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MAKHAZEN

2025

ANNUAL REPORT



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BOARD OF DIRECTORS

Faisal Al Essa
Chairman

Tarek Sultan
*Vice Chairman
*Resigned from the board 29 December 2025

Khaled Al Ghais
*Vice Chairman
*Joined the board 29 December 2025

Sultan Al Essa
Member

Saqer Al Rashoud
Member

Naser Al Rashed
Member

Abdulmajeed Al Shatti
Member

Abdulaziz Nader Al Eisa
Member



CHAIRMAN'S MESSAGE

Dear Shareholder,

2025 was an important year for Makhazen - the new brand name for Agility Public Warehousing Company KSCP - as it launched its new Kuwait-focused strategy for infrastructure, logistics, and industrial services, targeting investments of more than KD 100 million in Kuwait by 2030.

Makhazen's core operations in Kuwait demonstrated strong resilience, delivering stable revenues and robust operating profitability.

Financial Performance (FY 2025)

For the Full Year 2025, the company reported net profit from continuing operations of KD 49.3 million, or 19.31 fils per share, an increase of 13.1% compared to the same period last year. EBITDA increased 37.8% to KD 83.1 million and EBIT increased 42.9% to KD 74.9 million, while revenue stood at KD 151.5 million, these results reflect solid performance across the Group's operating businesses.

As of December 31, 2025, Makhazen total assets stood at KD 1.1 billion and equity attributable to shareholders stood at KD 569.9 million. Net debt stood at KD 199 million.

Dividends Distribution

The board has recommended a distribution of 2 fils per share for the year ended 31st December 2025, subject to approval by the general assembly.

Operational and Strategic Update

During 2025, Makhazen continued to execute on its strategic expansion agenda.

Construction of South Village (S2) is progressing well. The development will serve Sabah Al-Ahmed City, one of Kuwait's largest new urban centers, and is positioned as a key logistics and commercial hub.

The Metal & Recycling Company project, awarded by KNPC and KIPIC, is advancing on schedule. The facility will recover valuable metals from spent catalysts, supporting both operational efficiency and Kuwait's broader industrial sustainability objectives.

Global Clearinghouse Systems maintained strong operational momentum, driven by ongoing network optimization and the expansion of its service offerings.

On the investment side, as of 31 December 2025, Makhazen held a 25% strategic stake in Agility Global, which continues to deliver strong performance across its portfolio. For FY2025, Agility Global reported net earnings of $240 million and revenues of $5.1 billion, with total assets of $13.4 billion and shareholders' equity of $5.8 billion.

In our Community

We continue to invest in human capital as part of Kuwait's long-term development. During the year, 1,912 students were trained in digital skills, with 62% female participation in partnership with CODED. We support LOYAC's KON program, equipping youth with skills in entrepreneurship, leadership and problem solving, and through INJAZ Kuwait, we provide mentorship, internships, and exposure to private sector careers, strengthening employability and encouraging entrepreneurship.

Through the Machla program, we also provide humanitarian support to families in need during Ramadan.

Makhazen has invested and grown in Kuwait for the last four decades and is proud of its ongoing contribution to the economy.

Update on Regional Developments

Makhazen is actively monitoring the evolving geopolitical situation across parts of the Middle East and has implemented its business continuity and contingency plans. Makhazen expresses its appreciation to the Kuwaiti government and relevant authorities for their continued efforts in maintaining security and stability. The company remains committed to supporting national priorities and contributing to the continuity of essential services and supply chains.

The company also extends its appreciation to its teams, particularly frontline personnel, for their continued dedication and professionalism.

Outlook

Our transformation into a Kuwait-focused infrastructure, logistics, and industrial services company has become fully embedded across our operations.

Our core business in Kuwait continues to perform strongly, supported by disciplined execution, enhanced efficiencies, and steady advancement across a high-quality project pipeline aligned with national development goals.

We are confident that our Kuwait-centric strategy positions Makhazen for sustainable growth and long-term value creation for our shareholders.



FAISAL JAMIL SULTAN
CHAIRMAN



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS 2025

Revenue

KD 151.5 M

EBITDA

KD 83.1 M

Net Profit Continuing Operations

KD 49.3 M

EPS Continuing Operations

19.31 Fils

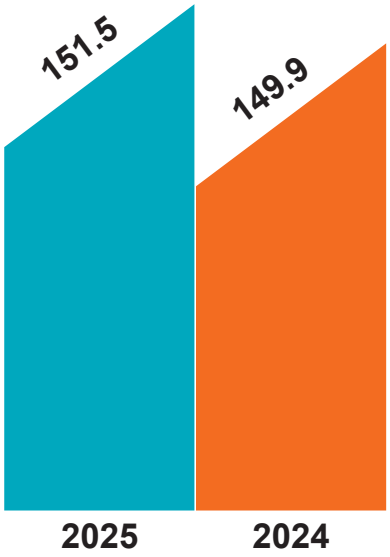
Total Assets

KD 1.1 B

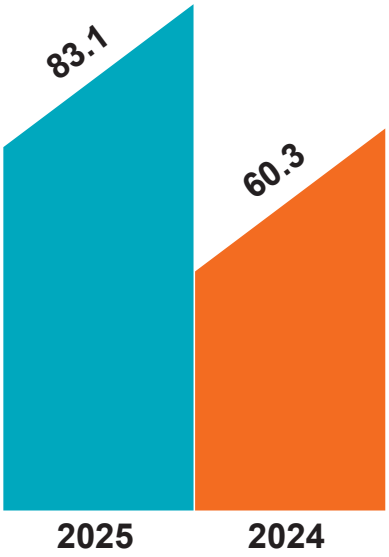
Equity attributable to equity holders of the Parent Company

