has also been a year where the Group has continued to heighten its focus on ESG programs and has carried out various activities to achieve its sustainability targets. At the same time, the R&D function continued to enhance technological capabilities, maintain relevant industry certifications and quality credentials, and invest in training and development of our highly skilled workforce.

Second: Associate Companies

Kuwait cement company

The efforts made during 2025 resulted in a noticeable improvement in overall performance. Kuwait Cement Company continued its efforts to enhance its performance, aiming to achieve better results in its core activities—manufacturing and trading various types of cement, producing clinker and GGBS—as well as in its other activities, in order to meet market needs and ensure price stability.

On another front, Kuwait Cement Company continued to make rapid progress in implementing the Municipal Solid Waste-to-Refuse Derived Fuel (RDF) project, which will be used in the clinker production kilns at the plant. The project has obtained approval from the Public Authority for Industry for its localization request, reflecting official support for such high-value projects. Trial operations are expected to commence in 2026, positioning it among the largest recycling projects in the Gulf region.



Privatization Holding Company (PHC)

During 2025, Privatization Holding Company witnessed a qualitative shift in its investments. The Company proceeded with the restructuring of ownership in the “Aventura” project located in Jaber Al-Ahmad City (J3), following the approval of the Public Authority for Housing Welfare. An amount of KWD 3.56 million was injected to complete the construction works, which are expected to be finalized during the second quarter of 2026.

The Company also strengthened its financial position in the hospitality sector by introducing a strategic partner with a 25% stake in the Safir Sea View Hotel project, which contributed to providing cash liquidity amounting to KWD 2.15 million to support the project located in the Sabah Al-Salem area, which has achieved a completion rate exceeding 75%.

In the final quarter of the year, the Company commenced the implementation of a comprehensive restructuring plan that included changes in human resources and the rejuvenation of the workforce through the recruitment of qualified personnel with strong managerial and technical expertise. These efforts contributed to the development of the Company’s investment and financial strategies and plans, aimed at maximizing returns, rationalizing expenditures, and utilizing cash liquidity efficiently. In parallel, the Company initiated a digital transformation program aimed at enhancing the work environment and improving operational efficiency through the automation of internal procedures and the activation of electronic systems for business management and institutional communication, thereby increasing productivity and strengthening governance and oversight. These steps reflect the associate company’s commitment to enhancing the efficiency of its assets, improving its financial performance, and laying the necessary foundations for a gradual return to profitability and the achievement of financial sustainability for shareholders’ equity, which is expected to positively impact on the Group’s investment value over the long term.

Eagle Group

Eagle is a fully owned subsidiary established in Dubai and based in DIFC. Eagle has been set up to focus on global direct investments targeting innovative ideas, disruptive technologies and high integrity entrepreneurs. As an example, in 2018, Eagle led an investment into Leah (formerly ContractPodAi), a small UK based company that was leading the AI revolution focused on the legal services industry. Eagle took the view early to start investing in companies using technology to disrupt and automate large traditional industries. Currently, although the global markets are challenged and going through volatility, Leah continues to be on the right track. The company continues to grow at 30% per year while signing up large enterprise customers globally. Eagle was the first institutional investor in the company in 2018 when Leah was making less than \$1.5mm ARR (annual recurring revenue). It is now currently expected to be over \$75mm in ARR for 2025. Priori is another example of an innovative, disruptive legal tech company, based in New York. Eagle invested in 2022 and has become the lead outside investor in the company. Initially, Priori created a world class technology driven marketplace for legal talent globally. In 2024, it launched a software business focused on legal RFP that has grown its sales 8x just in 2025. Clients of the company include Google, American Express, Meta, Uber and many more Fortune 50 companies.



National Industries Company Holding (K. S. P.C)

Corporate Governance report 2025

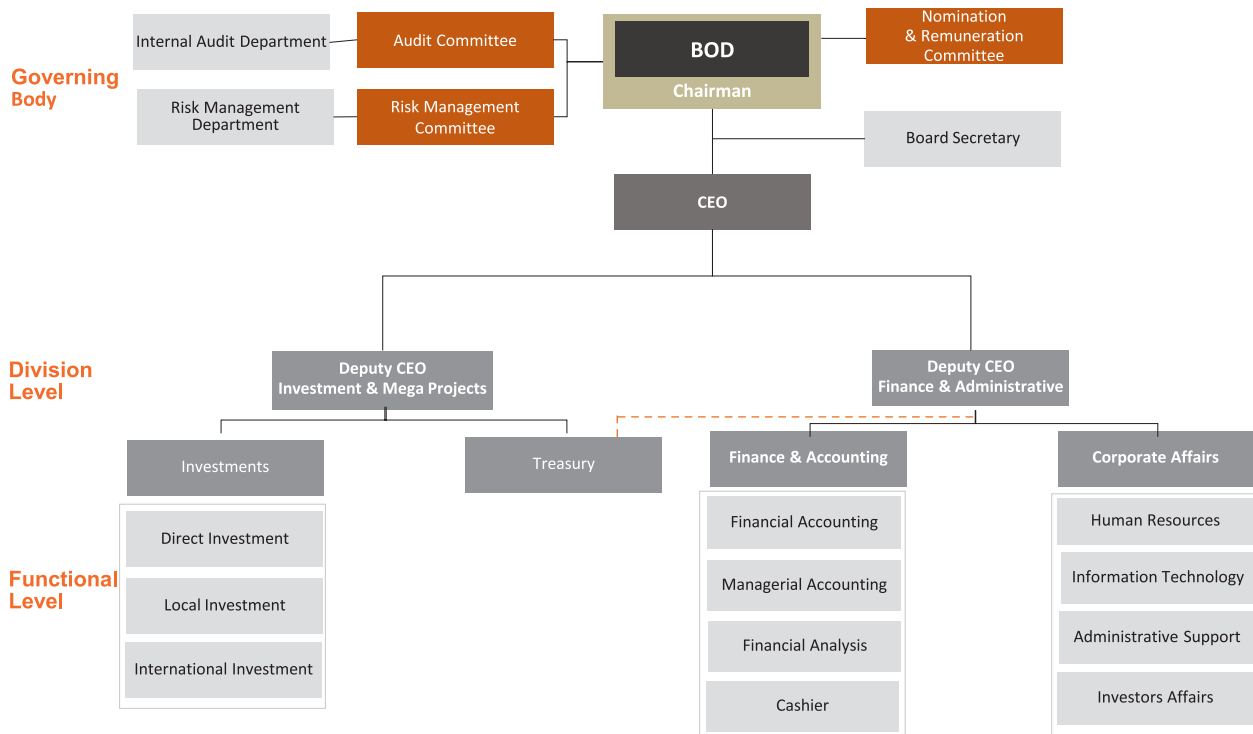


▶ Introduction

National Industries Company Holding NIG is committed to Corporate Governance rules and regulation that is built by the leading practices and the defined laws and regulations. NIG is regularly developing the role of governance, and adherence to the applicable laws and regulations to promote a stronger presence for effective regulatory environment that is aligned with the laws and regulations ratified by the Capital Market Authority CMA to ensure a high level of transparency to protect the rights of shareholders and stakeholders, where the CMA had issued several rules that listed companies must abide.

▶ Rule I: Construct a Balanced Board Composition.

NIG Organization Structure





Board Composition

The Name	Membership (executive/ non-executive/ Independent), Board Secretary	Qualification	first election
Mr. Saad Mohamed Al Saad	Chairman of the Board - non-executive	Bachelor of Commerce	1973
Mr. Sulaiman Hamad Al Dalali	Vice Chairman – non-executive	Bachelor of Commerce	2004
Mr. Ali Murad Behbehani	Non-Executive	Bachelor of Arts in English language	1996
Mr. Bader Salah Almulla	Non-Executive	Bachelor of Science in Business Administration in Finance and Emerging Markets Studies	2025
Mrs. Maha Khalid Al-Ghunaim	Independent	Bachelor of mathematics	1996
Mr. Hossam Fawzi Al-Kharafi	Non-Executive	Bachelor of civil engineering	2007
Mr. Abdul-Aziz Ibrahim Al Rabiah	Non-Executive	Bachelor of Commerce	1979
Mr. Mohamed Abdul Mohsen Al Asfour	Independent	Bachelor of business administration	2013
Mr. Dr. Abdul-Aziz Rashed Al Rashed	Non-Executive	PhD in electrical engineering.	2016
Mr. Mohamed Rashed Al Mutairi	Secretary of the Board	Master of business administration	1999

Board meetings during the year 2025

Member name	Meeting No. 1 was held on 3/2/2025	Meeting No. 2 was held on 6/3/2025	Meeting No. 3 was held on 9/3/2025	Meeting No. 4 was held on 19/3/2025	Meeting No. 5 was held on 24/4/2025	Meeting No. 6 was held on 8/5/2025	Meeting No. 7 was held on 5/8/2025	Meeting No. 8 was held on 13/11/2025	Meeting No. 9 was held on 24/12/2025	Number of meetings
Mr. Saad Mohamed Al Saad (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Sulaiman Hamad Al Dalali (Vice Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Mohamed Abdul Mohsen Al Asfour (Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Ali Murad Behbehani (Non-Executive)	✓	x	x	x	✓	✓	✓	✓	✓	6
Mr. Bader Salah Almulla (Non-Executive)	x	x	x	x	x	x	✓	✓	✓	3
Mrs. Maha Khalid Al-Ghunaim (Independent)	x	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Hossam Fawzi Al-Kharafi (Non-Executive)	x	x	x	x	✓	x	x	x	✓	2
Mr. Abdul-Aziz Ibrahim Al Rabiah (Non-Executive)	✓	✓	✓	✓	✓	x	x	x	✓	6
Mr. Dr. Abdul-Aziz Rashed Al Rashed (Non-Executive)	✓	✓	x	✓	✓	✓	x	✓	✓	7



Managing the Board meetings

The Secretary of the Board was selected from within NIG, by appointing Mr. Mohamed Rashed Al Mutairi as board Secretary. The Board Secretary has the required qualifications that assist him to complete the tasks and responsibilities entrusted to him by the Board of Directors. The board secretary is responsible for the following:

- Recording and preserving all board meeting minutes, records, notebooks, and reports submitted to and from the board, provided that meeting minutes are signed by him, and all the members present.
- Ensure that the members of the Board of Directors follow the procedures approved by the Board, and that the dates of the Board meetings are communicated three working days in advance, considering the emergency meetings.
- Preparing information packages that need to be circulated to the members of the Board in its meetings or to the shareholders in the meetings of the General Assembly.
- Documenting and following up on issues that require the Board to take specific actions that are raised in subsequent Board meetings and record them in the relevant procedures form.



Acknowledgment by the independent member that he fulfills the conditions for his independence



مجموعة الصناعات الوطنية القابضة
NI Group
National Industries Group Holding

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه عضو مجلس إدارة مستقل لدى مجموعة الصناعات الوطنية القابضة (ش.م.ك.ع) بأنه تتوافر لدي الشروط التالية:

- بأنني لا تربطني بالشركة أو بأي من أشخاص الإدارة التنفيذية العليا فيها أو مدقق حساباتها أو الشركة الأم أو التابعة أو الشقيقة أو الحليفة أي علاقة قد تؤدي إلى منفعة مادية أو معنوية قد تؤثر على قراراتي.
- أنني أتمتع بالاستقلالية على النحو الوارد في المادة (3-2) من الفصل الثاني من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتها.
- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.
- كما أتعهد بالالتزام التام بما جاء في اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته المتعلقة بوضويتي وبالإفصاح عن أي تغيير قد يؤثر على استقلاليتي لاحقاً وذلك فور حدوثه.

مها خالد صالح العقيم	الاسم:
259032801008	رقم البطاقة المدنية:
2025/4/24	التاريخ:
	التوقيع:



مجموعة الصناعات الوطنية القابضة
NI Group
National Industries Group Holding

إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه عضو مجلس إدارة مستقل لدى مجموعة الصناعات الوطنية القابضة (ش.م.ك.ع) بأنه تتوافر لدي الشروط التالية:

- بأنني لا تربطني بالشركة أو بأي من أشخاص الإدارة التنفيذية العليا فيها أو مدقق حساباتها أو الشركة الأم أو التابعة أو الشقيقة أو الحليفة أي علاقة قد تؤدي إلى منفعة مادية أو معنوية قد تؤثر على قراراتي.
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محمد عبدالمحسن عبداللطيف الصقور	الاسم:
246081800017	رقم البطاقة المدنية:
2025/4/24	التاريخ:
	التوقيع:



Rule II: Establish Appropriate Roles and Responsibilities

- The Board derives its empowerment and legality from its memorandum and the articles of association that allows the Board of Directors to manage the company, where the Board determines the level of authority and responsibility given to the Executive Management to run the daily operation. Moreover, the Board also has full authority and rights to perform all actions on behalf of the Company and to participate in all activities and exercise all the authorities that deemed necessary for achieving its objectives, those authorities and procedures are explicitly provided in the commercial companies' law issued by the ministry of commerce, and the company's article of association, and the CMA Bylaws and regulations.
- The authorities and responsibilities of the Board of Directors and executive management are clearly identified in the approved policies, procedures, and charters, where it clearly indicates that no party is allowed an absolute power, to facilitate the accountability of the Board of directors by company's shareholders. The Board of directors holds liable for all the ultimate responsibility managing the company even by forming committees or delegating other individuals or entities authorized to perform work on behalf of the board. The board of directors should avoid issuing general warrants or for indefinite duration. The Board approved and adopted a set of authorities and responsibilities include the charters of each of:
 - Chairman of the Board
 - Members of the Board of Directors
 - The CEO and his deputies

The Board achievements in 2025

During 2025, National Industries Group Holding and its subsidiaries succeeded in achieving several accomplishments, including the completion of procedures to acquire an additional 17.5% stake in the company J3 for Land and Real Estate Management and Development W.L.L. The ownership transfer was officially completed during the first quarter of 2026, bringing the Group's total ownership to 50%. The residential sector of the project is divided into two main phases. The first phase, representing approximately 70% of the total construction works, has been completed and delivered. The construction of the commercial complex is expected to be completed during the third quarter of 2026. Furthermore, following the Group's acquisition of a 1,601 square meter land plot in Fahad Al-Salem area – Kuwait City during 2025, the Group continues to finalize all necessary procedures and requirements to obtain the required approvals and licenses in preparation for commencing the development of a distinctive commercial tower on the site. The project will include offices, retail shops, and restaurants, representing a qualitative addition to the Company's real estate investment portfolio.

Formation of a specialized committees to promote independence

The Board has formed specialized committees with the aim of enabling it to perform its tasks effectively, according to the company's requirements, conditions and nature of its work, the company's desire to fully implement the requirements of governance, as the executive management has prepared a set of charters in cooperation with specialized expertise consultants in this field to reach the best market practice. The Board of Directors formed the Risk Committee, the Audit Committee, the Nomination & Remuneration Committee, according to the approval of the Capital Markets Authority. The Board of Directors reviewed all the regulations, work systems, and charters for all committees.

Composition of the Audit Committee

The Audit Committee was formed for three years on 24/4/2025.



The Audit Committee	Members	Meeting No. 1 on 10/2/2025	Meeting No.2 on 6/3/2025	Meeting No.3 on 7/5/2025	Meeting No.4 on 31/7/2025	Meeting No.5 on 22/9/2025	Meeting No.6 on 30/10/2025	Meeting No.7 on 26/11/2025	Number of meetings
Mr. Abdul-Aziz Ibrahim Al Rabiah	Chairman	√	√	√	✓	✓	✓	✓	7
Mr. Mohamed Abdul Mohsen Al Asfour	Member	√	√	√	✓	✓	✓	✓	7
Dr. Abdul-Aziz Rashed Al Rashed	Member	√	√	√	✓	✓	✓	✓	7
Mr. Bader Salah Almulla	Member	x	x	x	✓	✓	✓	✓	4

The Audit Committee Role

1. Review the periodic financial statements before submission to the Board of Directors, and opinion and recommend to the Board, with a view to ensuring the fairness and transparency of financial reporting.
2. Recommending to the Board the appointment of external auditors and reset or change them and determine their fees and considers when recommending appointments ensure their independence, and review letters of appointment.
3. Follow the work of the external auditors, and to ensure that they provide services to the company, except for the services required by the auditing profession.
4. Reviewing the external auditors notes on the financial statements of the company and follow what was in them.
5. Reviewing the accounting policies, opinion, and recommendation to the Board.
6. Assess the adequacy of internal control systems within the company and to prepare a report containing views and recommendations of the Committee in this regard.
7. Technical supervision on the company's internal audit department/outsourced, to verify its effectiveness in carrying out specific tasks and actions by the Board.
8. Recommending the appointment, transfer, and dismissal of the internal audit manager, and evaluating his performance, and the performance of the internal audit department.
9. Review and approve the audit plans proposed by the internal auditor, and comment.
10. Review the results of the internal audit reports and ensure that corrective actions have been taken on the observations contained in the reports.
11. Review the results of regulatory reports and ensure that the necessary measures have been taken.
12. Make sure the company's commitment to laws and policies, regulations, and instructions.