KD 569.9 M

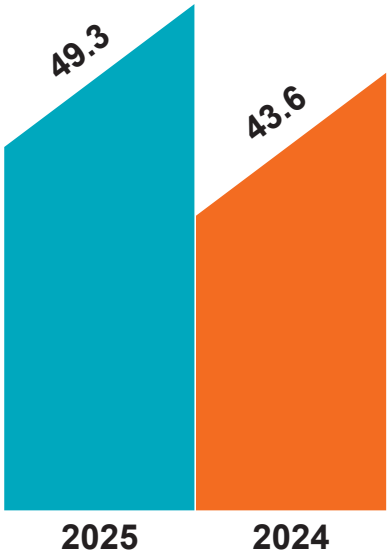
Revenue KD Mln



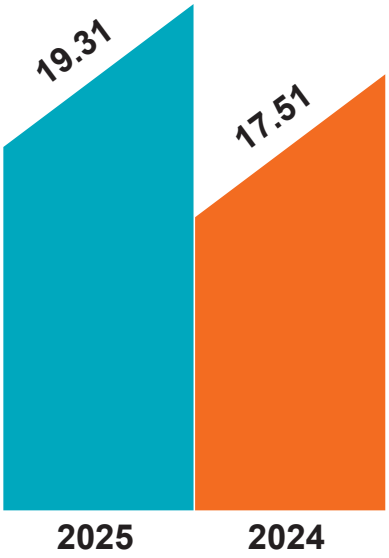
EBITDA KD Mln

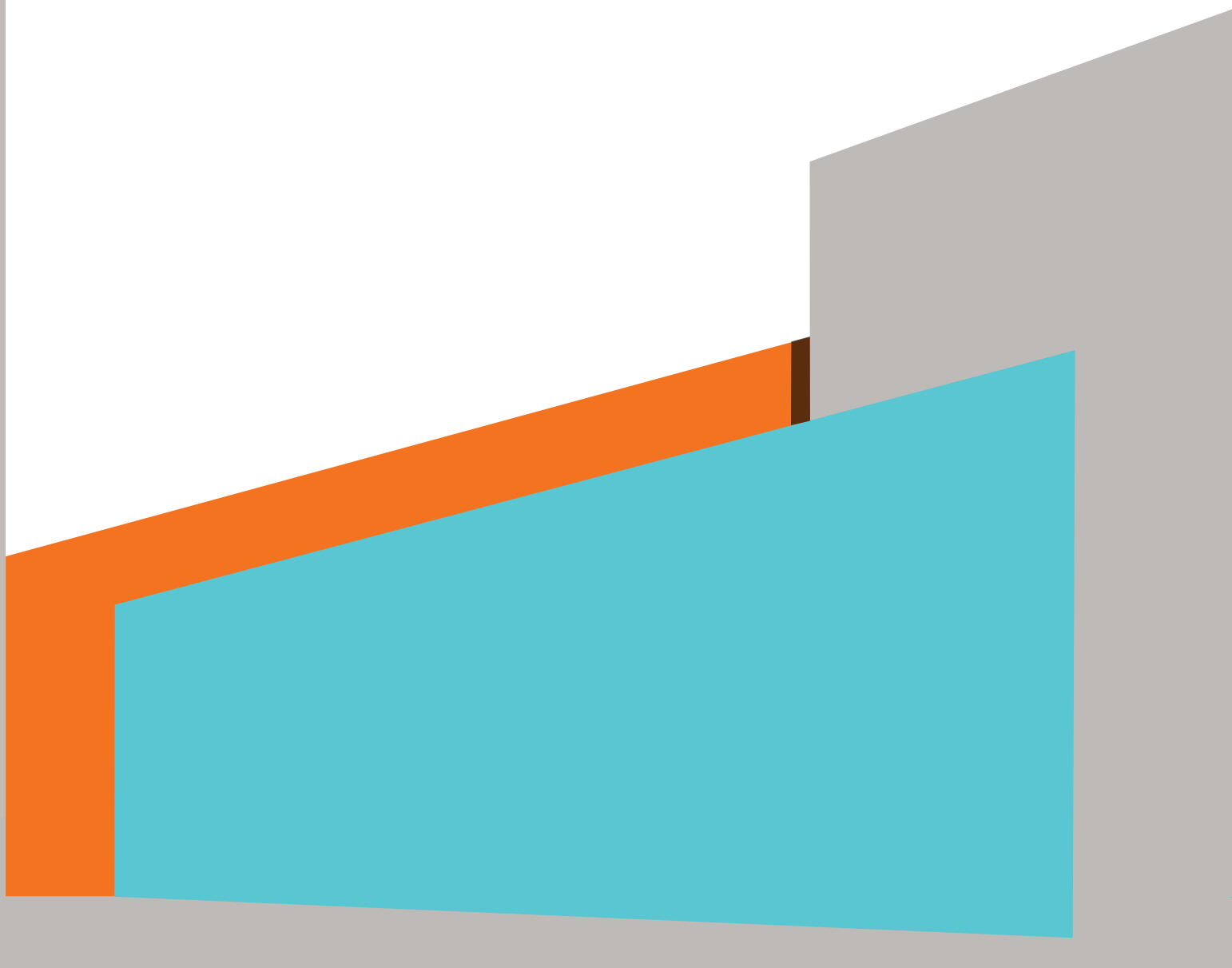


Net Profit Continuing Operations KD Mln



EPS Continuing Operations Fils





SOCIAL RESPONSIBILITY AND SUSTAINABILITY



Makhazen Sustainability Report 2025

1 Introduction and 2025 Context

Makhazen's businesses support critical sectors of the economy, including trade facilitation, strategic logistics infrastructure, customs digitization and operations, and waste management and recycling. Across our businesses, our sustainability efforts in Kuwait are aligned with national priorities: supporting human capital development, contributing to our communities and reducing our environmental impact.

Our approach to sustainability

Each of our owned and operated businesses implements its own sustainability strategy, unique to its sector. Our corporate sustainability team develops the group sustainability strategy and monitors overall performance, supporting our subsidiaries as needed. We partner with local NGOs to provide humanitarian support, advance education and human capital development, and accelerate wider sustainability progress..

2025 Performance Highlights

91%

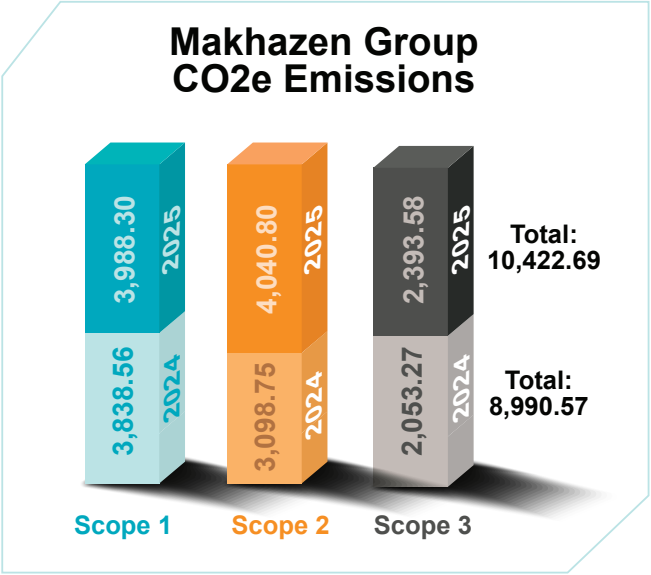
of employees have been trained on Makhazen Fair Labor policies and how to report concerns.

43,000

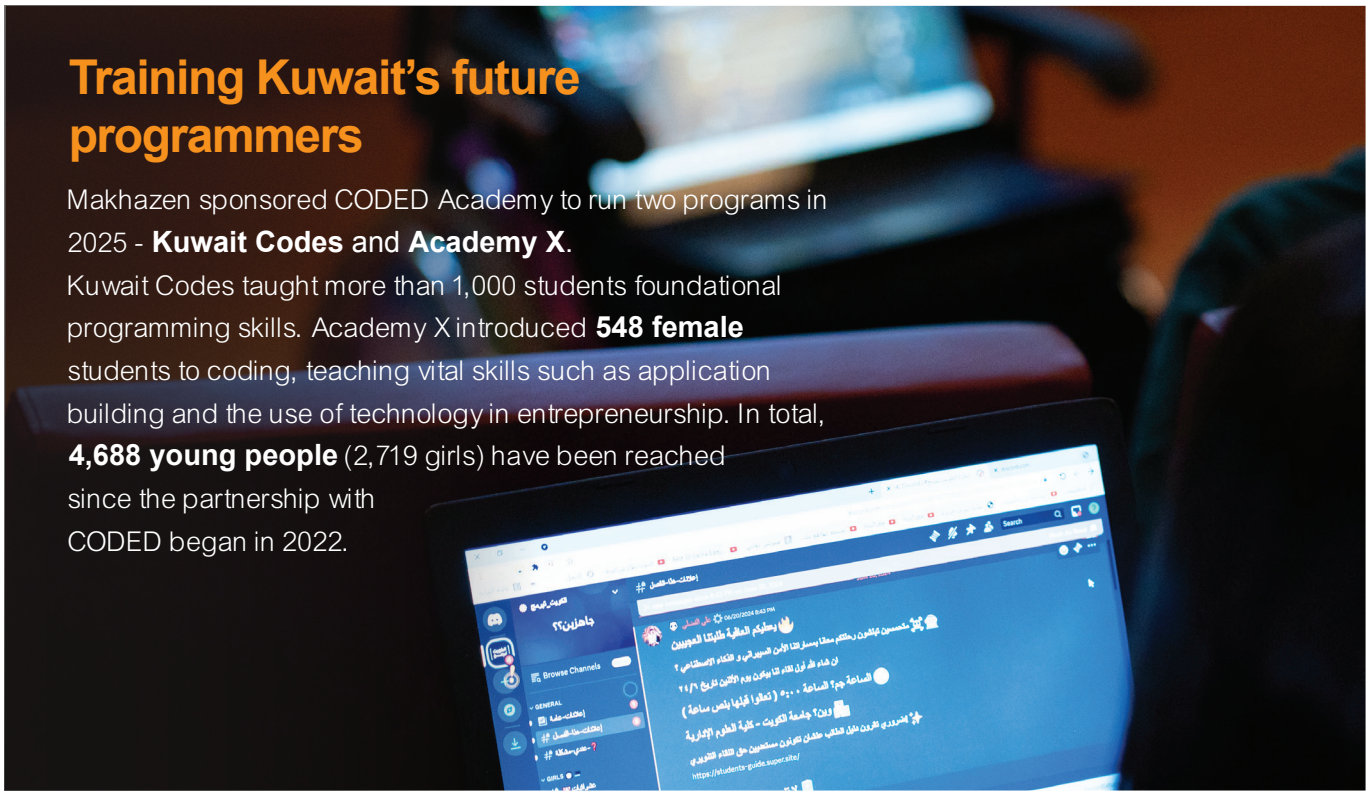
43,000 people positively reached in the Kuwait community.

+95%

of operational employees received safety training.



Kuwait Community Highlights (FY 2025)



Training Kuwait's future programmers

Makhazen sponsored CODED Academy to run two programs in 2025 - **Kuwait Codes** and **Academy X**.
Kuwait Codes taught more than 1,000 students foundational programming skills. Academy X introduced **548 female** students to coding, teaching vital skills such as application building and the use of technology in entrepreneurship. In total, **4,688 young people** (2,719 girls) have been reached since the partnership with CODED began in 2022.

Empowering Kuwait's communities

Makahzen has several long-standing partnerships with local organizations in Kuwait, focused on community education and development projects that align with the Kuwait development plan.

● People impacted in 2025 ● Total people impacted during partnership

Injaz Kuwait (from 2007)

- **535** (**62%** female)
- **5,000+** (**50%** female)



Ramadan Programs (from 2019)

Distributing Machla boxes to help feed individuals in Kuwait.

- **5,000** (**50%** female)
- **42,800** (**50%** female)



LOYAC Kuwait (from 2006)

Teaching employment and entrepreneurial skills.

- **45** (**64%** female)
- **595+** (**50%** female)



CODED Academy (from 2022)

Teaching software development skills to high school students.

- **1,912** (**62%** female)
- **4,958** (**58%** female)





Fawzia Sultan Healthcare Network (FSHN) (from 2010)

Providing free healthcare services to lower-income children.

- **Thousands** of lower-income children (**50%** female)



2 Alignment with Kuwait's National Priorities

Makhazen's sustainability strategy supports the core pillars of Kuwait Vision 2035 through:

1 **Economic diversification and competitiveness:** Enabling trade, logistics efficiency, industrial activity, and SME growth.

2 **Human capital development:** Equipping young Kuwaitis with digital, technical, and employability skills aligned with future labor market needs.

3 **Social wellbeing:** Supporting healthcare access and community resilience.

4 **Sustainable infrastructure:** Developing efficient, low-impact industrial and logistics assets that strengthen national resilience.

Our approach prioritizes measurable outcomes and long-term value creation, reinforcing the role of the private sector as a key enabler of national development.

Economic Diversification

Makhazen's main businesses include Metal Recycling Company, Global Clearinghouse Systems and Kuwait Logistics Parks:



Metal Recycling Company provides sustainable waste management, recycling and industrial solutions to government, oil and gas, petrochemicals, manufacturing and commercial clients. The company recycles steel, non-ferrous metals and plastics; and also manages medical waste at four facilities in Kuwait.