Achievements of the Audit Committee

- Reviewing financial data and reports before presenting them to the board, discussing them and submitting them to the board of directors.
- Disclosures and significant matters regarding the financial statements.
- Presenting the internal audit reports, adopting the internal audit plan, following up on the internal audit observations.
- Follow up on the company's commitment to laws and legislation related to its work.
- Following up on the work of the external auditors and studying the remarks of the external auditors on the company's financial statements.

Composition of risk Committee:

The risk Committee was formed for three years on 24/4/2025



Risk Committee	Members	Meeting No. 1 held 5/3/2025	Meeting No. 2 held 5/5/2025	Meeting No. 3 held 7/9/2025	Meeting No. 4 held 21/12/2025	Number of meetings
Mrs. Maha Khalid Al-Ghunaim	Chairman	✓	✓	✓	✓	4
Mr. Ali Murad Behbehani	Member	×	✓	✓	✓	3
Mr. Hossam Fawzi Al-Kharafi	Member	✓	×	✓	✓	3
Mr. Mohamed Al Asfour	Member	✓	✓	✓	✓	4

The Role of the Risk Committee

1. Prepare and review risk management policies and strategies adopted by the Board of Directors, and ensure the implementation of these strategies and policies, and they match the nature and size of the company's activities.
2. Ensure the availability of resources and adequate risk management systems.
3. Evaluate systems and mechanisms to identify and measure and monitor various types of risks that the company may be exposed to identify deficiencies.
4. Assist the Board to identify and assess the level of risk is acceptable in the company, be sure you have not exceeded the company to this level of risk after its adoption by the Board.
5. Review the organizational structure of risk management and make recommendations before its adoption by the Board.
6. Ensure the independence of the risk management staff on activities that result in the company's risk exposure.
7. Ensure that the risk management staff have a full understanding of the risks surrounding the company, work to raise the awareness of employees of the risk culture and unregulated.
8. Discussion on risk management of periodic reports about the nature of the risks faced by the company and submit these reports to the Board of Directors.
9. Review of the issues raised by the Audit Committee.
10. The Risk Management Committee holds periodic meetings, four times during the year, as well as whenever needed. The minutes of its meetings must be recorded by the committee secretary.

Achievements of the risk Committee

- Discussion of the members of the Risk Committee of the updated risk register and the most important risks developed.
- Discussing the executive management's achievements in interacting with these risks.
- Update risk appetite statement.

Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed for three years on 24/4/2025



Composition of Nomination and Remuneration Committee	Members	Meeting No. 1 held 4/3/2025	Meeting No. 2 held 11/3/2025	Number of meetings
Mr. Sulaiman Hamad Al Dalali	Chairman	√	√	2
Mr. Mohamed Abdul Mohsem Al Asfour	Member	√	√	2
Mr. Ali Murad Behbehani	Member	x	x	0

The Role of the Nomination and Remuneration Committee

- 1- Recommending acceptance of the nomination and re-nomination for members of the Board of Directors and the executive management.
- 2- Establishing a clear policy for the remuneration of members of the Board of Directors and the executive management, with the annual review of the required needs of the appropriate skills for membership of the Board of Directors, as well as attracting requests for those wishing to occupy executive positions as needed, studying and reviewing those requests, and determining the different categories of rewards that will be granted to employees, such as The fixed bonus segment, the performance bonus segment, and the end of service bonus segment.
- 3- Ensure the independence of the independent board member.
- 4- Preparing a report on the remuneration granted to members of the Board of Directors, executive management, and managers, whether they are amounts, benefits or advantages, of whatever nature and name, directly or indirectly, through the company or its subsidiaries.

Achievements of Nomination and Remuneration Committee

- The Nominations Committee met to discuss the member's evaluations, the Board of Directors' evaluation and the committees' evaluations, as well as the Executive Management's evaluation and agreement on the training courses required during the year to develop the Board of Directors.
- Discussing the proposed remuneration for members of the Board of Directors, executive management, and all employees of the company.
- Preparing a report on the remuneration granted to members of the Board of Directors, executive management, and managers.

Summary of applying the requirements that allows Board members to obtain information and data accurately and in a timely manner

The Executive Management Department provides information and data that is complete and accurate and timely for all Board members in General and non-Executive Board members and independents in particular through integrated periodic reports submitted to the Board members as well as through periodic reports submitted by risk management by reports from the Audit Office to obtain all the essential information and data that enable them to undertake and carry out their duties and functions efficiently and effectively.



Rule III: Recruit Highly Qualified Candidates for Members of the Board of Directors and the Executive Management

Board members

Mr. Saad Mohammad Al Saad - Chairman

Was appointed as Deputy Chairman and Managing Director of the company in 1973, then elected as Chairman in 2004.

Currently Mr. Al Saad is a Board member of the Egypt Kuwait Holding Company since 1999. Mr. Al Saad held several positions and recognitions as follows:

- Chairman and MD of Contracting & Marine Services Co.
- Chairman of the Kuwait Accountants and auditor's association
- Vice Chairman of Kuwait National Petroleum Company
- Board member of The Supreme Board of Directors for Planning and Development
- Board member of Kuwait Building & Const. Co
- Vice Chairman of the Kuwait National Petroleum Company
- Board member of National Bank of Kuwait
- Board member of Gulf Cable and Electrical Industries Co.
- Board member of Kuwait Aviation Fueling Company - KAFCO
- Board member of Kuwait Cement Co.
- Board member of Delta insurance company in Cairo
- Board member of Saudi sand lime bricks & Build M. Co. in Riyadh

Mr. Al Saad hold a BS of Commerce from Cairo University.

Mr. Sulaiman Hamad Al Dalali - Deputy Chairman

Deputy chairman since 2004. Currently Mr. Al Dalali is the chairman of the Board of Directors of Kuwait Reinsurance Company. Mr. Al Dalali held several positions and recognitions as follows:

- Chairman of Ahlia insurance Company
- Board Member of Burgan insurance company - Lebanon
- Board Member of Arab Life and accident Insurance Company - Jordon
- Board Member of the Saudi Union Insurance Company
- Board Member of Al Watania insurance company Sanaa- Yemen
- Assistant Under Secretary-Kuwait University
- Chairman and MD of the Gulf Insurance Company
- Vice Chairman and Chief Executive officer of Stock Transaction Settlement Institution.

Mr. Al Dalali hold a BS of Commerce from Cairo University.

Mr. Abdul Aziz Ibrahim Al Rabia - Board member

Board Member since 1979 and currently Chairman of the Board of Directors of National Industries Company since 2014, Previously Mr. Al Rabia's designations was as follows:

- Vise Chairman of National Industries Company from 2002 to 2014,
- Board Member of the Kuwait Cement Company,
- Board Member of Kuwait Pipe Industries and Oil Services company,

Mr. Al Rabia holds a BS in Accounting from Kuwait University.



Mr. Ali Murad Behbehani - Board member

Board member since 1996. Currently, Mr. Behbehani has the following designations:

- Chairman of Murad Yousuf Behbehani Company
- Chairman of Kuwait insurance company
- Vice Chairman of Gulf Bank
- Board member of the Kuwait Danish dairy company.

Previously, Mr. Behbehani held several positions and designations as follows:

- Board member of Kuwait National Cinema Company
- Board member of Kuwait Pipe Industries and Oil Services company

Mr. Behbehani hold Bachelor of English Language and Literature and education from Kuwait University

Dr. Abdul Aziz Rashed Al Rashed - Board member

Board member since 2016. Currently, Dr. Al-Rashed is holding the following designations:

- Chairman, Kuwait Drilling Company
- Chairman, Kuwait Cement Company
- Board member of Contracting & Marine Services Co.

Dr. Al Rashed holds a PhD in electrical engineering from University of Wisconsin USA.

Mrs. Maha Khalid Al Ghunaim - Independent Board member

Board member since 1996, and the Co-founder of Ethika Financial Consulting.

Previously, Mrs. Al Ghunaim held several positions and designations as follows:

- Co-Founder / Vice Chairman and CEO of Global Investment House
- Board Member of Dar Al Tamleek – Riyadh
- Vice Chairman of National Ranges Company “Mayadeen”
- Vice Chairman of Shurooq Investment Services Company
- Board Member, Kuwait University, College of Business Administration (Kuwait)
- Board Member of Union of Investment Companies (Kuwait)
- Member of Financial & Investment Committee at Kuwait Chamber of Commerce & Industry (Kuwait)

Mrs. Al Ghunaim holds BS in mathematics from San Francisco state University of, California, USA

Mr. Hussam Fawzi Al Kharafi - Board member

Board Member since 2007. Currently, Mr. Al Kharafi holds the following positions:

- Member of the Executive Committee of Mohammed Abdulmohsen Al-Kharafi & Sons Group since 2011
- Head of the Real Estate and Urban Development Sector of the Mohammed Abdulmohsen Al-Kharafi & Sons Group since 2012
- CEO of Automak Cars since 2005
- General Manager of Promac General Trading and Contracting Company
- Chairman of the MAK investments company Co. -Port Ghalib, Egypt

Mr. Al-Kaharafi held several positions and designations as follows:

- Chairman of Noor financial investment Co.



- Board member of National Investments Co.
- Board member of Zain Co.
- Board member of Boubyan Bank.
- Board member of Ahlia insurance Co.
- Board member of the National Real Estate Co.
- Board member of Mabanee Co.
- Board member of Egyptian Kuwaiti Holding Co. - Cairo
- In addition to his management of many companies of the Mohammed Abdul Mohsen Al Kharafi and Sons Group.

Mr. Al-Kaharafi has many volunteer experiences, as he served as Chairman of the Kuwait Society of Engineers from 2011 to 2012, founder of Engineers Without Borders from 2014 to date, a member of the Board of Directors of the National Industries Group Charitable Foundation since 2009, and founder of the Al-Fawz Fund in the United Kingdom in 2009. Mr. Al Kaharafi holds a Master's degree in Public Policy in Islam from Hamad Bin Khalifa University, Qatar, and a Bachelor's degree in Civil Engineering from Kuwait University.

Mr. Mohamed Abdul Mohsen Al Asfour - Independent Board member

Board member since 2013. Currently Mr. Al Asfour is the Vice Chairman and CEO of the Kuwait Building Materials Manufacturing Co.

Mr. Al Asfour Held several positions and designations as follows:

- Minister of State for Housing Affairs.
- General Manager of Kuwait Institute for Scientific Research (KISR).
- Secretary General of the Kuwait University.
- Board member of Public Authority for Housing Welfare.
- Vice President of Kuwait Ports Authority.
- Vice Chairman of Privatization Holding Company.
- Vice Chairman of National Cleaning Co.
- Vice Chairman of planning and engineering of Arab Petroleum Pipelines Co. (SUMED) – Egypt.

Mr. Al Asfour holds a BS of Business Administration from the Cairo University.

Mr. Bader Salah Almulla - Board member

Appointed in 2025- Representative for the Public Institution for Social Security PIFSS, currently, He is the Head of Alternative Investment Department at the Public Institution for Social Security in Kuwait. He currently serves as a board member at AlRawdatain Water Bottling Company and previously held the position of Acting Head of the Equities Department at PIFSS.

Mr. Almulla previously worked in several companies in the United States, including

- Wafra Inc in New York City.
- Wellington Management.
- MFS Investment Management in Boston.

Mr. Almulla holds a Bachelor of Science in Business Administration in Finance and Emerging Markets Studies from Northeastern University. He is also a CFA Charterholder.



Executive Management

Mr. Ahmed Mohammed Hassan, Chief Executive Officer (CEO)

In 2013, Mr. Hassan got elected by the board to be the Chief Executive Officer. He joined NIG in 1977, throughout his extensive career in the company, Mr. Ahmed Hassan was responsible for overseeing all administrative and financial aspects of the group to ensure steady growth and profitability, he is currently a member of the Board of Directors of National Industries Company and a Director of Eagle Investments. Mr. Ahmed Hassan has many experiences and has served as a member of previous boards including Proclad Group Ltd. Kuwait, Proclad Group in the United Arab Emirates, BI Group, Kuwait Syrian Holding Company, Kuwait Financial Center, Privatization Holding Company, Strategia Investment Company, Kuwait Business town and Iraq Holding Company. Mr. Ahmed Hassan graduated in 1969 with a Bachelor of Commerce in Accounting - Ain Shams University.

Mr. Riyadh S. Al-Edrissi, Deputy Chief Executive Officer – Investments and Mega Projects

Mr. Riyadh AL Edrissi has held the position of Deputy Chief Executive Officer for Investment and Mega Projects since 2014, overseeing the Group's investment activities and the development and management of major projects, he previously held the position of Executive Manager – Direct Investments. Mr. Riyadh AL Edrissi holds a BSc degree in Chemical Engineering from Newcastle upon Tyne University, United Kingdom, and a MSc degree in Chemical Engineering from Kuwait University. He joined National Industries Group in 1999. Mr. Riyadh AL Edrissi currently holds several leadership positions and board memberships in local and regional companies. His key current roles include: Chairman of Noor Financial Investment Company (Kuwait), Vice Chairman at Privatization Holding Company (Kuwait), Chairman of Meezan Bank (Pakistan), Board member of Sahara International Petrochemical Company "Sipchem" (Saudi Arabia), Chairman and CEO of Ikarus Petroleum Industries (Kuwait), Chairman of Proclad Group Limited, UAE, Chairman of Middle East Complex for Eng., Electronics & Heavy Industries Co.(Jordan), Board Member of Combined National Holding Co. for Energy- (Kuwait), Board Member of Al Durra National Real Estate Co. , (Kuwait). In addition, Mr. Riyadh AL Edrissi has held other previous leadership and board positions during his career, including Vice Chairman of Airport International Group (Jordan) and Board Member of Sajaa Gas Company Limited (UAE), Chairman of K-Electric (Pakistan), Board member at United Gas Transmissions Company Limited Co. – (UAE) among other executive and advisory roles in the investment, energy, and industrial sectors. Mr. Riyadh AL Edrissi reports directly to the Chief Executive Officer.

Mr. Faisal Abdul Aziz Al Nassar, Deputy Chief Executive Officer – Finance and Administration

In 2014, Mr. Al. Nassar was promoted to Deputy CEO for Finance and Administration. Mr. Al Nassar joined NIG as Executive Manager for Corporate Affairs in 2005. Mr. Al Nassar serves a multitude of boards and is currently the Chairman of Noor Al Salhiya Real Estate Company, Chairman of Al Manar Financing & Leasing Company, Board Member of ARADY international Real Estate Investment Company – UAE, Board Member of Arab Information Management Services (AIMS), and Mr. Faisal Al Nassar is reporting directly to CEO.

Mr. Mubasher Hussien Sheikh, ACCA, Chief Financial Officer (CFO)

In 2015, Mr. Mubasher Sheikh was promoted to the position of Chief Financial Officer (CFO) of the group. He joined the group in 2001 as a Manager of Managerial Accounting and Financial Analysis, and in 2008, he was promoted to Group Financial Controller. Currently, Mr. Sheikh serves as a board member in Proclad Group Limited (UAE), and Karachi Electrical Limited (Pakistan). Mr. Sheikh reports directly to the Deputy CEO of Finance & Administration.



Mr. Khalid Ahmad Al Saad, Direct Investment Executive Manager

Mr. Khalid Al Saad is the Executive Manager for the Direct Investment Department since 2015, He joined NIG in 2011 as a Direct Investment Manager. Mr. Al Saad has graduated with Bachelor of Science in Electrical Engineering from Florida International University, United States of America. Mr. Al Saad serves as a Chairman & CEO of Combined National Industries Holding Company for Energy, Vice Chairman of Ikarus Petroleum Industries, Chairman of Middle East Chemicals Company "Kingdom of Saudi Arabia" and serves on the board of several companies including Bayan Holding Company, Bahrain Bay Utilities Company "Kingdom of Bahrain" and Proclad Group Limited "UAE". Mr. Al Saad is reporting directly to Deputy CEO\Investments and Mega Projects.