Global Clearinghouse Systems comprehensive modernization and trade facilitation solutions help countries deploy the systems and technology they need to improve management control, increase revenues, and comply with their obligations under multinational (WTO, WCO, and GATT) and bilateral trade agreements.



Kuwait Logistics Parks (KLP) operates Kuwait's most modern logistics parks and industrial infrastructure. It provides warehousing, processing, assembly, office and retail space for multinational brands, regional leaders, local champions and small enterprises. It provides a variety of sustainable warehouse capabilities and services.

Each business incorporates social responsibility and environmental stewardship to ensure we can operate today, and into the future in a changing world.

3 Developing Human Capital for a Knowledge-Based Economy

Investing in human capital is a national imperative. Makhazen supports initiatives that equip young Kuwaitis with skills relevant to the private sector and emerging industries.

Digital Skills and Technology Education

CODED Academy

Through our partnership with CODED Academy, Makhazen supports digital literacy and advanced coding education for Kuwaiti youth. The two programs supported in 2025 include the Academy X tech and leadership skills program for girls, and the Kuwait Codes program for boys and girls. These programs implemented in 2025 continued to focus on foundational programming, application development, and technology-enabled entrepreneurship, with a strong emphasis on increasing female participation. These initiatives directly support Kuwait's ambitions to grow its digital economy and innovation ecosystem.



Academy X & Kuwait Codes 2025 Impact:
1,912 boys and girls, **62%** girls

Academy X & Kuwait Codes 2021-2025 Impact:
4,958 boys and girls, approximately **58%** girls

Employment and Entrepreneurship Skills

LOYAC and Injaz Kuwait

Makhazen is one of LOYAC's longest-standing corporate partners, supporting employment readiness, leadership development, and entrepreneurship training for young Kuwaitis. We support the Loyac KON social entrepreneurship program that teaches youth how to identify and solve social problems using entrepreneurial skills, creativity, leadership and collaboration. Through Injaz Kuwait, we provide mentorship, internships, and exposure to private-sector career pathways, strengthening employability and encouraging entrepreneurship as a driver of economic diversification.



Loyac

2025 Impact: **45** boys and girls, **64%** girls

2006-2025 Impact: **>600** boys and girls, approximately **50%** girls

Injaz Kuwait

2025 Impact: **535** boys and girls, **60%** girls

2006-2025 Impact: **>5,000** boys and girls, approximately **50%** girls

Watheefti career & employment fair

Ministry of State for Youth Affairs

Makhazen sponsored the Watheefti 2025 Career Fair. The fair drew more than 30,000 candidates for three days of interviews and networking. The event provided a key platform for recent graduates and job seekers to meet prospective employers and learn about career opportunities across diverse businesses. The program has provided Kuwaiti engineering graduates with hands-on experience and industry-recognized skills via engagement with Makhazen. This initiative supported national employment objectives and the building of local technical capacity.

2025 Impact: **30,000** young people, approximately **50%** women



4 Supporting Social Wellbeing and Inclusive Growth

Makhazen has made long-term commitments to community well-being and inclusive societies:

Community Support

Ramadan Programs

Makhazen continues to support food distribution initiatives during the Holy month of Ramadan, helping families and individuals in need across Kuwait. These programs reinforce social solidarity and community resilience. In 2025, Makhazen partnered with the Kuwait Association for Needy Families and provided Machla boxes for 1,000 families, which provides assistance to about 6,000 people.



Through KNAF: reached **6,000** people, about **50%** women and girls in 2025.

Ramadan Machla Program Impact 2019-2025: Close to **30,000** people, about **50%** women and girls

Healthcare Access

Fawzia Sultan Healthcare Network

Through our long-standing partnership with the Fawzia Sultan Healthcare Network, Makhazen supports access to free, high-quality healthcare for lower-income children in Kuwait. This initiative contributes to improved health outcomes, early intervention, and long-term human development.

FSHN Impact 2010 – 2025: About **160** people



Fair Labour Program

Makhazen has implemented a rigorous fair labor program for two decades, with high standards for human rights compliance, management training, and employee training to build awareness so that all employees know their rights, how to exercise them, and how to raise concerns. 100% of our employees must be trained on our Human Rights policies and how to raise concerns; and each Makhazen business must annually complete a Fair Labor Self-Assessment as part of this program.

Our Human Rights Promise



Protection for complainants

Makhazen investigates all reported ethics grievances while protecting complainants. Makhazen forbids any retaliatory action toward anyone raising a grievance in good faith.



No child labor

Makhazen does not employ anyone under legal working age, and ensures no one under 18 works in hazardous conditions.



Health, safety & the environment

Makhazen ensures all employees have the right training and equipment to perform their jobs safely and healthily. Accommodations, when provided, are clean, safe and secure.



Freedom of association

Makhazen takes an open attitude towards collective bargaining, where permitted by law, and will not hinder the development of means for independent and free association.



No forced labor

We prohibit the use of forced labor, including labor demanded of employees because of their debt. We don't tolerate agencies charging prospective employees illegal recruitment 'fees' or bribes, and will not hold passports without voluntary consent.



Fair work hours & wages

Makhazen strives to compensate employees fairly, and comply with all minimum or living wage requirements, overtime and benefit laws, we do not allow disciplinary measures that cause an employee to work without pay.



No discrimination & harassment

Makhazen does not discriminate on the basis of race, color, religion, gender, age, nationality, sexual preference, disability, or any other factors prohibited by applicable laws. Makhazen is committed to providing a work environment that is free from all types of harassment.



Community & stakeholder engagement

Establishing open dialogue with the communities in which we work is essential to identify and collaboratively address any fair labor issues in our supply chain.

2025 Fair Labor Impact

In 2025, **91.5%** of all employees had completed required Fair Labour training **(2,744 employees)**, and **100%** of all worksites completed the required Fair Labor Self-Assessment.

5 Responsible Infrastructure and Long-Term Resilience

Makhazen plays a critical role in developing and operating infrastructure that supports Kuwait's trade and industrial activity.

Our logistics parks and mixed-use developments are designed to prioritize operational efficiency, resource conservation, and reduced environmental impact. Projects such as S2's South Village enable trade, support SMEs, and reduce emissions through district cooling, water reuse, and energy-efficient design.

In parallel, Metal Recycling Company's (MRC) waste management and recycling operations support Kuwait's transition toward improved waste management, lower energy consumption, reduced environmental impact from greater supply chain circularity, and a cleaner and safer environment from its medical waste treatment services.

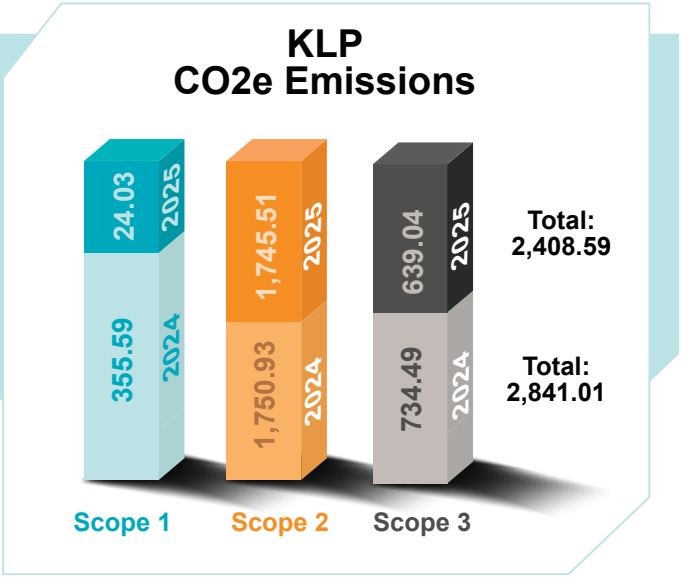
Kuwait Logistics Parks: KLP designs infrastructure with sustainability at its heart, implementing features such as energy-efficient lighting and water recycling systems to reduce both environmental footprint and operational costs. Evaluation of sustainability performance at existing facilities enables continuous improvement of new designs.

KLP's Quality, Health, Safety and Environment (QHSE) framework is a core part of the company's sustainability approach and is supported by three ISO certifications: 9001 (Quality Management System), 14001 (Environmental Management System), and 45001 (Occupational Health & Safety Management System).

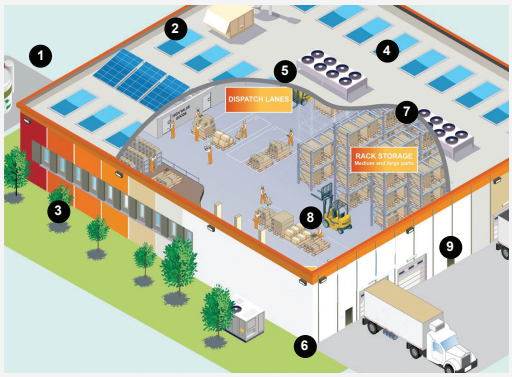
In 2025 KLP had **zero** reportable workplace safety incidents and **92%** of KLP employees completed required Fair Labor training.

100% of KLP worksites completed the 2025 Fair Labor Self-Assessment.

KLP's Scope 1 emissions decreased due to changes in fleet operations, while Scopes 2 & 3 emissions remained consistent.



SUSTAINABILITY FEATURES OF KLP'S WAREHOUSING



1. **Recycling zone**
   Support customers' efforts to minimize impact on the environment.
2. **Recycled materials**
   Building with recycled construction materials.
3. **Xeriscaping and drought-tolerant plants**
   Reduce use of water in landscaping.
4. **Skylights**
   Reduce electricity usage for daytime lighting.
5. **Roofing and walls**
   Selected to ensure the greatest efficiency for the local climate. Dust-free indoor storage space. Repels heat, lowers indoor air temperature.
6. **Low-emitting paint**
   Reduces heat risks associated with emissions from conventional paint products.
7. **LED lighting (interior/exterior)**
   Lowers environmental impact and reduces energy costs for customers.
8. **Regionally sourced building materials**
   Reduce transportation-related greenhouse gas (GHG) emissions and boost local economy.
9. **Heat resistant building envelopes**
   Utilizing highly insulating recycled construction materials.

S2: S2 is developing South Village, a 1.3 million SQM multi-purpose commercial and logistics zone with a focus on sustainability and advanced technology. South Village includes warehousing, crafts workshops, retail and commercial areas. It is gated and provides 24/7 security and maintenance.

South Village is designed for sustainability in both construction and operation. Features include:

Prioritization of local materials as well as using concrete recycled from previous constructions.

Use of energy-efficient lighting and natural light

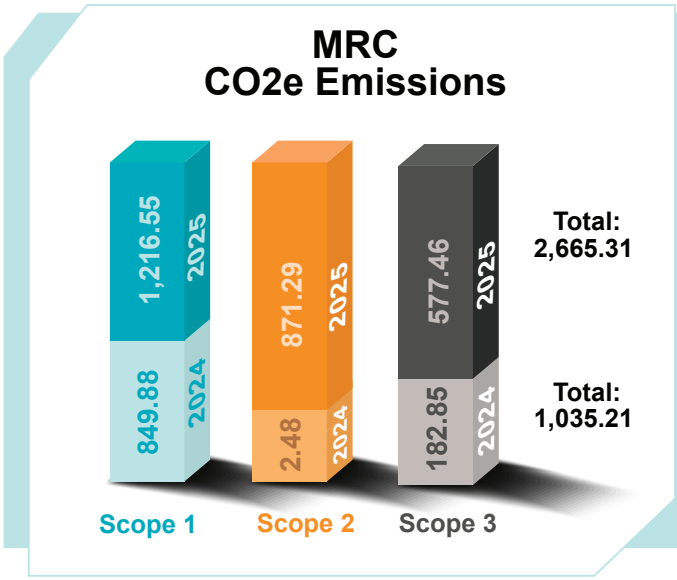
Five percent of all electricity supply will be solar,

Highly insulating materials in building envelopes to reduce power needs.

A waste-free water treatment and district cooling system. Treated water is re-used in the central cooling facility before eventually being discharged for agriculture, meeting around 60% of operational and nearby agricultural water needs.

South Village provides strategic logistics and commercial infrastructure supporting Sabah Al-Ahmad City, The South Village development continued in 2025 with the completion of most of the civil infrastructure. In the first three quarters of 2026 the project is expected to deliver two multi-tenant retail facilities, three light industry, multi-tenant workshop facilities, three warehouses, and a central IT/tech facility.