Mr. Fadi Abdelsalam, CPA, CFE, CABM, Group Risk & Compliance Manager

At the beginning of 2019, Mr. Fadi Abdel Salam joined the Group as Group Risk and Compliance Manager. Mr. Fadi Abdel Salam graduated with a bachelor's degree of Banking and Financial Science from Yarmouk University, Jordan in 1998. He qualified as a Certified Public Accountant (CPA) from U.S.A in 2003. He is a Certified Associate Business manager (CABM) from U.S.A in 2006, and Certified Fraud Examiner (CFE) from U.S.A in 2007. He was in-charge of several major audit projects which includes Banks, Investment and Finance Companies, Construction and real-estate Companies, Trading Companies, Industrial companies, Healthcare Organizations and Non-Profit Organizations overall his audit experience for 7 years in two of the biggest worldwide international Audit and Consulting firm, Deloitte Company, and Grant Thornton in Kuwait. He worked in executive managerial levels in Finance and Investment sector for 19 years. Mr. Fadi Abdel Salam reports directly to the Risk Committee of the Board of Directors.

A brief overview of the requirements for forming the Nomination and Remuneration Committee

- Number of its members 3.
- At least one of its members is an independent member (Mr. Muhammad Abdul-Mohsen Al-Asfour).
- The Chairman of the Committee is a non-executive board member.
- The Board of Directors set the term of membership of the committee for a period of three years from the date of its formation and the method of its work within the committees' work charters.
- The Nomination and Remuneration Committee met once a year.

Board membership, and executive management remuneration

The Group considers the remuneration policy to be an essential element in creating value for the Group as well as for its stakeholders. While the remuneration of each member of the Board of Directors is subject to experience, qualification, expected contribution from the individual and his performance, the guiding principles of governance issued by the Capital Markets Authority are as follows:

- Rewards must be consistent with the group's strategy and objectives, either in the long or short term.
- Rewards must be commensurate with the size and nature of the group and the risks to which it is exposed.
- The total estimated remuneration may not exceed 10% of the net profits (after deducting depreciation, reserves, and distributing profits with no less than 5% of the capital or any higher percentage stipulated in the group's articles of incorporation). It is allowed to distribute annual bonuses that do not exceed the amount of KD 6,000 for the Chairman of the Board of Directors and each member of the Board from the date of the establishment of the group until the achievement of profits that allow the group to distribute rewards in accordance with the criteria mentioned above.
- The general assembly of the group has the right to exempt the independent board member from the maximum mentioned remuneration.
- Linking the rewards (in total or individually) to the group's healthy operations and financial position.

The remuneration structure and policy shall be prepared by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall ensure compliance with the above criteria when recommending remuneration for members of the Board of Directors and senior management.



Executive Management Remuneration Policy

- The Nominations and Remunerations Committee is responsible for setting the remuneration policy for the Group's executive management, and its objective is to achieve a balance between competitive rewards in the market to retain talent and develop current and future shareholder returns.
- The Nominations and Remunerations Committee works to take advantage of analytical tools, qualitative and quantitative procedures, and comparative studies provided by experts in the process of formulating remuneration offers and incentive programs for the management of the executive group, including annual performance bonuses and short and long-term incentives.
- In addition, the group has a system for monitoring and evaluating the performance of the executive management and employees of the group.
- There is a fair and transparent system for measuring responsibilities and performance that is used to reward the group's employees for their achievements during the year. The responsibility for managing the performance of employees lies with the executive management (represented in the human resources department) under the supervision of the CEO.
- The Nominations and Remunerations Committee reviews the periodic evaluation of the remuneration paid to the executive management and ensures that there are no fundamental deviations from the remuneration policy approved by the Board of Directors.

During the year 2025, the Nominations and Remuneration Committee recommended an amount of KD 630 thousand as remuneration for the members of the Board of Directors for the year ending on 31/12/2025, which is subject to the approval of the shareholders during the meeting of the General Assembly.

The following table shows the remuneration allocated to the members of the Board of Directors:

Remunerations and benefits for board members							
Rewards and benefits through subsidiaries				Rewards and benefits through the parent company			Total number of members
Variable rewards and benefits (KD '000)		Fixed rewards and benefits (KD '000)		Variable rewards and benefits (KD '000) *		Fixed rewards and benefits (KD '000)	
Committees Rewards	Annual Rewards	Monthly salaries (total during the year)	Medical Insurance	Committees Rewards	Annual Rewards	Medical Insurance	
-	-	-	-	-	630	-	9

*Subject to approval by the shareholders during the general assembly meeting

The following table shows the remunerations of the executive management, which include salaries, compensations, bonuses, and other incentives:

The rewards and benefits granted to the five senior executives who received the highest rewards, in addition to them The Chief Executive Officer and the Chief Financial Officer or their representative if they are not among them														Total number of executive positions
Rewards and benefits through subsidiaries							Rewards and benefits through the parent company							
Variable rewards and benefits (KD '000)	Fixed rewards and benefits (KD '000)						Variable rewards and benefits (KD '000)	Fixed rewards and benefits (KD '000)						
Annual Rewards	Tuition Allowance	Transportation Allowance	House Allowance	Airtickets Allowance	Medical Insurance	Monthly salaries (total during the year)	Annual Rewards	Tuition Allowance	Transportation Allowance	House Allowance	Airtickets Allowance	Medical Insurance	Monthly salaries (total during the year)	
463	22	23	40	41	2	753	-	-	-	-	-	-	-	7

Note: There are no fundamental deviations from the remuneration policy approved by the Board of Directors.



Rule IV: Safeguard the Integrity of Financial Reporting

The safeguard and integrity of the company's financial statements is considered an important indicators on the integrity and credibility of the company in revealing its financial position, therefore increases investor confidence in the data and information provided by the company, and allows the shareholders to exercise their rights, the company is keen on the integrity of the financial statements and that financial statements of the company are being audited under the supervision of the audit committee, and ensure the independence and integrity of the external auditor.

The Executive management issue a covenant in writing to the Board of Directors, depicting that the company's financial statements are displayed properly and fairly, and it reveals all aspects of the company's financial and operating results, and the financial statements are prepared in accordance with international accounting standards. The annual report provided to the company's shareholders a written covenant of the integrity of all financial statements.



Brief on the implementation of the requirements for the formation of the audit committee

- The number of its members is 4.
- At least one of its members is an independent member (Mr. Muhammad Abdul-Mohsen Al-Asfour).
- Its membership was not occupied by the Chairman of the Board of Directors or the members of the Executive Board of Directors.
- Among the members of the committee there is at least one member with academic qualifications and/or practical experience in the accounting and financial fields.
- The Board of Directors set the term of membership of the committee for a period of three years from the date of its formation and the method of work within the committees' work charters.
- The Audit Committee regularly met 6 times during the year and on a quarterly basis.



- Regular meetings were held with the external auditors, and at least four times with the internal auditor.
- The performance of the external and internal auditors was evaluated.
- √ There was no conflict between the recommendations of the audit committee and the decisions of the board of directors.

Independence and Fairness of the External Auditor

The AGM shall appoint the external auditor based on the Board of Directors recommendation. The nomination of the external auditor ultimately is based on the recommendation of the audit committee to the BOD. The company has independent external auditor that is registered with the CMA, and he complies with all CMA's regulations and stipulations. It is not allowed for the independent external auditor of the Company to perform any additional work that appear to have conflict or may affect his independence and integrity.

There is an independent office for auditing, where the Al-Bazie Office - RSM provides the internal audit service to the group annually, and the responsible partner appointed by Al-Bazie Company submits the internal audit reports to the Audit Committee, where the committee discusses all the reports submitted to it and considers the following:

1. Reporting to Audit Committee and then to Board of Directors.
2. The internal audit unit be appointed by the Board of Directors and based on the nomination of the audit committee.
3. The Board of Directors define the duties and responsibilities of the internal audit office.



Rule V: Develop A Proper System of Risk Management and Internal Control

A brief statement on the implementation of the requirements for forming an independent risk management department

The company has a separate department of risk management that work primarily on assessing, monitoring, and mitigating of all types of risks that are facing the company, aligned with an effective regulations and procedures for managing those risks. This is an ongoing process, and is reviewed periodically, and the policies and procedures are modified as required.

An overview of the implementation of the requirements for forming a risk management committee

- The number of its members is 4.
- Its chairman is a non-executive board member, and the chairman is not a member of this committee.
- Presenting periodic reports on the nature of the risks that the company is exposed to and submitting these reports to the company's board of directors.
- The Board of Directors set the term of membership of the committee for a period of three years from the date of its formation and the method of its work within the committees' work charters.
- The Risk Committee met 4 times during the year on a regular basis.



Internal control systems

Internal control is a comprehensive system extending to administrative control, accounting, and internal audit. It is a set of tools and procedures followed within the company to achieve specific goals.

The internal audit unit is aiming to assure the integrity of the financial information, safeguarding of assets, and shareholders and stakeholders' interests. Internal audit and risk management units are working properly and independently according to the relevant regulatory requirements. Audit committee is responsible for assisting the BOD in overseeing the quality and integrity of the accounting information, the independence of the auditing, and having sound internal control and financial reporting practices. Audit committee is responsible for the contracting with an independent firm for conducting the annual Internal Control Review (ICR) which was prepared by Qais Al-Nisf and Partners (BDO). The objective is the independent evaluation of the internal control systems, and its adequacy within the company, and preparing report that contains weaknesses and recommendations directed to the audit committee.



A brief statement on the implementation of the requirements for the formation of an independent department / office / unit for internal audit

- The internal audit function has been assigned to RSM - Al-Bazie & Partners, which is a completely independent internal auditor.
- The appointment of the internal audit office was completed by the Board of Directors and based on the nomination of the audit committee.
- The internal audit office prepared a report that includes a review and evaluation of the internal control systems.
- The internal audit office evaluated the performance of the executive management in applying internal control systems.
- An independent auditing office (BDO) has been assigned to carry out an evaluation and review of internal control systems and to prepare a report in this regard (Internal Control Report), which has been provided to CMA annually.



Rule VI: Promote Code of Conduct and Ethical Standards

A summary of the business charter that includes standards and determinants of professional conduct and ethical values

Establishing a culture of professional behavior and ethical values within the company enhances the investor's confidence in the integrity of the company and the safety of its financial information, as the commitment of all company employees, whether members of the board of directors, executive management, or other workers to the company's internal policies and regulations, as well as legal and supervisory requirements, will benefit all shareholders. And the relevant parties, without conflict of interest and with a large degree of transparency. Therefore, the executive management drafted a work charter that includes standards and determinants of professional behavior and ethical values.

The company has a code of conduct for each of the members of the board of directors and another for executives and managers that includes standards and determinants of professional behavior and ethical values, which deal with establishing the principle of commitment of each member of the board, executives, managers and employees to fully adhere to all laws and instructions, and to represent all shareholders, and to adhere to what is in the interest of The company, the interest of shareholders, and the interest of other stakeholders, not just the interest of a specific group.

Summary of policies and mechanisms for limiting conflict of interest

The company has developed a conflict-of-interest policy in line with the CMA regulations and the provisions of Kuwait Commercial Companies Law. This policy includes requirements and parameters that should be followed by the Board member, it determines that the board member should not be bound to enter contracts or businesses arrangement with the company. The board member should inform the BOD if he has a personal interest whether directly or indirectly, in the agreements or contracts that is being made with the company and should be disclosed in the disclosure log. The board member with personal interest should not vote on any resolutions regarding that matter, the chairman should inform the AGM of such conflict of interest.



Rule VII: Ensure Timely and High-Quality Disclosure and Transparency

Mechanisms for timely disclosure and transparency

The Board is obliged to develop mechanisms for a quality, and transparent disclosure to be in line with the relevant laws and regulations issued by the company's law or CMA regarding that matter. Those disclosures are classified into either a company's disclosure or BOD and executive management disclosures, where the disclosures log should be updated regularly.

The company's disclosure policy is approved by the BOD and should disclose the financial data and information regarding the financial position, performance, ownership for all stakeholders through the proper panels, that assist the shareholders to understand their position fully, those proper panels are reviewed and updated regularly to be in line with the best practices, and CMA code of Corporate Governance.

A summary of the application of the requirements of the disclosure record of the members of the Board of Directors and the executive management

Disclosures of board members and executive management are updated regularly in a register, that register is made available for shareholders of the company, without any fee or charge, the company is also committed to update this log data periodically to reflect the true situation of the related involved.



A brief statement on the implementation of the requirements for forming a unit that organizes investor affairs

The company has a unit that meant to manage the investor's affairs, this unit is responsible for providing data and information and reports required for potential investors, are providing those investors with any data and information and reports accurately and timely.

Developing the IT infrastructure, and relying on it heavily in disclosure processes

The company has a dedicated section on the website for Corporate Governance , where all information is displayed and the latest data that may assist shareholders, potential investors, and other stakeholders in exercising their rights and assess the performance of the company, there is also a special section for financial analysis show the performance indicators for the holding company and the listed subsidiaries www.nig.com.kw



Rule VIII: Respect the Rights of Shareholders

A summary of the application of requirements to define and protect the general rights of shareholders, in order to ensure fairness and equality among all shareholders

- The Board of Directors and the Executive Management guarantee the rights of shareholders by exercising their basic rights with a great deal of fairness and equality to ensure equal treatment of all shareholders, and protection from violations of their rights. As well as protecting shareholders' capital from misuse that may occur by company managers, board members or major shareholders.
- The company treats all shareholders who own the same type of shares equally and without any discrimination, and in no case shall any of the shareholders' rights be withheld from any class of shareholders, or standards are put in place that would distinguish between categories of shareholders in order to establish these rights without It harms the interests of the company or conflicts with the law, the executive regulations, and the regulatory instructions and controls issued by them.
- The company's article of association, policies, and procedures are ensuring that all shareholders can use their rights equally without any discrimination, to protect their rights that should include the following:
 - Shareholder ownerships are registered in the company's records.
 - Disposition or transfer of shares ownership.
 - Receiving dividends.
 - In case of liquidation, shareholder is entitled to get a share of the company's assets.
 - Access to financial data and information about the company and its operational strategy and investment activity on a timely basis.
 - Participation in AGM and exercising his voting rights.
 - Electing board members.
 - Monitor the company's performance of and the activities of the board.
 - Questioning the members of the company's board of directors or the executive management and filing a liability claim in case they fail to perform the tasks entrusted to them.



A summary of the creation of a special register to be kept with a clearing agency, as part of the requirements for continuous monitoring of shareholder data

- The company has a contract with the Kuwait clearing company (KCC), where KCC creates a registry contains the investor name, nationality, residence, and the number of shares owned by each of them, any investor may request the KCC to provide the data from this register.
- The company has an investor's affairs unit where this unit is maintaining a shareholders register that is updated by any changes for the ownership percentages, or adding new shareholders, or deletion of shareholders. Any shareholder may request this unit to provide the data from this register.
- The managers of subscription for shares or bonds shall maintain a special register in which the names of bond or sukuk holders, their nationalities and domiciles, the number and type of bonds or sukuk owned by each of them are recorded, and any changes that occur to the financial data registered therein according to what the company receives.
- The shareholders have the right in the company to view the shareholders' register, and that the data contained in the register are dealt with according to the highest degree of protection and confidentiality, in a manner that does not contradict the law and the executive regulations, and the instructions and regulatory controls issued by the Authority.

A summary of how to encourage shareholders to participate and vote in the meetings of the company's assemblies

The General Assembly shall call shareholders to a meeting upon the invitation of the Board of Directors during the dates set for that purpose, the time and the place is to be determined according to the company's bylaws. The BOD may invite this AGM to meet whenever necessary. The Board should also invite the AGM at a reasoned request of several shareholders owning at least 10% of the Company's paid-up capital, or at the request of the Auditor, within fifteen days from the date of the request.

The agenda of the AGM should include as a minimum the following:

- Reading the Corporate Governance report and the audit committee report.
- Discussion of the board report related to company's activity and financial position and outcomes of works thereof.
- Discussing the report of the external auditor on the results of the company's financial statements, approving the same, and the approval of the dividable net profit.
- Presenting the details with the related parties.
- Presenting any violations detected by the regulatory authority/authorities, and any penalties issued as a result of those violations, resulting in the application of penalties (financial and non-financial) to the company, in a manner that does not conflict with the applicable laws and regulatory oversight controls issued by the relevant regulatory authority/authorities in this regard, and discussing the observations of the representative of the regulatory authority if present.
- Submitting a request to shareholders to approve purchases, sales or disposals in any way of the company's assets if the value of these operations or disposals amounts to 50% or more of the total value of the company's assets.

**Rule IX: Recognize the Roles of Stakeholders****An overview of the systems and policies that guarantee protection and recognition of the rights of stakeholders**

The company's board of directors and the executive management are obligated to protect the rights of stakeholders as part of the governance framework. The policy of protecting stakeholders has been developed with the purpose of ensuring respect for the rights of stakeholders. The company's board of directors is responsible for setting standards for protecting the rights of all stakeholders and updating them whenever appropriate, in addition, the company has systems or policies that guarantee protection and recognition of the rights of stakeholders, it includes dealing with members of the board of directors and related parties with the same conditions that the company applies with different stakeholders, without any discrimination or preferential conditions. Detailed policies explaining the procedures that will be followed in case any of the parties breach their obligations and confirming that the contracts concluded between the stakeholders and the company include and explain in detail those procedures.

An overview of how to encourage stakeholders to participate in monitoring the company's various activities.

The company provides stakeholders with access to information and data related to their activities, so that they can be relied upon in a timely and regular basis. The company also puts in place mechanisms to facilitate for stakeholders to report to the company's board of directors of any improper practices they are exposed to by the company, while providing appropriate protection to the parties that report. The Risk Department shall investigate it upon receipt, while ensuring that the whistleblower is protected from these practices whistleblower@nig.com.kw.

**RULE X: ENCOURAGE AND ENHANCE PERFORMANCE****A summary of the implementation of the requirements for establishing mechanisms that allow the members of the Board of Directors and the executive management to receive continuous training programs and courses.**

The company attaches importance to continuous training, development and attention to the training aspects of both members of the board of directors and executive management, by setting induction programs for newly appointed members in order to ensure that they have an appropriate understanding of the company's workflow and operations, and these programs are represented in the company's strategy and objectives, the financial and operational aspects of all The company's activities, the legal and supervisory obligations of the members of the Board of Directors and the company.

The company also believes that the continuous training and qualification of the members of both the Board of Directors and the executive management provides the members of the Board of Directors and the executive management with the appropriate understanding and knowledge of all topics related to the company's activities, and makes them aware of the latest developments in the related administrative, financial and economic fields, in addition to the ability to strategic planning according to The needs of the company and then achieve the goals of the company.

Training courses were provided during the year for members of the Board of Directors and the Executive Management by specialized external bodies to raise the technical level and familiarity with all developments related to the laws of good governance.



An overview of how to evaluate the performance of the board of directors as a whole, and the performance of each member of the board of directors and the executive management

The Remuneration and Nomination Committee evaluates the performance of each member of the Board of Directors and the executive management periodically, by developing a set of performance measurement indicators related to the extent to which the strategic objectives of the company are achieved and the positive performance of the company. The committee evaluated each member of the board of directors during the year, and the board of directors as a whole was evaluated as well as all the committees emanating from it, and the periodic evaluation of the board reflects the commitment to practical evaluation of the efficiency and effectiveness of the board and improving the performance of the board and its supervisory role, and assuming its responsibilities, under the supervision of the chairman Management and through the Nomination and Remuneration Committee, work to identify strengths and weaknesses and review members' training and development needs based on the evaluation results.

The committee also evaluated the performance of the executive management according to the established performance indicators (KPIs) for each party.

An overview of the efforts of the Board of Directors to create institutional value creation among the company's employees, through achieving strategic goals and improving performance outcomes.

The Board works constantly to create the corporate values through achieving strategic goals and enhancing performance by accomplishing the following responsibilities:

- Approve the strategic direction of the company and its vision and mission.
- Review and approve the company's business plans, policies, and charters.
- Determining the optimal capital structure for the company and its financial objectives.
- Adopting a clear policy for distributing profits of all kinds, in cash or in kind, in a manner that serves the interests of the shareholders.
- Approving performance targets and monitoring implementation and overall performance in the company.
- Approving the organizational and functional structures of the company and the procedures for periodic review.
- Ensuring the company's compliance with the policies and procedures that ensure that the company respects the applicable internal rules and regulations.
- Approving and developing internal regulations and systems related to the company's work and ensuring that they are transparent and clear.



Rule XI: Focus on the Importance of Corporate Social Responsibility

A summary of the development of a policy to ensure a balance between the goals of the company and the goals of the society

The company is keen to develop its societal development and strategy with the social, economic, and environmental needs and utility results to the community and the company, the Board confirms its attachment to the importance of social responsibility to reduce the harmful effects to society and the environment and the development of good effects.



An overview of the programs and mechanisms used that help highlight the company's efforts in the field of social work.

Within the framework of the company's social responsibility in serving the country, the National Industries Group Holding has done the following for the sake of community development:

- Supporting many social activities and humanitarian initiatives related to special needs.
- Continuing to support "Al-Mabarrah" to carry out national charitable activities called "Al-Mabarrah National Industries Group", and the Board of Directors of the company has given it great confidence and provided great moral and material support to it, allocating an independent headquarters for it, which provided the element of stability in the work of Al-Mabarrah and supported its productivity and contributed to holding its meetings regularly. Therefore, despite its recent inception - since 2007 - the National Industries Group has been able to support many diverse national charitable projects that consolidate belonging to the homeland and help needy citizens and expatriates, whether at the educational, health, social, economic, or other levels. Among the activities supported by Al-Mabarrah during 2025:
 - Book: "Studying Abroad – A Step Forward" for students accepted to study abroad.
 - Orphan Sponsorship Project (students – university students – students from low-income families)
 - Orphan Sponsorship Project
 - Study Project (development and maintenance of a school theater)
 - Mass Wedding Project in Syria.
 - Kuwait Society for Smoking & Cancer Prevention.
 - Kuwait Medical Student Association.
 - International Islamic Charitable Organization Project.
 - Faculty of Medicine Kuwait University.

2025

مجموعة الصناعات الوطنية القابضة
National Industries Group Holding



التقرير السنوي Annual Report

Consolidated financial statements and independent auditor's report

National Industries Group Holding

KPSC and Subsidiaries

Kuwait

31 December 2025



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Independent auditor's report



To the Shareholders of National Industries Group Holding – KPSC

Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Industries Group Holding – Kuwaiti Public Shareholding Company (the “Parent Company”) and its 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 period. 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 matters described below as the key audit matters.

Valuation of financial assets measured at fair value

The Group’s financial assets measured at fair value represent 35% of total assets at the reporting date which require significant judgment and estimate with respect to the valuations. These financial assets are classified as financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

The valuation of these financial assets is performed using a fair value hierarchy under IFRS as discussed below:

- Level 1: valuations based on quoted prices (unadjusted) in active markets for identical assets.
- Level 2: valuations based on observable inputs other than quoted prices, such as market transactions for similar assets, interest rate curves, or credit spreads.
- Level 3: valuations based on unobservable inputs requiring significant judgment and estimation.



Independent Auditor's Report to the Shareholders of National Industries Group Holding – KPSC (continued)

Valuation of financial assets measured at fair value (continued)

Given that Level 2 and Level 3 valuations rely on significant assumptions and modeling techniques, the valuation of these financial assets is subject to estimation uncertainty. These valuations were derived from the application of different valuation methods including relative valuation methods, adjusted net asset value and discounted cash flows. The key inputs for level 2 and level 3 valuations include market multiples, illiquidity discounts, expected cash flows, risk free rates, growth rates and credit spreads. Given the significant judgement and estimation risk involved in these valuations, we determined this to be a key audit matter.

Our audit procedures included, amongst others, assessment of the appropriateness of the valuation methodologies and models applied by the Group including agreeing the carrying value of the investments to the internal and external valuations. Further, we challenged the key valuation assumptions by critically evaluating the key inputs such as expected cash flows, risk-free rates, growth rates and credit spreads, benchmarking them against external data to assess their reasonableness and performed sensitivity analysis to understand the impact of changes in key assumptions. We determined whether the valuations provided by the Group fell within pre-defined tolerable differences thresholds, and further analysed and challenged any significant deviations. Additionally, we examined the completeness and accuracy of the disclosures related to these financial assets and ensured that the financial statements complied with IFRS disclosure requirements regarding fair value measurement.

For further details on the valuation of financial assets measured at fair value through profit or loss and other comprehensive income, refer Notes 4, 5, 16, 17 and 33 to the consolidated financial statements.

Impairment assessment of investment in associates

The Group's investment in associates represents 29% of the total assets at the reporting date and is accounted for using equity method of accounting. Under this method, investment is initially recorded at cost and subsequently adjusted for post-acquisition changes in the associate's net assets, less any recognized impairment.

Management performed an impairment assessment for certain investments in associates where impairment indicators were present at the reporting date to determine whether the carrying amounts of those associates were recoverable in accordance with IAS36 – Impairment of Assets. Consequently, the Group exercised significant judgement and estimates in determining their recoverable amount, based on the higher of value-in-use and fair value less cost of disposal. This involves estimating projected future cash flows and applying appropriate discount and growth rates, which are subject to estimation uncertainty and sensitivity. Given the subjective nature of key assumptions and the financial significance of these investments, we determined this to be a key audit matter.

Our audit procedures included, amongst others, evaluating management's identification of impairment indicators to determine whether impairment testing was required. For investment in associates where impairment indicators were present, we reviewed the Group's methodology for estimating recoverable amount. We assessed the reasonableness of projected future cash flows against the most recent financial performance and market trends. We also considered the appropriateness of key inputs such as long-term growth rates used to extrapolate future cash flows and the discount rates.

For further details on the impairment assessment of investments in associates, refer Notes 4, 5 and 19 to the consolidated financial statements.

Other information

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.



Independent Auditor's Report to the Shareholders of National Industries Group Holding – KPSC (continued)

Other information (continued)

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 during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of 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.

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.



Independent Auditor's Report to the Shareholders of National Industries Group Holding – KPSC (continued)

Other information (continued)

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 during the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of 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.

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.



Independent auditor's report to the shareholders of National Industries Group Holding – KPSC (continued)

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

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.



Independent Auditor's Report to the Shareholders of National Industries Group Holding – KPSC (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

License no. 141 A

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

Kuwait

12 March 2026



▶▶ Consolidated statement of profit or loss ◀◀

	Note	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Revenue from sales and contracts with customers	30	165,722	175,967
Cost of sales and contracts with customers		(135,988)	(138,410)
Gross profit		29,734	37,557
Gain from financial assets at fair value through profit or loss	11	45,135	27,731
Dividend income	11	17,018	21,277
Interest income	11	8,586	9,810
Share of results of associates	19	42,190	70,347
Change in fair value of investment properties		(751)	(630)
Rental income		3,105	3,092
Other income	7	3,150	11,359
		148,167	180,543
General, administrative and other expenses		(39,793)	(33,772)
Distribution costs		(9,521)	(9,080)
Finance costs	11	(41,326)	(44,320)
Net impairment reversals/(losses) and provision charges	8	32,729	(10,292)
Profit before taxation and Directors' remuneration		90,256	83,079
Taxation	9	(1,628)	(1,105)
Directors' remuneration	29	(630)	(630)
Profit for the year	10	87,998	81,344
Profit for the year attributable to:			
Owners of the Parent Company		72,982	58,956
Non-controlling interests		15,016	22,388
		87,998	81,344
Basic and diluted earnings per share attributable to the owners of the Parent Company	12	29.3 Fils	23.7 Fils

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



▶ Consolidated statement of profit or loss and other comprehensive income ◀

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000
Profit for the year	87,998	81,344
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3,793)	2,408
Net change in fair value of financial assets at FVTOCI	(20)	(32)
Share of other comprehensive (loss)/income of associates	(3,625)	3,354
	(7,438)	5,730
<i>Items that will not to be reclassified subsequently to profit or loss:</i>		
Net (losses)/gain from defined benefit plan actuarial	(188)	1,783
Net change in fair value of financial assets at FVTOCI	(8,779)	(5,824)
Share of other comprehensive income of associates	8,914	5,752
	(53)	1,711
Total other comprehensive (loss)/income for the year	(7,491)	7,441
Total comprehensive income for the year	80,507	88,785
Total comprehensive income for the year attributable to:		
Owners of the Parent Company	68,443	63,647
Non-controlling interests	12,064	25,138
	80,507	88,785

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Consolidated statement of financial position

	Note	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Assets			
Cash and cash equivalents	13	196,573	197,296
Accounts receivable and other assets	14	151,564	145,341
Inventories	15	44,752	46,130
Trading properties		1,402	-
Financial assets at amortised cost		13,991	10,904
Financial assets at fair value through profit or loss	16	462,902	420,271
Financial assets at fair value through other comprehensive income	17	135,583	146,482
Investment properties	18	68,789	69,171
Investment in associates	19	493,047	431,792
Property, plant and equipment	20	114,468	116,102
Intangible assets		8,652	9,623
Goodwill		6,300	6,103
Total assets		1,698,023	1,599,215
Liabilities and equity			
Liabilities			
Due to banks	13	16,773	16,446
Accounts payable and other liabilities	21	109,085	93,919
Borrowings	22	732,864	664,771
Bonds	23	38,100	68,100
Provisions	24	18,853	17,856
Total liabilities		915,675	861,092
Equity attributable to the owners of the Parent Company			
Share capital	25	253,044	240,994
Share premium	25	175,435	175,435
Treasury shares	26	(23,975)	(23,975)
Statutory and general reserves	27	79,319	64,597
Other components of equity	28	(9,052)	(1,725)
Retained earnings		122,218	95,584
Equity attributable to the owners of the Parent Company		596,989	550,910
Non-controlling interests	6.2	185,359	187,213
Total equity		782,348	738,123
Total liabilities and equity		1,698,023	1,599,215

Sa'ad Mohammed Al-Sa'ad
Chairman

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Consolidated statement of changes in equity



	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total	
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory and general reserves KD '000	Other components of equity KD '000	Retained earnings KD '000			-Sub total KD '000
Balance at 1 January 2025	240,994	175,435	(23,975)	64,597	(1,725)	95,584	550,910	187,213	738,123
Issue of bonus shares (note 29)	12,050	-	-	-	-	(12,050)	-	-	-
Cash dividend (note 29)	-	-	-	-	-	(23,713)	(23,713)	-	(23,713)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(11,193)	(11,193)
Decrease in non-controlling interests as a result of purchase of treasury shares by a subsidiary	-	-	-	-	-	-	-	(1,112)	(1,112)
Arising from increase in ownership in a subsidiary	-	-	-	-	-	1,476	1,476	(1,476)	-
Consolidation and other adjustments	-	-	-	-	-	59	59	(190)	(131)
Total transactions with owners	12,050	-	-	-	-	(34,228)	(22,178)	(13,971)	(36,149)
Profit for the year	-	-	-	-	-	72,982	72,982	15,016	87,998
Other comprehensive loss for the year	-	-	-	-	(4,351)	(188)	(4,539)	(2,952)	(7,491)
Total comprehensive (loss)/Income for the year	-	-	-	-	(4,351)	72,794	68,443	12,064	80,507
Gain on sale of financial assets at FVTOCI	-	-	-	-	(2,976)	2,976	-	-	-
Other adjustments arising from an associate	-	-	-	-	-	(186)	(186)	53	(133)
Transfer to reserves	-	-	-	14,722	-	(14,722)	-	-	-
Balance at 31 December 2025	253,044	175,435	(23,975)	79,319	(9,052)	122,218	596,989	185,359	782,348

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Consolidated statement of changes in equity (continued)



	Equity attributable to the owners of the Parent Company						Non-controlling interests	Total	
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory and general reserves KD '000	Other components of equity KD '000	Retained earnings KD '000			-Sub total KD '000
Balance at 1 January 2024	229,518	175,435	(23,975)	52,679	(4,845)	70,090	498,902	166,383	665,285
Issue of bonus shares (note 29)	11,476	-	-	-	-	(11,476)	-	-	-
Cash dividend (note 29)	-	-	-	-	-	(11,292)	(11,292)	-	(11,292)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(4,499)	(4,499)
Consolidation and other adjustments	-	-	-	-	237	(584)	(347)	191	(156)
Total transactions with owners	11,476	-	-	-	237	(23,352)	(11,639)	(4,308)	(15,947)
Profit for the year	-	-	-	-	-	58,956	58,956	22,388	81,344
Other comprehensive income for the year	-	-	-	-	2,908	1,783	4,691	2,750	7,441
Total comprehensive income for the year	-	-	-	-	2,908	60,739	63,647	25,138	88,785
Gain on sale of financial assets at FVTOCI	-	-	-	-	(25)	25	-	-	-
Transfer to reserves	-	-	-	11,918	-	(11,918)	-	-	-
Balance at 31 December 2024	240,994	175,435	(23,975)	64,597	(1,725)	95,584	550,910	187,213	738,123