MRC: In 2025, Metal Recycling Company (MRC) delivered strong environmental and operational performance, recycling **2,243 tons of plastics** and **10,012 tons of ferrous and non-ferrous metals**, while safely disposing of more than **12,000 tons of solid medical waste** in accordance with the highest international standards. The company also successfully renewed its **ISO 9001, ISO 14001, and ISO 45001 certifications,** reinforcing its commitment to quality, environmental responsibility, and occupational health and safety.



MRC further strengthened its commitment to operational excellence by advancing a proactive health, safety, and environmental (HSE) culture through structured training, certification, and continuous improvement. In 2025, all **116 employees** were covered under HSE programs, with more than **40 employees** completing external certifications, including industrial waste management, firefighting, and First Aid & CPR training. As part of its ongoing professional development efforts, senior team members also achieved **NEBOSH certification**, including one with distinction, reflecting alignment with global occupational health and safety standards.

These efforts were further supported by ongoing monthly internal training programs tailored to departmental and site-specific operations, particularly during the commissioning phase, ensuring consistent awareness and effective implementation of safety management systems. To reinforce emergency preparedness, **two full-scale fire drills** were conducted during the year, contributing to the company's achievement of **zero safety incidents** during the reporting period.

In parallel, MRC continued to strengthen its social responsibility commitments, with

79% **of MRC line employees completing Fair Labor training** **&** **100%** **of worksites completing the 2025 Fair Labor Self-Assessment**

underscoring its dedication to ethical practices, workforce wellbeing, and operational excellence.

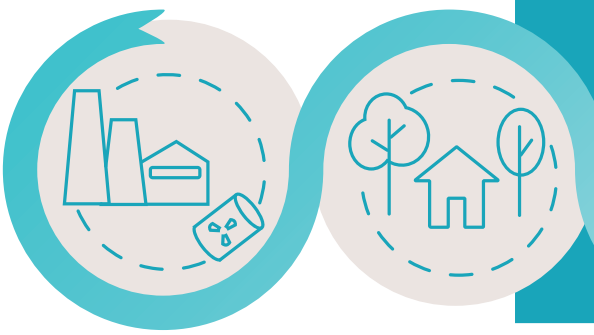
MRC's emissions saw an increase in line with significant operational and business growth, driven by the launch of its new metals and plastics recycling facility in Mina Abdullah. The facility has the capacity to recycle approximately **60,000 tons of scrap metal annually**, with the potential to avoid between **20,000 and 90,000 tons** of **CO_2e emissions each year**. Looking ahead to 2026, MRC anticipates recycling **30,000 tons of scrap metals** and **5,000 tons of plastics**, further reinforcing its contribution to reducing environmental impact and advancing circular economy practices.



Beyond compliance, MRC continues to actively advance environmental protection through sustainability initiatives and partnerships, supporting circular economy practices by transforming waste into reusable resources. The company's transition to its new operational location was completed seamlessly, ensuring full compliance and uninterrupted service, while enabling expansion across government, oil & gas, industrial, and commercial sectors—further reinforcing its position as a trusted sustainability partner in Kuwait.

In 2024, MRC was awarded a Letter of Award from Kuwait National Petroleum Company (KNPC) to develop a new spent catalyst metal reclamation facility in Kuwait. Construction commenced in 2025, with the facility set to utilize a **zero-waste process** to recover valuable metals from spent catalysts. This initiative is expected to significantly reduce cross-border transportation of hazardous waste, lowering associated carbon emissions and environmental risks, and further strengthening MRC's role in advancing sustainable industrial practices.

MRC
Environmentally Committed

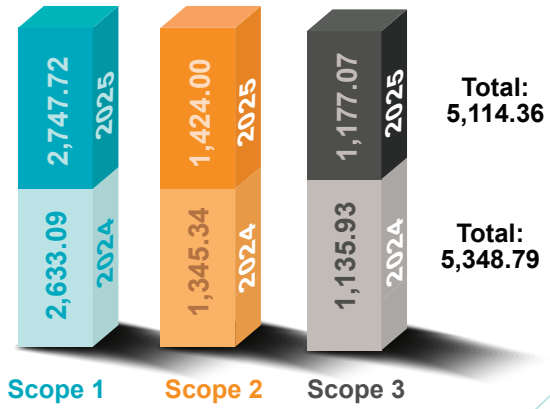




Global Clearinghouse Systems (GCS) provides customs operations and digitization services, as well as stevedoring and port services in Kuwait. It offers comprehensive customs modernization and trade facilitation solutions. The company enables deployment of the systems and technologies needed to improve management control, increase revenues, and comply with obligations under multinational and bilateral trade agreements. GCS works across 10+ border stations and trade locations including at air, sea and land ports and in trade zones. The company provides port and stevedoring services at Shuaiba port, including for both containerized and bulk cargo.

The company is committed to integrating sustainability throughout its operational sites, prioritizing progress on emissions monitoring, employee training programs, and health and safety.

The GCS team engaged **1,712 employees** (**68%** of the GCS workforce) in health and safety training and talks. **99%** of GCS employees completed required Fair Labor training, and **100%** of its worksites completed the 2025 Fair Labor Self-Assessment.



GCS emissions increased slightly due to operational growth.

In 2025, GCS trained people working in Customs, K9 activities, and the Kuwait National Guard through contracts with Kuwaiti authorities represented in the General Administration of Customs and Kuwait Ports Authority.

The company has improved customs clearance time for businesses to be slashed by 4x (from an average of 21+ days to 72 hours); and it has reduced shipment documentation requirements from 15 to 4 documents (11 documents eliminated per shipment). GCS has helped the Kuwait General Authority of Customs to eliminate 19 million pages of paper per year through using Micro Clear, the GCS customs clearance software solution.

GCS enables customs approvals in 30 minutes and physical inspections in under 2 hours. GCS speeds trades and lowers costs for business – and consumers, for products and materials imported into Kuwait.



GLOBAL
CLEARINGHOUSE
SYSTEMS

6 Investment in Agility Global

Makhazen holds a 25% stake in Agility Global PLC ("Agility"). You can learn more about Agility's sustainability performance in its integrated annual and sustainability report.

Highlights reported by the company include:

- 96% of Agility's workforce is covered by greenhouse gas reduction targets.
- Menzies continues progressing toward net-zero.
- Tristar is advancing fuel-efficiency initiatives.
- Agility's Logistics Parks business EDGE Advanced certification standards, demonstrating at least 40% greater energy efficiency than the market.