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Consolidated statement of cash flows

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
OPERATING ACTIVITIES		
Profit before taxation and Directors' remuneration	90,256	83,079
Adjustments:		
Dividend income	(17,018)	(21,277)
Share of results of associates	(42,190)	(70,347)
Interest income	(8,586)	(9,810)
Net provisions charged during the year	997	1,226
Depreciation and amortisation	13,548	12,717
Net impairment (reversals)/losses and provision charges	(32,729)	10,292
Change in fair value of investment properties	751	630
Reversal of legal claims provisions	-	(4,510)
Finance costs	41,326	44,320
	46,355	46,320
Changes in operating assets and liabilities:		
Inventories	1,378	1,050
Accounts receivable and other assets	(5,972)	(20,379)
Trading properties	(1,402)	-
Financial assets at fair value through profit or loss	(42,631)	(34,432)
Accounts payable and other liabilities	15,469	(1,054)
Cash from/(used in) operations	13,197	(8,495)
Taxation paid	(622)	(1,311)
Net cash from/(used in) operating activities	12,575	(9,806)
INVESTING ACTIVITIES		
Net purchase of property, plant and equipment	(9,701)	(9,307)
Acquisition of financial assets at amortised cost	(3,087)	(5,707)
Net additions to investment properties	(2,050)	(14,268)
Additions to investment in associates	(5,889)	(1,138)
Additions to right of use assets	(4,048)	(1,599)
Dividends received from associates	23,209	22,086
Proceeds from reduction in investment in associates	2,310	-
Purchase of financial assets at FVTOCI	(340)	(6,941)
Proceeds from sale of financial assets at FVTOCI	2,440	19,574
Dividend income received	17,018	21,277
(Increase)/decrease in restricted bank balances	(1)	1
Decrease of short-term deposits with original maturity exceeding three months	7,236	3,990
Interest income received	7,906	9,577
Net cash from investing activities	35,003	37,545

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
		KD '000	KD '000
FINANCING ACTIVITIES			
Net increase in borrowings		68,093	30,008
Repayment of bonds		(30,000)	-
Repayment of lease liabilities		(1,754)	(2,703)
Dividend paid to non-controlling interests		(11,193)	(4,499)
Finance costs paid		(42,060)	(43,848)
Dividend paid to the owners of the Parent Company		(23,670)	(11,390)
Paid to non-controlling interests on capital reduction of a subsidiary		(49)	(27)
Net cash used in financing activities		(40,633)	(32,459)
Net increase/(decrease) in cash and cash equivalents		6,945	(4,720)
Foreign currency translation differences		(760)	1,868
		6,185	(2,852)
Cash and cash equivalents at beginning of the year		166,209	169,061
Cash and cash equivalents at end of the year	13	172,394	166,209

The notes set out on pages 52 to 103 form an integral part of these consolidated financial statements.



Notes to the consolidated financial statements

1 General information and nature of operations

National Industries Group Holding – KPSC (“the Parent Company”) was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and, in April 2003, its legal status was changed to a “Holding Company”. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. The Parent Company’s shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available by investing them in investment and real estate portfolios managed by specialised companies.

The address of the Parent Company’s registered office is PO Box 417, Safat 13005, State of Kuwait.

The Board of Directors of the Parent Company approved these consolidated financial statements for issuance on 12 March 2026. 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 and going concern assumption

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

These consolidated financial statements have been prepared under the assumption 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

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 period.

Standard or Interpretation

Effective for annual periods beginning

IAS 21 Amendments – Lack of exchangeability

1 January 2025



Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

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 IASB 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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 9 and IFRS 7 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.



Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 7 and IFRS 9 Classification and Measurement of Financial Instruments - Amendments (continued)

- 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.

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.



▶ Notes to the consolidated financial statements (continued) ◀

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures (continued)

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.

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 that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Material accounting policies

4.1 Basis of preparation

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

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") and all amounts are rounded to the nearest thousand (KD '000), except when otherwise indicated.

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 investment 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 an associate or a joint venture.



▶▶ Notes to the consolidated financial statements (continued) ◀◀

4 Material accounting policies (continued)

4.2 Basis of consolidation (continued)

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 non-controlling 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.

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 the 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.

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 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

4.5 Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life and amortisation method are reviewed periodically to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from items of finite intangible assets. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.6 Investment in associates

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 associates is accounted for under the equity method of accounting, i.e. on the 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 and joint venture 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 and joint venture 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 equity of the associate and joint venture. Changes in the Group's share in associate's equity are recognised immediately in the consolidated statement of changes in equity.

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 associates 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 financial statements of the associate 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 associates and the Parent Company's reporting date.

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.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.7 Segment reporting

The Group has four operating segments: investments, building materials and contracting services, specialist engineering and hotel and IT operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources.

For management purposes, the Group uses the same measurement policies as those used in its 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.

4.8 Revenue

The Group recognises revenue from the following major sources:

- Sale of goods - building materials, infrastructure products and basic chemicals
- Construction contracts
- Rendering of services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied

The Group often enters into transactions involving a range of the Group's products and services.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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

The Group recognises revenue from the following major sources:

4.8.1 Sale of goods - building materials, infrastructure products and basic chemicals

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customers generally upon delivery or shipment of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery.

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



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.8 Revenue (continued)

4.8.2 Construction contracts

The Group concludes construction long-term contracts with customers. Such contracts are entered into before construction work begins. Under the terms of the contracts, the Group has an enforceable right to payment for the work done. Revenue from construction work is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction work based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third-party assessor and an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference.

4.8.3 Rendering of services

The Group generates revenues from engineering supervision and other services for oil and gas entities, IT services and hotel operations.

Revenue from these services is recognised as service is rendered. Customers are invoiced periodically in accordance with individual contracts as service is provided. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as accounts receivable as only the passage of time is required before payment of these amounts will be due.

Hotel operations revenue is recognised on the rooms occupied on a daily basis and food and beverage and other related sales are accounted for at the time of sale and other related services are recognised on the performance of the service.

4.9 Interest income

Interest income is reported on an accrual basis using the effective interest method.

4.10 Dividend income

Dividend income is recognised at the time the right to receive payment is established.

4.11 Rental income

Rental income arising from investment properties is accounted for on a straight-line basis over the lease term.

4.12 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.

4.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.14 Taxation

4.14.1 National Labour Support Tax (NLST) and Zakat

National Labour Support Tax and Zakat are recognised in accordance with the relevant laws and regulations of the State of Kuwait. Following the introduction of the Domestic Minimum Top-up Tax (DMTT), the Group is no longer subject to National Labour Support Tax and Zakat with effect from 1 January 2025.

4.14.2 Kuwait Foundation for the Advancement of Sciences (KFAS)

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

4.14.3 Kuwait Domestic Minimum Top-up Tax

Income taxes arising from tax law enacted by the State of Kuwait (Law No. 157 of 2024) for implementation of Kuwait Domestic Minimum Top-up Tax (DMTT) on entities which are part of multinational group with annual revenues of EUR 750 million or more are provided for in accordance with the Executive regulations issued through Ministerial Resolution No. 55 of 2025. The Group applies the mandatory temporary exception not to recognise deferred taxes associated with this additional taxation. Refer note 9 for further information.

4.14.4 Withholding taxes

The Group is exempt from income taxation and withholding taxes in Kuwait. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted of the source of the income and is not significant for the Group. The Group presents the withholding tax separately from the gross investment income in the consolidated statement of profit or loss. For the purpose of the consolidated statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

4.14.5 Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

Deferred taxation is provided in respect of all temporary differences. Deferred tax assets are recognised in respect of unutilised tax losses when it is probable that the loss will be used against future profits.

4.15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment of value. Depreciation is calculated to write off the cost or valuation, less the estimated residual value of property, plant and equipment, on a straight-line basis over their estimated useful lives as follows:

Freehold buildings	Lower of 50 years or remaining useful life
Long leasehold property	Lower of 50 years or remaining lease term
Short leasehold property	Lease term
Property on leasehold land	to 20 years 4
Plant and machinery	to 30 years 1
Motor vehicles	to 10 years 2
Furniture and equipment	to 10 years 3



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.15 Property, plant and equipment (continued)

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

No depreciation is provided on freehold land. Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, which is on the same basis as other property assets, commences when the assets are ready for its intended use.

4.16 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the consolidated statement of financial position at their fair values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. Any gain or loss resulting from change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within "change in fair value of investment properties".

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss resulting from disposal of an investment property is immediately recognised in the consolidated statement of profit or loss within "gain/loss on sale of investment properties".

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

4.17 Leases

The Group as a lessee

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.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.17 Leases (continued)

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 balance sheet 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.

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.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group classifies its leases as either operating or finance leases. When the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as finance lease or operating lease by reference to the right-of-use of asset arising from the head-lease.

Rental income from operating leases is recognised on a straight-line basis over lease term. Initial direct cost incurred in arranging and negotiating a lease are added to the carrying amount of the lease assets and recognised on a straight-line basis over the lease term.

Amounts due under finance leases are recognised as receivables. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding for the finance lease.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.18 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 the asset or 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 asset or 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.

4.19 Financial instruments

4.19.1 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 primarily 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 'pass through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset or

(b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.1 Recognition, initial measurement and derecognition (continued)

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and 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.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

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

4.19.2 Classification of financial assets

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

The Group may make the following irrevocable election/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.

4.19.3 Subsequent measurement of financial assets

a) 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:



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.3 Subsequent measurement of financial assets (continued)

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

- **Receivables and other financial assets**

Trade receivable are stated at original invoice amount less allowance for impairment.

Receivables which are not categorised under any of the above are classified as "Other receivables/Other financial assets"

b) **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI 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.

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 investment in managed portfolios and funds and investment in quoted and unquoted equity shares.

c) **Financial assets at FVTOCI**

The Group's financial assets at FVTOCI comprise of investments in managed portfolios and funds, equity shares (quoted equity shares and unquoted equity participation).

On initial recognition, the Group may make irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designate 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 Cumulative Changes in Fair Value Reserve.

The cumulative gain or loss is transferred to retained earnings within the consolidated statement of changes in equity on sale.

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



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.4 Impairment of financial assets

The Group computes expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- Bank balances
- Short term deposits
- Accounts receivables and other financial assets

The Group recognises ECL on investment in debt instruments measured at amortised cost on balances and deposits with banks and other assets. Equity instruments are not subject to Expected Credit Losses.

Expected Credit Losses

The Group applies three-stage approach to measuring expected credit losses (ECL) as follows:

Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of impairment

At each reporting date, the Group assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Group also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.



Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.4 Impairment of financial assets

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

The Group has applied simplified approach to impairment for trade and other assets as permitted under the standard. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4.19.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, bonds leasing creditors, due to banks, trade payables and other liabilities.

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

a) Financial liabilities at amortised cost

These are stated at amortised cost using effective interest rate method. The Group categorises financial liabilities at amortised cost into the following categories:

- **Borrowings**

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Wakala payables represent short-term borrowings under Islamic principles, whereby the Group receives funds for the purpose of financing its investment activities and are stated at amortised cost.

Murabaha finance payables represent amounts payable on a deferred settlement basis for assets purchased under Murabaha arrangements. Murabaha finance payables are stated at the gross amount of the payable, net of deferred finance cost. Deferred finance cost is expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

Ijara finance payable ending with ownership is an Islamic financing arrangement through which a financial institution provides finance to purchase an asset by way of renting the asset ending with transferring its ownership. This Ijara finance payable is stated at the gross amount of the payable, net of deferred finance cost. Deferred finance costs are expensed on a time apportionment basis taking into account the borrowing rate attributable and the balance outstanding.

- **Bonds**

Bonds are stated on the consolidated statement of financial position at their principal amount, net of directly related costs of issuing the bonds to the extent that such costs have not been amortised. These costs are amortised through the consolidated statement of profit or loss over the life of the bonds using the effective interest rate method.

Finance cost is charged as an expense as it accrues, with unpaid amounts included in accounts payable and other liabilities.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.19 Financial instruments (continued)

4.19.5 Classification and subsequent measurement of financial liabilities (continued)

• **Accounts payables and other financial liabilities**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not, and classified as trade payables. Financial liabilities other than at FVTPL which are not categorised under any of the above are classified as "Other financial liabilities"

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or other income.

b) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL are either held for trading or designated as such on initial recognition.

Financial liabilities held for trading or designated at FVTPL, are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

4.20 Amortised cost of financial instruments

This is computed using the effective interest 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.

4.21 Offsetting of financial instruments

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

4.22 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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 33.

4.23 Inventories and trading properties

Inventories and trading properties are stated at the lower of cost and net realisable value.

For inventories, cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the weighted average cost formula. For trading properties, costs are those expenses incurred in bringing each property to its present condition including identifiable finance cost.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.24 Equity, reserves and dividend payments

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

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Parent Company's Articles of Association.

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 operations into KD and the Group's share of foreign currency translation reserves shown in the associates' statement of financial position.
- cumulative changes in fair value – comprises gains and losses relating to financial assets at FVTOCI and the Group's share of cumulative changes in fair value reserves shown in the associates' statement of financial position.
- treasury shares reserve – comprise of gains and losses from re-issuance of treasury shares.

Retained earnings include all current and prior period profit retained/losses incurred.

All transactions with owners of the Parent Company are recorded separately within consolidated statement of changes in equity.

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

4.25 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in equity.

When the treasury shares are reissued, gains are credited to a separate account in equity, (the "gain on sale of treasury shares reserve"), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then to the voluntary reserve and statutory reserve. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

4.26 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are 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.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.26 Provisions, contingent assets and contingent liabilities (continued)

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.

4.27 Foreign currency translation

4.27.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. 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.

4.27.2 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 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. Translation difference on non-monetary asset classified as, "fair value through profit or loss" is reported as part of the fair value gain or loss in the consolidated statement of profit or loss and "financial assets at FVTOCI" are reported as part of the cumulative change in fair value reserve within equity.

4.27.3 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.

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/liquidation of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal/liquidation.

4.28 Employees end of service benefits

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

In addition to the end of service benefits with respect to its Kuwaiti national employees, the Group also 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.



▶ Notes to the consolidated financial statements (continued) ◀

4 Material accounting policies (continued)

4.29 Pensions

Contributions are paid to both defined benefit and defined contribution pension schemes of foreign subsidiaries in accordance with the recommendations of independent actuaries and advisors. Contributions to defined contribution schemes are charged to the consolidated statement of profit or loss on an accrual basis.

In respect of defined benefit schemes a defined benefit liability (or asset) is recognised in the consolidated statement of financial position and it is calculated as the present value of the defined benefit obligation using the projected unit credit method plus any unrecognised actuarial gains or losses less any past service cost not recognised less the market value of the plan assets.

Pension expense is charged to the consolidated statement of profit or loss and is calculated as the aggregate of current service cost (using the projected unit credit method), a net interest cost on the discounted defined benefit obligation net of the expected return on plan assets, recognised past service costs and the effect of curtailments or settlements. Actuarial gains or losses are recognised in full in other comprehensive income.

4.30 Related party transactions

Related parties are associates, major shareholders, board of directors, executive staff, their family members and the companies owned by them. All related party transactions are carried out with the approval of the Group's management.

4.31 Share-based payment

Certain employees of the Group receive remuneration in the form of share-based payment transactions, whereby the employees render services in exchange for shares ("equity settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured under the intrinsic value method. Under this method, the cost is determined by comparing the period end market value of the company's shares with the issue price. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the shares vest.

4.32 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

4.33 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. Risks induced by climate changes include transition risks and physical risks due to weather related events (e.g. storms, wildfires, rising sea levels) or any other crisis. The Group has identified and assessed 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.

5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.



▶ Notes to the consolidated financial statements (continued) ◀

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

5.1 Significant management judgments

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these 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 4.19). 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, 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 Classification of real estate

Management decides on acquisition of a real estate whether it should be classified as trading or investment property. Such judgement at acquisition determines whether these properties are subsequently measured at cost or net realisable value whichever is lower or fair value and if the changes in fair value of these properties are reported in the consolidated statement of profit or loss.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business. And if such properties are under development with an intention of being sold in future they are classified under trading properties under development.

The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use. And if such properties are under development they are classified under investment properties under development.

5.1.4 Judgements in determining the timing of satisfaction of performance obligations

The determination of the whether or not performance obligation criterial set out in IFRS 15 relating to transfer of control of goods to customers has been satisfied requires significant judgement.

5.1.5 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.



▶ Notes to the consolidated financial statements (continued) ◀

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

5.1 Significant management judgments (continued)

5.1.6 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.

5.2 Estimates uncertainty

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

5.2.1 Contract revenue

Recognised amounts of service and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

5.2.2 Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

5.2.3 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.

5.2.4 Useful lives of depreciable/amortisable assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other obsolescence that may change the utility of certain software, intangible assets and property, plant and equipment.

5.2.5 Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

5.2.6 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. 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.



Notes to the consolidated financial statements (continued)

5 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

5.2 Estimates uncertainty (continued)

5.2.7 Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to determine fair values and the valuers have used valuation techniques to arrive at these fair values. These estimated fair values of investment properties may vary from the actual prices that would be achieved in a arm's length transaction at the reporting date.

5.2.8 Defined benefits obligation

Management's estimate of the defined benefit obligation is based on number of critical underlying assumption such as standard rates of inflation, mortality, discount rate and anticipation of future pension increases. Variation in these assumptions may significantly impact the defined benefit obligations and amount and the annual defined benefits expenses

5.2.9 Provision for foreign taxation

The Group has made provision for potential tax liabilities which may arise on foreign income. These provisions have been assessed based on information available to management as of the reporting date. The actual liability which may or may not arise if and when the relevant tax authorities make an official assessment may substantially differ from the actual provision made.

6 Subsidiaries

6.1 Composition of the Group

Set out below are the details of the material subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			31 Dec. 2025	31 Dec. 2024
			%	%
Al Durra National Real Estate Company – KSC (Closed) (b)	Kuwait	Real Estate	97	97
Combined National Industries Holding Company for Energy – KSC (Closed) (b)	Kuwait	Investments	96	96
Pearl National Holding Company– KSC (Closed) (b)	Kuwait	Investments	99	99
Ikarus Petroleum Industries Company – KSC (Closed)	Kuwait	Petroleum	72	72
National Industries Company - KPSC (c)	Kuwait	Industrial	51	50
Noor Financial Investment Company – KPSC	Kuwait	Investments	51	51
Proclad Group Limited (a)	UAE	Specialist Engineering	100	100
Eagle Proprietary Investments Limited	UAE	Investments	100	100



Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.1 Composition of the Group (continued)

- (a) The annual financial reporting date of Proclad Group Limited is 30 November. Additional information is obtained by the Group, including monthly management accounts for the period between 30 November and 31 December. Any material transactions occurring during December are adjusted in the Group's consolidated financial statements as necessary.
- (b) The Group's ownership of these subsidiaries is 100% as the remaining shares are held by nominees on behalf of the Group.
- (c) 99% (2024: 99%) of the Group's owned shares of National Industries Company – KPSC are kept in a custody portfolio with a specialised institution against borrowings (Note 22).

6.2 Subsidiaries with material non-controlling interests

The Group includes three subsidiaries with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Profit/(loss) for the year allocated to NCI		Accumulated NCI	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	%	%	KD '000	KD '000	KD '000	KD '000
Noor Financial Investment Company - KPSC	49	49	17,052	20,480	90,615	84,624
National Industries Company - KPSC	49	50	2,199	3,202	48,630	48,752
Ikarus Petroleum Industries Company – KSC (Closed)	28	28	(3,783)	(1,192)	45,051	52,305
Individual immaterial subsidiaries with non-controlling interests			(452)	(102)	1,063	1,532
			15,016	22,388	185,359	187,213



Notes to the consolidated financial statements (continued)

6 Subsidiaries (continued)

6.2 Subsidiaries with material non-controlling interests (continued)

Summarised financial information for the above subsidiaries, before intragroup eliminations, is set out below:

	Noor Financial Investment		National Industries Company		Ikarus Petroleum Industries	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Non-current assets	143,059	128,700	63,927	62,122	113,278	129,644
Current assets	49,698	46,934	60,940	61,080	89,023	94,005
Total assets	192,757	175,634	124,867	123,202	202,301	223,649
Non-current liabilities	2,107	1,943	11,097	9,215	34,591	38,276
Current liabilities	15,546	13,283	20,831	20,120	69,253	67,463
Total liabilities	17,653	15,226	31,928	29,335	103,844	105,739
Equity attributable to shareholders of the Parent	87,801	80,244	45,975	46,699	58,280	70,488
Non-controlling interests	87,303	80,164	46,964	47,168	40,177	47,422
Revenue	56,477	59,362	54,271	56,508	17,713	27,531
Profit/(loss) for the year attributable to the shareholders of the Parent	17,516	21,335	1,800	3,042	(8,104)	(6,129)
Profit/(loss) for the year attributable to NCI	17,148	20,837	2,301	3,218	(3,783)	(1,192)
Profit/(loss) for the year	34,664	42,172	4,101	6,260	(11,887)	(7,321)
Total comprehensive income for the year attributable to the shareholders of the Parent	16,480	24,976	1,402	5,083	(11,874)	(8,448)
Total comprehensive income for the year attributable to NCI	16,152	24,400	1,904	5,161	(5,298)	(2,053)
Total comprehensive income/(loss) for the year	32,632	49,376	3,306	10,244	(17,172)	(10,501)
Dividend paid to NCI	8,784	2,051	1,718	1,757	691	691
Net cash inflow/(outflow) from operating activities	1,394	(7,141)	10,854	7,491	7,439	(3,564)
Net cash inflow/(outflow) from investing activities	12,424	25,862	(3,722)	(456)	(860)	1,962
Net cash outflow from financing activities	(18,046)	(19,870)	(6,033)	(3,475)	(9,973)	(5,154)
Net cash (outflow)/ inflow	(4,228)	(1,149)	1,099	3,560	(3,394)	(6,756)

6.3 Interests in unconsolidated structured entities

The Group has no material interests in unconsolidated structured entities.



Notes to the consolidated financial statements (continued)

7 Other income

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Reversal of legal claims provisions	-	4,510
Unwinding of discount on receivables	2,341	2,856
Insurance claims	-	2,346
Others	809	1,647
	3,150	11,359

8 Net impairment reversals/(losses) and provision charges

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Impairment of accounts receivable and other assets, net	(2,319)	(2,139)
Impairment of goodwill	-	(4,072)
Impairment reversal/(charge) of associates (Note 19.1c)	35,048	(4,081)
	32,729	(10,292)

9 Taxation

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Taxation charged on overseas subsidiaries	150	1,105
Kuwait Domestic Minimum Top-up Tax (DMTT)	1,478	-
	1,628	1,105

The Group is subject to the OECD Global Anti-Base Erosion (GloBE) Model Rules in certain jurisdictions in which it operates. In Kuwait, Law No. 157 of 2024 introduced a Domestic Minimum Top-up Tax ("DMTT") applicable to multinational enterprise groups with consolidated annual revenues of EUR 750 million or more in at least two of the four preceding fiscal years. The law is effective for financial periods beginning on or after 1 January 2025 and requires a top-up tax to be paid where the effective tax rate of the Group's operations in Kuwait is below 15%, determined in accordance with the Pillar Two Model Rules. Executive Regulations issued by the Ministry of Finance during 2025 established the detailed application and interpretation framework for the law including computation of the taxable rate and the effective tax rate, and require alignment with the OECD Model Rules and related commentary. For groups within the scope of Law No. 157 of 2024, the DMTT regime replaces the application of the existing Kuwait Corporate Income Tax, National Labour Support Tax (NLST) and Zakat regimes. As a result, the Group's tax obligations in Kuwait for the year ended 31 December 2025 have been determined under the DMTT framework.

The Group has applied the mandatory temporary exception under the amendments to IAS 12 in relation to the recognition and disclosure of deferred taxes arising from Pillar Two income taxes. Accordingly, no deferred tax assets or liabilities have been recognised in respect of the DMTT.

The Group continues to monitor further guidance and administrative practices that may affect the interpretation and future application of the rules.



Notes to the consolidated financial statements (continued)

10 Profit for the year

Profit for the year is stated after charging the following expenses:

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Staff costs	44,881	44,938
Depreciation	10,468	8,914
Amortisation	3,080	3,803

11 Net gain/(loss) on financial assets and financial liabilities

Net gain/(loss) on financial assets and financial liabilities, analysed by category, is as follows:

	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
From financial assets at amortised cost:		
- Interest income	8,586	9,810
- Impairment of accounts receivable and other assets- net (note 8)	(2,319)	(2,139)
- Reversal of legal claims provisions (note 7)	-	4,510
- Unwinding of discount on receivables (note 7)	2,341	2,856
From financial assets at fair value through profit or loss (FVTPL):		
- Gain on sale	2,789	3,147
- Change in fair value	42,346	24,584
- Dividend income	10,985	10,002
From financial assets at fair value through other comprehensive income (FVTOCI):		
- recognised directly in other comprehensive income	(8,798)	(5,856)
- recognised directly in consolidated statement of profit or loss as dividend income	6,033	11,275
Net gain on financial assets	61,963	58,189
From financial liabilities at amortised cost:		
- Finance costs on due to banks, borrowings and bonds	(40,647)	(43,216)
- Finance costs on lease liabilities	(679)	(1,104)
Net loss on financial liabilities	(41,326)	(44,320)
Net gain on financial assets and financial liabilities	20,637	13,869
Net gain recognised in the consolidated statement of profit or loss	29,435	19,725
Net loss recognised in the consolidated statement of profit or loss and other comprehensive income	(8,798)	(5,856)
	20,637	13,869



Notes to the consolidated financial statements (continued)

12 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the Parent Company by the 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 owners of the Parent Company (KD '000)	72,982	58,956
Weighted average number of shares outstanding during the year (excluding treasury shares) – thousand shares	2,489,926	2,489,926
Basic and diluted earnings per share attributable to the owners of the Parent Company	29.3 Fils	23.7 Fils

The basic and diluted earnings per share reported during the previous year was 24.9 Fils, before retroactive adjustments relating to bonus shares issue (note 29).

There were no potential dilutive shares.

13 Cash and cash equivalents

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Cash, bank balances and cash in managed portfolio	37,157	27,300
Short term deposits (a)	159,416	169,996
Cash and cash equivalents for the purpose of consolidated statement of financial position	196,573	197,296
Less: restricted bank balances	(6)	(5)
Less: term deposits maturing after three months	(7,400)	(14,636)
Due to banks (b)	(16,773)	(16,446)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	172,394	166,209

a) The short-term deposits carry an effective interest rate ranging between 2.5% - 4.68% (2024: between 3% - 5.15%).

b) Due to banks include bank overdraft facilities which carry commercial interest rates. The facilities are secured by pledge of short-term deposits of KD603 thousand (2024: KD600 thousand).

c) Cash and cash equivalents amounting to KD1,000 thousand (2024: KD1,000 thousand) are pledged against borrowings (Note 22).



Notes to the consolidated financial statements (continued)

14 Accounts receivable and other assets

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Financial assets		
Trade receivables - net	77,287	70,549
Due from related parties – net (Note 31)	21,285	23,928
Accrued income	1,667	1,159
Other financial assets	14,707	14,206
	114,946	109,842
Non-financial assets		
Prepayments and other assets	30,163	32,520
Advance payment for purchase of investment (a)	6,455	2,979
	36,618	35,499
	151,564	145,341

a) This includes advances of KD6,455 thousand paid towards the purchase of investments by one of the Group's subsidiaries from one of the Group's associate for an aggregate purchase consideration of KD9,931 thousand. As at the reporting date, the transaction was subject to completion of legal and regulatory procedures (Note 39).

14.1 Trade receivables comprise of the following:

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Neither past due nor impaired	21,910	18,621
Past due but not impaired:		
90-270 days	17,619	14,154
More than 270 days	37,758	37,774
	77,287	70,549

An impairment analysis is performed at each reporting date using multiple provision matrices to measure expected credit losses on trade receivables across different subsidiaries and business segments. Each provision matrix is tailored to specific debtor groupings, considering their unique credit risk characteristics and historical loss patterns. The loss rates are based on days past due and are adjusted for past default experience within each entity, current and forward-looking macroeconomic factors and the overall financial health of the industries in which the respective debtors operate. The assessment incorporates both present conditions and the anticipated direction of economic and sector-specific trends at the reporting date.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery.



Notes to the consolidated financial statements (continued)

15 Inventories

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Finished goods and work-in-progress	31,988	30,485
Raw materials and consumables	9,560	11,664
Spare parts and others	4,320	4,542
Goods in transit	528	1,258
	46,396	47,949
Provision for slow-moving inventories	(1,644)	(1,819)
	44,752	46,130

16 Financial assets at fair value through profit or loss

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Quoted securities	313,153	277,009
Unquoted securities	45,109	42,665
Managed portfolios and funds	104,640	100,597
	462,902	420,271

- a) Quoted securities and managed funds with an aggregate carrying value of KD142,581 thousand (2024: KD119,357 thousand) are pledged against borrowings (Note 22).
- b) The Group has signed agreements whereby certain financial assets at fair value through profit or loss with aggregate carrying value of KD173,424 thousand (2024: KD133,674 thousand) have been kept in custody portfolios against borrowings (Note 22).

17 Financial assets at fair value through other comprehensive income

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Quoted securities	29,324	32,176
Unquoted securities	91,633	97,945
Managed portfolios and funds	14,626	15,952
Debt securities	-	409
	135,583	146,482

- a) These investments are held for medium to long-term strategic objectives. Accordingly, management has chosen to identify these investments as financial assets at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these financial assets in the consolidated 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) During the previous year, the board of directors of the Parent Company in their meeting held on 13 October 2024 approved a non-binding offer submitted to Foulath Holding Co.- BSC (Bahrain) ("Foulath") regarding the acquisition of 100% of the shares of the Foulath which is conditional upon the completion of due diligence after which a binding offer will be made with a final price. Currently, the Parent Company owns 10% shareholding in Foulath with a carrying value of KD52,957 thousand.
- c) Quoted securities with an aggregate carrying value of KD12,529 thousand (2024: KD17,767 thousand) are pledged against borrowings (Note 22).



Notes to the consolidated financial statements (continued)

18 Investment properties

Investment properties are located as follows:

	31 Dec. 2025 KD'000	31 Dec. 2024 KD'000
Kuwait	61,479	62,299
Saudi Arabia, UAE, Jordan and Bahrain	6,428	6,051
United Kingdom	882	821
	68,789	69,171

Investments properties with a carrying value of KD36,125 thousand (2024: KD35,301 thousand) are pledged against borrowings (Note 22).

Details of fair valuation of investment properties are disclosed in Note 33.2.

19 Investment in associates

The details of the Group's material associates are as follows:

Name of the associate	Place of incorporation and operation	Principal activity	Proportion of ownership interest held by the Group	
			31 Dec. 2025	31 Dec. 2024
Meezan Bank Ltd – (Quoted)	Pakistan	Islamic banking	35	35
Privatisation Holding Company – KPSC (Quoted)	Kuwait	Financial services	38	38
Kuwait Cement Company – KPSC (Quoted)	Kuwait	Industrial	27	27
Mabane Company - KPSC - (Quoted) (a)	Kuwait	Real estate	18	18

a) **Although the Group owns 18% of the investee, it exercises significant influence over the associate by way of representation on the board of directors.**

19.1 The movement in investments in associates is as follows:

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Balance as at 1 January	431,792	376,071
Additions during the year	5,889	1,138
Share of results	42,190	70,347
Redemption/sale during the year	(2,310)	-
Share of other comprehensive income	5,289	9,106
Dividend distributions	(23,209)	(22,086)
Net impairment reversals/(losses) – (c)	35,048	(4,081)
Foreign currency translation adjustments	(1,670)	1,123
Other adjustments	28	174
Balance at the end of the year	493,047	431,792



Notes to the consolidated financial statements (continued)

19 Investment in associates (continued)

19.1 The movement in investments in associates is as follows: (continued)

- The Group has signed agreements whereby certain shares of investment in associates with aggregate carrying value of KD210,981 thousand (2024: KD291,916 thousand) have been kept in custody portfolios with specialised institutions against borrowings (Note 22).
- Investments in associates with an aggregate carrying amount of KD459,495 thousand (2024: KD403,186 thousand) have an aggregate market value of KD694,077 thousand at 31 December 2025 (2024: KD412,849 thousand) based on published bid prices.
- During the year, quoted market prices of previously impaired associates exceeded their carrying values. Accordingly, the Group estimated the recoverable amount of these investments determined based on fair value less costs of disposal using quoted market prices (Level 1 in the fair value hierarchy).

As a result, impairment losses previously recognised in prior years amounting to KD35,048 thousand were reversed during the year. After the reversal, the carrying amount of each investment does not exceed the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised in prior periods.