Approximately **84% of employees** completed human rights training during the year.

Agility's community investments reached more than **212,000 people** in need in 2025

7 Looking Ahead

As Makhazen advances under its new brand identity, our sustainability focus remains on responsible growth, long-term partnerships, and meaningful impact in Kuwait. Our priorities for the coming period include:

- Continued investment in Kuwaiti youth and workforce readiness.
- Expansion of sustainable infrastructure and circular economy solutions.
- Enhanced measurement, data quality, and transparency across sustainability performance.

مخـــــازن
MAKHAZEN

We remain committed to supporting Kuwait Vision 2035 and contributing to a prosperous, resilient, and inclusive future for the country.



CORPORATE GOVERNANCE REPORT

Introduction

Agility Public Warehousing Company KSCP continuously strives to comply with the international best practices in Corporate Governance and all the applicable rules and regulations set by the regulatory authorities. In addition, the company ensures compliance with all its legal obligations in accordance with its articles of association and internal policies.

Makhazen approaches its corporate governance implementation through its Board of Directors which consists of an appropriate number of members, the majority of which are non-executive Directors. The Board is keen on the effective oversight of the company's operations while maintaining a sound and transparent governance framework by utilizing the different committees formed by the Board.
The Board of Directors is assisted in its duties by five committees - Audit, Risk, Nomination and Remuneration, Sustainability, and Government Relations. In addition to the Executive Management and internal and external auditors of the company.

Corporate Governance Rules and Regulations

Rule I: Construct a Balanced Board

Board Composition

Makhazen's Board of Directors is committed to improving the corporate governance and compliance culture across the Group. The Board adheres to all the applicable and relevant best international practices of corporate governance and recognizes that good governance is vital for the long-term success and sustainability of the Company.

The Board of Directors aims to protect the interests of all stakeholders. The Board, directly and indirectly, through its committees, provides directions to executive management by laying down strategic frameworks and overseeing their implementation reflected through the overall performance of the Company. Moreover, the Board of Directors works to enhance the competitiveness of the Company to achieve high growth rates, which benefits the shareholders.

Makhazen has a balanced Board structure with diverse backgrounds, expertise and qualified skills to positively impact the Company's performance and enhance its financial position and market share taking into account the nature and size of its business structure.

The Board of Directors consists of seven members including independent members. When it comes to duties, the company ensures that the Board of Directors has sufficient time to perform their duties and responsibilities.

The composition of the Board of Directors complies with the requirements of the Capital Markets Authority's Corporate Governance Module, whereby the majority of Board members are non-executive and the Board includes independent members in accordance with regulatory independence criteria.

Makhazen Board Members are:

Name	Position	Type	Background	Date of appointment	Notes
Faisal Al Essa	Chairman	Non-Executive	Bachelor in Business Administration	22 May 2025	
Tarek Sultan	Vice chairman	Executive	Master in Business Administration	22 May 2025	Handed his resignation 29 December 2025
Khaled Al Ghais	Vice Chairman	Executive	Master in Business Administration	29 December 2025	Joined the board 29 December 2025
Sultan Al Essa	Member	Independent	Master in Civil Engineering	22 May 2025	
Saqer Al Rashoud	Member	Non-Executive	Bachelor in Accounting	22 May 2025	
Naser Al Rashed	Member	Independent	Master in Business Administration	22 May 2025	
Abdulmajeed Al Shatti	Member	Independent	Master in Engineering	22 May 2025	
Abdulaziz Nader Al Eisa	Member	Non-Executive	Bachelor in Architectural Engineering	22 May 2025	
Sonia Al Sharafi	Board Secretary	Board Secretary	More than 25 years of experience	22 May 2025	

The Board of Directors held 12 meetings during 2025, and attendance was as follows:

Name	13 Feb	27 Mar	17 Apr	30 Apr	15 May	12 Jun	17 Jun	14 Aug	21 Sep	4 Nov	13 Nov	30 Dec
Faisal Al Essa	√	√	√	√	√	√	√	√	√	√	√	√
Tarek Sultan	√	√	√	√	√	√	√	√	√	√	√	X
Sultan Al Essa	√	√	√	√	√	√	√	√	√	√	√	√
Naser Al Rashed	√	√	√	√	√	√	√	√	√	√	√	√
Abdulaziz Al Essa	X	X	X	X	X	√	√	√	√	√	√	√
Abdulmajeed Al Shatti	X	X	X	X	X	√	√	√	√	√	√	√
Saqer Al Rashoud	X	X	X	X	X	X	√	√	X	√	√	√

* A √ is indicated for the member›s presence and X for absence
Note the AGM elected new board on 22 May 2025, and thus the attendance is based on this new election

Summary of registering, coordinating, and archiving the Board's minutes of meetings:

The Board secretary, who is appointed by the Board, ensures that all Board members receive the required information, documents and records related to the Company in a timely manner. The Board Secretary is also responsible for all matters related to the Board›s meetings including agendas, invitations to members, minutes of discussion and tallying results of the votes, in-addition to ensuring the Board members are notified of meeting dates ahead of time, taking into account emergency meetings.

The secretary archives the minutes of meetings and numbers them accordingly, specifying the date, place, and the time of the meeting. The secretary also ensures proper communication between the Board members and Company's stakeholders.

Rule II: Establish Appropriate Roles and Responsibilities

During the year 2025, Makhazen's Board of Directors played an active role in overseeing the performance of the company and ensuring it complied with all Corporate Governance requirements as set by the Capital Markets Authority. When performing their duties, members of the Board follow a Charter that outlines the roles and responsibilities of the members.

Roles and responsibilities of the Board of Directors:

- Approve Company's strategies, objectives, business plans, and policies.
- Review and approve the annual estimated budgets and approve periodic and annual financial statements.
- Oversee the Company's major capital expenditures, assets acquisitions and disposal.
- Ensure the accuracy and integrity of information disclosed in accordance with applicable disclosure and transparency requirements, policies, and procedures.
- Ensure compliance with internal policies and procedures and applicable laws and regulations.
- Establish effective communication channels that enable shareholders to remain informed of the Company's latest developments and updates.
- Establish and follow an effective corporate governance framework.
- Oversee the performance of each Board member and Executive Management.
- Review and approve the Corporate Governance report to be included in the Annual Report and presented to the shareholders during the Annual General Assembly Meeting.
- Establish board committees governed by approved charters that define their term, structure, and responsibilities of each and performance evaluation mechanisms.
- Ensure the company's policies and procedures promote transparency and support sound decision-making.
- Approve job descriptions that clearly define the roles and responsibilities of each member of the Board of Directors.
- Define the authority delegated to the Executive Management and the scope of responsibilities.
- Monitor and evaluate the performance of the Executive Management.
- Determine employees' bonus schemes.
- Appoint or dismiss any members of Executive Management.
- Ensure the effectiveness and adequacy of the internal control systems in measuring and managing risks periodically.
- Approve policies that govern the relationship with stakeholders and related party transactions to avoid conflict of interests.