Notes to the consolidated financial statements (continued)

19 Investment in associates (continued)

19.2 Summarised financial information set out below represents the amounts presented in the financial statements of the associates by sector (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates, where applicable.

	Banking and investment		Real estate and industrial		Services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Summarised statement of financial position – As at 31 December								
Total assets	5,322,164	4,433,530	3,221,712	2,772,254	626,427	551,671	9,170,303	7,757,455
Total liabilities	(4,988,142)	(4,105,331)	(1,341,979)	(1,038,152)	(514,828)	(448,965)	(6,844,949)	(5,592,448)
Equity	334,022	328,199	1,879,733	1,734,102	111,599	102,706	2,325,354	2,165,007
Group's share of net assets of the associates	119,240	118,055	336,810	313,952	10,359	9,629	466,409	441,636
Goodwill	2,483	2,515	25,389	25,389	2,026	2,026	29,898	29,930
Cumulative impairment	-	(6,964)	-	(27,849)	(3,526)	(3,611)	(3,526)	(38,424)
Cumulative intra-Group transaction and others	-	(1,542)	203	87	63	105	266	(1,350)
Group's carrying value of the associates	121,723	112,064	362,402	311,579	8,922	8,149	493,047	431,792
Summarised statement of profit or loss - year ended 31 December								
Income	467,747	555,581	221,970	329,979	95,232	82,180	784,949	967,740
Profit	83,631	113,244	107,156	180,922	2,619	1,248	193,406	295,414
Total comprehensive income	75,485	125,448	126,722	194,459	2,832	1,449	205,039	321,356
Dividends received from the associate during the year	18,136	18,116	4,871	3,768	202	202	23,209	22,086
Group's share of associate's contingent liabilities and commitments	705,966	740,643	166,364	246,003	22,705	20,074	895,035	1,006,720

Notes to the consolidated financial statements (continued)

20 Property, plant and equipment

Year ended 31 December 2025

	Freehold land KD '000	Leasehold properties and buildings KD '000	Plant and machinery KD '000	Motor vehicles KD '000	Furniture and equipment KD '000	Leased plant, machinery and vehicles KD '000	Properties under construction KD '000	Total KD '000
Cost or valuation								
At 1 January 2025	2,215	66,099	192,351	16,639	12,212	2,926	4,697	297,139
Foreign exchange and other adjustments	7	(1)	(918)	11	(9)	23	18	(869)
Additions/transfers	-	2,006	3,543	3,033	453	-	1,344	10,379
Disposals	-	(761)	(3,275)	(157)	(414)	-	-	(4,607)
At 31 December 2025	2,222	67,343	191,701	19,526	12,242	2,949	6,059	302,042
Accumulated depreciation and impairment losses								
At 1 January 2025	-	40,875	112,346	14,601	10,474	2,741	-	181,037
Foreign exchange and other adjustments	-	92	(6)	(8)	(30)	(50)	-	(2)
Charge for the year	-	1,144	8,255	404	645	20	-	10,468
Relating to disposals	-	(478)	(2,925)	(157)	(369)	-	-	(3,929)
At 31 December 2025	-	41,633	117,670	14,840	10,720	2,711	-	187,574
Net book value								
At 31 December 2025	2,222	25,710	74,031	4,686	1,522	238	6,059	114,468

- a) Leasehold properties and buildings include properties on land which have been leased from the government of Kuwait through renewable lease contracts.
- b) Properties under construction mainly represent the cost incurred up to the reporting date on the expansion of existing factories. These costs will be transferred to the appropriate asset categories when the assets are ready for their intended use.
- c) Property plant and equipment with an aggregate carrying value of KD 3,883 thousand (2024: KD 30,354 thousand) are pledged against borrowings (Note 22).



Notes to the consolidated financial statements (continued)

20 Property, plant and equipment (continued)
Year ended 31 December 2024

	Freehold land	Leasehold properties and buildings	Plant and machinery	Motor vehicles	Furniture and equipment	Leased plant, machinery and vehicles	Properties under construction	Total
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
Cost or valuation								
At 1 January 2024	2,209	64,387	182,815	16,482	13,806	2,975	7,601	290,275
Foreign exchange and other adjustments	6	510	(600)	(7)	(38)	(49)	14	(164)
Additions/transfers	-	1202	10,287	228	513	-	(2,918)	9,312
Disposals	-	-	(151)	(64)	(2,069)	-	-	(2,284)
At 31 December 2024	2,215	66,099	192,351	16,639	12,212	2,926	4,697	297,139
Accumulated depreciation and impairment losses								
At 1 January 2024	-	39,363	106,125	14,160	11,996	2,571	-	174,215
Foreign exchange and other adjustments	-	119	30	1	12	25	-	187
Charge for the year	-	1,393	6,337	504	535	145	-	8,914
Relating to disposals	-	-	(146)	(64)	(2,069)	-	-	(2,279)
At 31 December 2024	-	40,875	112,346	14,601	10,474	2,741	-	181,037
Net book value								
At 31 December 2024	2,215	25,224	80,005	2,038	1,738	185	4,697	116,102



Notes to the consolidated financial statements (continued)

21 Accounts payable and other liabilities

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Financial liabilities		
Trade payables	31,274	27,074
Accrued interest and other expenses	25,588	23,315
Due to related parties (Note 31)	1,026	1,488
Provisions for taxation	15,477	13,523
Other financial liabilities	34,464	26,887
	107,829	92,287
Non-financial liabilities		
Other liabilities	1,256	1,632
	1,256	1,632
	109,085	93,919

22 Borrowings

	Effective Interest rate	31 Dec. 2025	31 Dec. 2024
		KD '000	KD '000
Short term:			
Term loans	3.87% – 7.89%	231,871	193,170
Islamic financing arrangements	4.5% – 6%	58,902	83,220
		290,773	276,390
Long term:			
Term loans	2.1% - 10.25%		
- Current portion		15,544	22,022
- Due after more than one year		106,787	113,898
Islamic financing	1.7% - 8.4%		
- Current portion		58,240	39,999
- Due after more than one year		261,520	212,462
		442,091	388,381
		732,864	664,771

The Group's borrowings are denominated in the following currencies:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Kuwait Dinar	644,626	585,779
United States Dollar	70,496	58,560
Other currencies	17,742	20,432
At 31 December	732,864	664,771

- Borrowings include outstanding amounts of KD6,696 thousand obtained by one of the Group's subsidiaries from local banks which are in the process of renewal as of 31 December 2025.
- The Group's borrowings are secured against assets pledged or held in custody including cash and cash equivalents (Note 13), financial asset at amortised cost, financial assets at fair value through profit and loss (Note 16), financial assets at fair value through other comprehensive income (Note 17), investment properties (Note 18), property plant and equipment (Note 20), investment in subsidiaries (Note 6) and shares of certain investment in associates (Note 19).



Notes to the consolidated financial statements (continued)

23 Bonds

The details of the bonds, which are unsecured, are as follows:

	Effective interest rate	31 Dec. 2025	31 Dec. 2024
		KD '000	KD '000
Short term- maturing on 11 February 2025:			
Floating rate bonds	-	-	7,600
Fixed rate bonds	-	-	22,400
		-	30,000
Long term- maturing on 8 September 2027:			
Floating rate bonds	CBK + 2.25%	34,450	34,450
Fixed rate bonds	5.25%	3,650	3,650
		38,100	38,100
		38,100	68,100

The Group settled bonds of KD30,000 thousand during the year on due date.

24 Provisions

	31 Dec. 2025	31 Dec. 2024
	KD'000	KD '000
Provision for staff end of service benefits and pension, net	18,285	17,300
Provision for land-fill expenses	568	556
	18,853	17,856

25 Share capital and share premium

	Authorised	Issued	Paid up
31 December 2025 (Shares)	3,000,000,000	2,530,439,781	2,530,439,781
31 December 2025 (KD '000)	300,000	253,044	253,044
31 December 2024 (Shares)	3,000,000,000	2,409,942,649	2,409,942,649
31 December 2024 (KD '000)	300,000	240,994	240,994

d) During the year, the Parent Company's share capital was increased by KD12,050 thousands as a result of issuance of bonus shares (Note 29). The share capital increase was registered in the commercial register on 12 May 2025.

e) Share premium is not available for distribution.

26 Treasury shares

	31 Dec. 2025	31 Dec. 2024
Number of shares	40,513,852	38,584,622
Percentage of issued shares	1.60%	1.60%
Market value (KD '000)	12,073	9,569
Cost (KD'000)	23,975	23,975



Notes to the consolidated financial statements (continued)

26 Treasury shares (continued)

- f) Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.
- g) As at 31 December 2025, an associate held 10% (2024:10%) of the Parent Company's shares.

27 Statutory and general reserves

The movement in the reserves is as follows:

	Statutory reserve	General reserve	Total
	KD'000	KD'000	KD '000
Balances as at 1 January 2025	39,083	25,514	64,597
Transferred from retained earnings	7,361	7,361	14,722
Balances as at 31 December 2025	46,444	32,875	79,319
Balances as at 1 January 2024	33,124	19,555	52,679
Transferred from retained earnings	5,959	5,959	11,918
Balances as at 31 December 2024	39,083	25,514	64,597

Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to the owners of the Parent Company before KFAS, taxation and directors' remuneration is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital.

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 the distribution of a dividend of that amount.

General reserve

In accordance with the Parent Company's Articles of Association, a certain percentage of the profit for the year attributable to the owners of the Parent Company before KFAS, taxation and directors' remuneration is to be transferred to the general reserve at the discretion of the Board of Directors which is to be approved at the General Assembly. There are no restrictions on distribution of the general reserve.

No transfer to reserves is required in a year in which the Group has incurred a loss or where accumulated losses exist.



Notes to the consolidated financial statements (continued)

28 Other components of equity

	Cumulative changes in fair value	Treasury shares reserve	Foreign currency translation reserve	Total
	KD '000	KD '000	KD '000	KD '000
Balances as at 1 January 2025	8,915	15,915	(26,555)	(1,725)
Share of other comprehensive income of associates	6,331	-	459	6,790
Change in fair value of financial assets at FVTOCI	(8,182)	-	-	(8,182)
Foreign currency translation differences	-	-	(2,959)	(2,959)
Other comprehensive loss	(1,851)	-	(2,500)	(4,351)
Gain on sale of investments at FVTOCI	(2,976)	-	-	(2,976)
Balances as at 31 December 2025	4,088	15,915	(29,055)	(9,052)
Balances as at 1 January 2024	7,675	15,915	(28,435)	(4,845)
Consolidation and other adjustments	237	-	-	237
Share of other comprehensive income of associates	7,070	-	-	7,070
Change in fair value of financial assets at FVTOCI	(6,042)	-	-	(6,042)
Foreign currency translation differences	-	-	1,880	1,880
Other comprehensive income	1,028	-	1,880	2,908
Gain on sale of investments at FVTOCI	(25)	-	-	(25)
Balances as at 31 December 2024	8,915	15,915	(26,555)	(1,725)

29 Annual general assembly, dividends and directors' remuneration

The board of directors of the Parent Company proposed to distribute cash dividend of 5% equivalent to 5 Fils per share, along with in-kind dividend by distributing 4 shares of National Industries Company, a subsidiary, for every 100 shares held in the parent company, which represents approximately 29% of the total issued share capital of National Industries Company, and an amount of KD630 thousand as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2025. These proposed distributions are subject to the approval of the Annual General Meeting ("AGM") and regulatory authorities.

The Annual General Assembly of the shareholders of the Parent Company held on 24 April 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the boards of directors' proposal to distribute cash dividend to the shareholders of 10% equivalent to 10 Fils per share, and to issue 5% bonus shares, and an amount of KD630 thousand as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2024.

The Annual General Assembly of the shareholders of the Parent Company held on 9 May 2024 approved the consolidated financial statements for the year ended 31 December 2023 and the boards of directors' proposal to distribute cash dividend to the shareholders of 5% equivalent to 5 Fils per share, and to issue 5% bonus shares and an amount of KD480 thousand as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2023.

30 Segmental reporting

The Group's activities are concentrated in four main segments: investment, building materials and contracting services, specialist engineering and hotel, IT services and other operations. The segments' results are reported to the higher management of the Group. In addition, the segments results, assets and liabilities are reported based on the geographic locations in which the Group operates.



Notes to the consolidated financial statements (continued)



30 Segmental reporting (continued)

The following is the segments information, which conforms with the internal reporting presented to management:

	Investment		Building materials and contracting services		Specialist engineering and chemical		Hotel and IT services		Total	
	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Segment revenue	118,433	142,986	41,051	42,931	105,423	122,141	19,248	10,895	284,155	318,953
Less:										
(Gain)/loss from financial assets at fair value through profit or loss									(45,135)	(27,731)
Dividend income									(17,018)	(21,277)
Interest income									(8,586)	(9,810)
Share of result of associates									(42,190)	(70,347)
Change in fair value of investment properties									751	630
Rental income									(3,105)	(3,092)
Other income									(3,150)	(11,359)
Revenue from sales and contract with customers, per consolidated statement of profit or loss									165,722	175,967
Segment profit	125,473	106,002	2,087	4,994	2,854	15,081	1,168	1,322	131,582	127,399
Less:									(41,326)	(44,320)
Finance costs									90,256	83,079
Profit before taxation and Directors' remuneration									1,698,023	1,599,215
Segment assets	1,399,291	1,302,105	41,301	41,681	241,655	243,195	15,776	12,234	1,698,023	1,599,215
Segment liabilities	(48,451)	(35,665)	(19,842)	(18,676)	(52,229)	(52,296)	(7,416)	(5,138)	(127,938)	(111,775)
Segment net assets	1,350,840	1,266,440	21,459	23,005	189,426	190,899	8,360	7,096	1,570,085	1,487,440
Borrowings, bonds and due to banks									(787,737)	(749,317)
Total equity, per consolidated statement of financial position									782,348	738,123



Notes to the consolidated financial statements (continued)

30 Segmental reporting (continued)

Geographical segments

The geographical analysis is as follows:

	Assets		Revenue	
	31 Dec. 2025	31 Dec. 2024	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
	KD '000	KD '000	KD '000	KD '000
Kuwait	1,134,414	1,019,200	83,002	84,967
Outside Kuwait	563,609	580,015	82,720	91,000
	1,698,023	1,599,215	165,722	175,967

31 Related party transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

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

	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Balances included in the consolidated statement of financial position:		
Due from related parties (included in accounts receivable and other assets)		
- Due from associate companies	20,438	19,900
- Due from other related parties	847	4,028
Advance payment for the purchase of investment (included in accounts receivable and other assets)	6,455	2,979
Due to related parties (included in accounts payable and other liabilities)		
- Due to associates	-	20
- Due to other related parties	1,026	1,468
	Year ended 31 Dec. 2025 KD '000	Year ended 31 Dec. 2024 KD '000
Transactions included in the consolidated statement of profit or loss:		
Purchase of raw materials –associates	632	677
Fees income	3	3
Management fees payments	84	71
Net impairment reversals/(losses) and provision charges	35,048	(4,081)
Provision charge of impairment of accounts receivable and other assets	2,119	739
Compensation of key management personnel of the Group		
Short term employee benefits	3,404	3,765
Board of Directors' and committee remuneration including subsidiaries	1,020	1,200
Pension and end of service benefits	286	163
	4,710	5,128

32 Summary of financial assets and liabilities by category

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



Notes to the consolidated financial statements (continued)

32 Summary of financial assets and liabilities by category (continued)

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Financial assets:		
At amortised cost:		
• Cash and cash equivalents (Note 13)	196,573	197,296
• Accounts receivable and other financial assets (Note 14)	114,946	109,842
• Financial assets at amortised cost	13,991	10,904
	325,510	318,042
At fair value:		
• Financial assets at FVTPL	462,902	420,271
• Financial assets at FVTOCI	135,583	146,482
	598,485	566,753
Total financial assets	923,995	884,795
Financial liabilities:		
At amortised cost:		
• Due to banks	16,773	16,446
• Accounts payable and other financial liabilities (Note 21)	107,829	92,287
• Borrowings	732,864	664,771
• Bonds	38,100	68,100
	895,566	841,604

33 Fair value measurement

33.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position 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 or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 December 2025	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets:				
- Quoted securities	342,477	-	-	342,477
- Unquoted securities	-	20,420	116,322	136,742
- Managed portfolios and funds	759	4,014	114,493	119,266
	343,236	24,434	230,815	598,485
At FVTPL	313,912	6,729	142,261	462,902
At FVTOCI	29,324	17,705	88,554	135,583
	343,236	24,434	230,815	598,485



Notes to the consolidated financial statements (continued)

33 Fair value measurement (continued)

33.1 Fair value measurement of financial instruments (continued)

31 December 2024	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
Financial assets:				
- Quoted securities	309,185	-	-	309,185
- Unquoted securities	-	23,118	117,492	140,610
- Managed portfolios and funds	628	4,418	111,503	116,549
- Debt securities	-	409	-	409
	309,813	27,945	228,995	566,753
At FVTPL	277,637	10,554	132,080	420,271
At FVTOCI	32,176	17,391	96,915	146,482
	309,813	27,945	228,995	566,753

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2025 or 2024.

Measurement of fair value of financial instruments

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 maximizing the use of market-based information.

The following valuation techniques are used for instruments categorised in levels 2 and 3:

Unquoted securities

The consolidated financial statements include investments in unlisted securities which are measured at fair value. These investments are classified within Level 2 and Level 3 of the fair value hierarchy depending on the observability of the inputs used in the valuation.

Level 2 investments represent interests in entities whose underlying assets consist primarily of listed securities measured using quoted market prices. Fair value is determined based on the net asset value derived from observable market prices of the underlying investments, adjusted for accrued expenses and liabilities. As the significant inputs are observable, these investments are classified within Level 2 of the fair value hierarchy.

Level 3 investments comprise unquoted equity securities for which fair value is determined using valuation techniques that incorporate significant unobservable inputs. These techniques include discounted cash flow models, market multiple approaches (such as price to earnings and price to book multiples) and adjusted net asset value methods, as appropriate to the nature of the investee. Significant unobservable inputs include forecasted cash flows, discount rates, terminal growth rates, earnings multiples, book value multiples and adjustments for lack of marketability or control.

Managed portfolios and funds

Private equity funds

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers.



Notes to the consolidated financial statements (continued)

33 Fair value measurement (continued)

33.1 Fair value measurement of financial instruments (continued)

Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Other managed portfolios and funds

The underlying investments of international managed portfolios and funds represent quoted and unquoted securities. They are valued based on periodic reports received from the portfolio/fund managers.

Debt securities

The consolidated financial statements include holdings in unlisted debt securities which are measured at fair value. Fair value of such instruments have been determined by reference to their observable prices, other than quoted, at the reporting date.

Level 3 Fair value measurements

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD'000	KD'000
Opening balance	228,995	226,512
Net change in fair value	4,200	7,149
Transferred out level 3	-	(870)
Net addition/disposal during the year	(2,380)	(3,796)
Closing balance	230,815	228,995

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant unobservable inputs:

Valuation technique	Significant unobservable input	Range	Sensitivity of the fair value measurement to the input
Market multiples	Sector multiples	15.5 to 18.1 (2024: 11.9 to 14.1)	Higher the multiple, higher the value
	DLOM	18.9% (2024: 18.4%)	Higher the DLOM rate, lower the value
NAV reported by investment manager	Fair market value of the underlying assets	NA	Higher the FMV of the assets, higher the value
	DLOM	NA	Higher the DLOM rate, lower the value
Discounted cash flows	Growth rate	1.9% (2024: 2.8%)	Higher the growth rate, higher the value
	WACC	14.7%- 15.9% (2024: 14.8%-15.9%)	Higher the WACC rate, lower the value
	DLOM	18.9% (2024: 18.4%)	Higher the DLOM rate, lower the value



Notes to the consolidated financial statements (continued)

33 Fair value measurement (continued)

33.2 Fair value measurement of non-financial assets

The Group's non-financial assets measured at fair value consist of investment properties. All investment properties are categorised as level 3 under the fair value hierarchy on a recurring basis at 31 December 2025 and 2024.

The movement in investment properties is as follows:

	31 Dec. 2025	31 Dec. 2024
	KD'000	KD'000
Balance as at 1 January	69,171	57,763
Net movement	2,050	12,032
Reclassified to property, plant and equipment	(1,685)	-
Changes in fair value	(751)	(630)
Foreign currency translation	4	6
	68,789	69,171

The fair value of the investment properties has been determined based on appraisals performed by independent, professionally qualified property valuers (two appraisals for local properties, of which one from a local bank, and one appraisal for foreign properties). The significant inputs and assumptions are developed in close consultation with management. The appraisals were carried out using two methods, a yield method and a combination of market comparison approach for land and cost minus depreciation approach for buildings as follows:

	Method of valuation	
	31 Dec. 2025	31 Dec. 2024
Land and buildings in Kuwait, UAE, Saudi Arabia and UK	Yield method and Market comparison approach for land and cost less depreciation for buildings	Yield method and Market comparison approach for land and cost less depreciation for buildings
Freehold land in Kuwait, UAE, Jordan and Bahrain	Market comparison approach	Market comparison approach

When the yield method is used, the appraisal capitalizes the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream considers current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The inputs used in the valuations at 31 December 2025 and 31 December 2024 were:

	Land and buildings in Kuwait, UAE, Saudi Arabia and UK	
	31 Dec. 2025	31 Dec. 2024
(Average monthly rent (per sqm	KD 1.78 to KD 93.36	KD 1.01 to KD 113
Yield rate	6.6% to 7.40%	to 7.5% 6.6%
Vacancy rate	10%	10%



▶ Notes to the consolidated financial statements (continued) ◀

33 Fair value measurement (continued)

33.2 Fair value measurement of non-financial assets (continued)

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate (market yields). The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

When the market comparison approach is used, the appraisal reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

34 Risk management objectives and policies

The Group's financial liabilities comprise due to banks, short term and long-term borrowings and bond, leasing creditors and accounts payable and other liabilities. The main purpose of these financial liabilities is to raise finance for Group operations. The Group has various financial assets such as accounts receivable and other assets, bank balance and cash, Wakala investments, short term deposits and investment securities which arise directly from operations.

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

The Group does not use derivative financial instruments.

The Board of Directors sets out policies for reducing each of the risks discussed below.

34.1 Market risk

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

a) Foreign currency risk

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

The Group mainly operates in the Middle East, USA, United Kingdom and Pakistan and is exposed to foreign currency arising primarily from US Dollar, Saudi Riyal, GBP and Pakistan Rupees. The consolidated statement of financial position can be significantly affected by the movement in US dollar. To mitigate the Group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Foreign currency risk is managed on the basis of limits determined by the Parent Company's board of directors and a continuous assessment of the consolidated open positions.

The Group's significant net exposure to foreign currency denominated monetary assets less monetary liabilities at the reporting date, translated into Kuwaiti Dinars at the closing rates are as follows:



Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

a) Foreign currency risk (continued)

	31 Dec. 2025 Equivalent KD '000	31 Dec. 2024 Equivalent KD '000
US Dollars	(19,919)	(28,686)

Management of the Group estimates that a reasonable possible change in the above exchange rate would be 5%.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity (5%), then this would have the following impact on the profit for the year. There is no impact on the Group's other comprehensive income.

	Impact on profit	
	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
US Dollars	(996)	(1,434)
	(996)	(1,434)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity (5%), then there would be an equal and opposite impact on the profit for the year.

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 rate risk on its short-term deposits (Note 13), borrowings (Note 22), bonds (Note 23) and due to banks (Note 13) which are both at fixed and floating interest rates. The risk is managed by the Group by managing an appropriate mix between fixed and floating rate, short term deposits and borrowings.

Positions are monitored regular to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year to reasonable possible change of interest rate of +25 (0.25%) and -75 (0.75%) basis points with effect from the beginning of the year. The calculation is based on the Group's financial instruments held at each reporting date. All other variables are held constant. There is no impact on Group's other comprehensive income.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000	31 Dec. 2025 KD '000	31 Dec. 2024 KD '000
Effect on profit for the year	(1,480)	(1,380)	4,434	4,140



Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.1 Market risk (continued)

c) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. The Group is exposed to equity price risk with respect to its listed equity investments. Equity investments are classified either as “financial assets at fair value through profit or loss” or “financial assets 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 determined by the Group.

The equity price risk sensitivity is determined on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher/lower, the effect on the profit for the year and other comprehensive income for the year ended 31 December would have been as follows:

A positive number below indicates an increase profit and other comprehensive income where the equity prices increase by 10%. All other variables are held constant.

	Increase in interest rates		Decrease in interest rates	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000	KD '000	KD '000
Financial assets at FVTPL	31,391	27,764	-	-
Financial assets at FVTOCI	-	-	2,932	3,218
	31,391	27,764	2,932	3,218

For a 10% decrease in the equity prices there would be an equal and opposite impact on the profit/(loss) for the year and other comprehensive income and the amounts shown above would be negative.

34.2 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.

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

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Cash and cash equivalents (Note 13)	196,573	197,296
Accounts receivable and other assets (Note 14)	114,946	109,842
	311,519	307,138



Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.2 Credit risk (continued)

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporate 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. None of the above financial assets are past due nor impaired except account receivable and other asset. Management of the Group considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

The credit risk for bank balances and short-term deposits is considered negligible, since the counterparties are reputable financial institution with high credit quality.

34.3 Concentration of assets

The distribution of financial assets by geographic region was as follows:

	Kuwait KD '000	Middle East KD '000	Asia and Africa KD '000	Europe KD '000	USA KD '000	Total KD '000
At 31 December 2025						
Cash and cash equivalents	174,967	7,591	88	13,915	12	196,573
Accounts receivable and other assets	92,700	13,556	1,567	6,699	424	114,946
Financial assets at amortised cost	13,991	-	-	-	-	13,991
Financial assets at FVTPL	286,944	25,947	11,201	105,065	33,745	462,902
Financial assets at FVTOCI	30,724	74,354	22,292	4,389	3,824	135,583
	599,326	121,448	35,148	130,068	38,005	923,995

At 31 December 2024

Cash and cash equivalents	182,460	6,343	47	8,432	14	197,296
Accounts receivable and other assets	86,094	13,798	2,181	7,343	426	109,842
Financial assets at amortised cost	7,500	3,404	-	-	-	10,904
Financial assets at FVTPL	236,865	50,257	7,368	94,121	31,660	420,271
Financial assets at FVTOCI	24,038	91,471	21,491	5,080	4,402	146,482
	536,957	165,273	31,087	114,976	36,502	884,795

34.4 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 table below summarises the maturity profile of the Group's assets and liabilities. Except for investments carried at fair value through profit or loss and fair value through other comprehensive income, the maturities of assets and liabilities have been determined on the basis of the remaining period from the reporting date to the contractual maturity date.

The maturity profile for investments at fair value through profit or loss, investments at fair value through other comprehensive income and investment properties is determined based on management's estimate of liquidation of those investments.



Notes to the consolidated financial statements (continued)

34 Risk management objectives and policies (continued)

34.4 Liquidity risk (continued)

Maturity profile of assets and liabilities are as follows:

	At 31 December 2025			At 31 December 2024		
	year 1 KD '000	Over 1 year KD '000	Total KD '000	year 1 KD '000	Over 1 year KD '000	Total KD '000
ASSETS						
Cash and cash equivalents	196,573	-	196,573	197,296	-	197,296
Accounts receivable and other assets	141,290	10,274	151,564	139,059	6,282	145,341
Inventories	44,752	-	44,752	46,130	-	46,130
Trading properties	1,402	-	1,402	-	-	-
Financial asset at amortised cost	-	13,991	13,991	3,404	7,500	10,904
Financial assets at FVTPL	107,765	355,137	462,902	96,903	323,368	420,271
Financial assets at FVTOCI	2,468	133,115	135,583	19,960	126,522	146,482
Investment properties	-	68,789	68,789	-	69,171	69,171
Investment in associates	-	493,047	493,047	-	431,792	431,792
Property, plant and equipment	-	114,468	114,468	-	116,102	116,102
Intangible assets	-	8,652	8,652	-	9,623	9,623
Goodwill	-	6,300	6,300	-	6,103	6,103
	494,250	1,203,773	1,698,023	502,752	1,096,463	1,599,215
LIABILITIES						
Due to banks	16,773	-	16,773	16,446	-	16,446
Accounts payable and other liabilities	102,917	6,168	109,085	90,530	3,389	93,919
Borrowings	364,557	368,307	732,864	338,411	326,360	664,771
Bonds	-	38,100	38,100	30,000	38,100	68,100
Provisions	-	18,853	18,853	-	17,856	17,856
	484,247	431,428	915,675	475,387	385,705	861,092

The contractual maturities of financial liabilities based on undiscounted cash flows are as follows:

31 December 2025	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	Over 1 Year KD '000	Total KD '000
Financial liabilities (undiscounted)					
Due to banks	13,702	1,205	1,866	-	16,773
Accounts payable and other liabilities	42,964	11,839	47,092	6,217	108,112
Borrowings	82,253	68,416	263,652	458,603	872,924
Bonds	172	327	504	40,511	41,514
	139,091	81,787	313,114	505,331	1,039,323
31 December 2024	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	Over 1 Year KD '000	Total KD '000
Financial liabilities (undiscounted)					
Due to banks	12,515	2,202	1,495	234	16,446
Accounts payable and other liabilities	23,896	18,918	44,499	5,295	92,608
Borrowings	66,334	89,225	154,718	439,260	749,537
Bonds	340	30,418	1,702	41,912	74,372
	103,085	140,763	202,414	486,701	932,963



Notes to the consolidated financial statements (continued)

35 Capital risk management

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

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, buy back shares, issue new shares or sell assets to reduce debt.

The capital structure for the Group consists of the following:

	31 Dec. 2025	31 Dec. 2024
	KD '000	KD '000
Borrowings	732,864	664,771
Bonds	38,100	68,100
Due to banks	16,773	16,446
	787,737	749,317
Less:		
Cash and cash equivalents	(196,573)	(197,296)
Net debt	591,164	552,021
Total equity	782,348	738,123

The Group monitors capital on the basis of the gearing ratio.

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

	31 Dec. 2025	31 Dec. 2024
	%	%
Net debt to equity ratio	76%	75%

36 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the consolidated statement of financial position. Assets under management at 31 December 2025 amounted to KD4,785 thousand (2024: KD1,945 thousand) of which assets managed on behalf of the related parties amounted to KD4,751 thousand (2024: KD1,906 thousand).

37 Commitments

At the reporting date, the Group had commitments for the purchase of investments, the acquisition of property, plant and equipment and investment properties and the incorporation of investment in associates totalling KD19,902 thousand (2024: KD14,532 thousand).

38 Contingent liabilities

38.1 Contingent liabilities

At 31 December 2025, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD78,667 thousand (2024: KD82,193 thousand).



▶ Notes to the consolidated financial statements (continued) ◀

38 Contingent liabilities (continued)

38.2 Legal cases

The significant legal cases of the Group are summarised below:

- a) One of the Group's subsidiaries has filed legal cases against one of its customers regarding gross trade receivables of KD112,246 thousand. These receivables are recorded in the Group's consolidated financial statements at their acquisition date fair values.

During prior year, the court of First Instance ruled in favor of the subsidiary in one of the cases which has been appealed by the defendant. The subsidiary's management, in consultation with its legal advisors, remains confident that a favourable verdict is probable and that the full balance along with additional compensation will be recovered.

The litigations are at its initial stages and the final outcome cannot be determined at present.

- b) During the previous years, the General Manager of the Public Authority for Industry in Kuwait, in his official capacity, initiated legal proceedings against one of the Group's subsidiaries, seeking eviction from a non-contracted plot of land. The claim also demanded a payment of KD16,185 thousand for the subsidiary usage of the land since 1 April 2007, along with any associated fees and expenses.

During the year, the Court of First Instance issued a ruling in favor of the Public Authority for Industry and to pay an amount of KD3,471 thousand, in addition to daily rent of KD1,377 effective from 1 April 2024 until the evacuation is completed, along with attorney's fees. The Group's management has made adequate provision to cover this obligation. The case is currently under review before the Court of Appeal, and the hearing is scheduled for 22 April 2026.

The subsidiary's management intends to strongly defend its position and, based on their consultation with their external legal counsel, remains confident that the claim can be successfully contested. Certain details required in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, are not disclosed to prevent any potential prejudice to the litigation's outcome.

39 Events after the reporting date

Subsequent to the reporting date, the Group completed amendments to arrangements relating to the J3 project (classified as investment in associate as at 31 December 2025) resulting in an increase in the Group's effective interest from 32.5% to 50%. The investment will continue to be classified as an associate.

40 Comparative information

Certain comparative amounts have been reclassified to conform to the presentation in the current year. Such reclassification does not affect previously reported net assets, net equity, net results for the year or net increase in cash and cash equivalents.