Roles and responsibilities of the Board Chairman:

- Ensure that the Board discusses all major matters effectively and in a timely manner.
- Encourage effective participation and contribution from all members of the Board of Directors during meetings.
- Represent the company in accordance with its Articles of association.
- Ensure effective communication with shareholders and convey their views to the Board of Directors.
- Promote constructive and effective cooperation between the Board of Directors and Executive Management.
- Foster a culture that encourages constructive dialogue and consideration of differing viewpoints.
- Ensure the independency of the board committees

During 2025, the Board of Directors carried out its duties in line with its role and responsibilities, including:

1- Approved the Company's annual plan and monitored the Company's performance against approved strategic and financial objectives.
2- Monitored the performance of the committees and the Executive Management and ensured effective execution of all assigned responsibilities.
3- Continued to oversee business continuity and contingency planning and ensure operational resilience and minimize potential disruptions.
4- Approved the distribution of the second in kind dividends to the shareholders. The distribution was in the form of shares in Agility Global.
5- Reviewed capital structure matters and mandated Executive Management to assess optimal capital levels to support long-term shareholder value creation.
6- Oversaw the Board nomination and election process in accordance with Capital Markets Authority Corporate Governance requirements
7- Approved updates to Board and Committee composition following the General Assembly.
8- Established a Government Relations Committee responsible for managing the relationship between the Company and government authorities. This committee aims to ensure compliance with relevant regulations and facilitate effective communication with governmental bodies.
9- Approved recent updates to the Executive Management team.

Roles and responsibilities of the Executive Management:

- The company has a team of highly qualified Executive Management members responsible for carrying the duties entrusted to them in accordance with the Corporate Governance framework. The responsibilities of Executive Management include:
- Execute the Company's strategic plans and ensures the adequacy and efficiency of the strategic frameworks established by the Board of Directors.
- Prepare periodic financial and non-financial reports demonstrating company's performance during the reporting period.
- Maintain an integrated accounting system and prepare financial statements in accordance with the International Financial Reporting Standards (IFRS).
- Manage the Company's day-to-day operations and ensure the efficient utilization of Company resources.
- Promote and support a culture of ethical conduct and corporate values across the Company.
- Ensure the effectiveness and adequacy of internal audit and risk management systems.
- In 2025, the company appointed a new executive leadership team tasked with building on the achievements of their predecessors and advancing the organization to a higher stage of growth.

Board Committees

Part of the Borad's responsibilities, is to establish committees to support the effective execution of its duties and responsibilities, in line with the Company's business needs and operating environment. The Board of Directors has formed committees in accordance with the rules and regulations of the Corporate Governance policy set by the Capital Markets Authority. The Board has established the following committees:

- Audit Committee
- Risk Management Committee
- Nominations and Remuneration Committee
- Sustainability Committee
- Government Relations Committee

Each committee operates under an approved charter that defines its roles, responsibilities, composition, and reporting lines to the Board of Directors.

Audit Committee

Formed	Period	Members	Meetings
22 May 2025	3 years	3	5

Members

Name	Role	Classification	Attendance
Naser Al Rashed	Chairman	Independent	100%
Sultan Al Essa	Member	Independent	100%
Abdulaziz Nader AlEisa	Member	Non-Executive	100%

Roles and responsibilities

- Review periodic financial statements prior to submission to the Board of Directors and provide opinions and recommendations to ensure the fairness and integrity of financial reporting.
- Recommend to the Board of Directors the appointment, reappointment, or replacement of the external auditors, verify their independence, and review the terms of engagement and remuneration.
- Follow up on the performance and work of external auditors and ensure that no non-audit services are provided that could affect their independence.
- Review external auditors' observations and ensure that appropriate corrective actions are taken.
- Evaluate the adequacy and effectiveness of the internal audit systems and submit reports and recommendations to the Board of Directors.
- Supervise the Internal Audit function and review and approve internal audit plans.
- Review internal audit reports and ensure that corrective actions are implemented in response to audit observations.
- Recommend the appointment, replacement, or removal of the Head of Internal Audit and evaluate their performance.
- Ensure compliance with applicable laws, regulations, and internal policies.
- Discuss observations and penalties issued by regulatory authorities against the company, follow up on the executive management's actions to address and rectify these observations and violations, and provide recommendations to the Board of Directors accordingly.

Committee main achievements in 2025:

1- Reviewed periodic financial statements prior to submission to the Board of Directors and provided recommendations to support the accuracy and transparency of financial reporting.
2- Reviewed the external auditors' reports, observations, and any audit qualifications raised.
3- Reviewed accounting treatments and financial statements.
4- Reviewed Internal Audit reports periodically and ensured that management implemented corrective actions related to audit observations.
5- Reviewed external auditor performance and confirmed their independence. For the year 2025 recommended the appointment of the existing auditors.
6- Held periodic meetings with the external auditors and Internal Audit to discuss financial reporting matters, audit observations, and risk areas.
7- Reviewed regulatory and supervisory observations and ensured that appropriate corrective actions were taken where required.

Risk Management Committee

Formed	Period	Members	Meetings
22 May 2025	3 years	4	5

Members

Name	Role	Classification	Attendance
Naser Al Rashed	Chairman	Independent	100%
Tarek Sultan	Member	Executive	100%
Abdulaziz AlEisa	Member	Non-executive	100%
Abdulmajeed Al Shatti	Member	Independent	100%

Roles and responsibilities:

- Prepare and review risk management strategies and policies prior to submission to the Board of Directors and monitor the implementation of such strategies and policies in line with the Company's nature and level of activities.
- Ensure the availability of adequate resources, systems, and tools necessary for risk management.
- Ensure the independence of the Risk Management function, enhance employees' awareness of risk culture, and support effective risk identification and assessment across the Company.
- Prepare periodic reports on major key risks that might have an impact on the Company's performance and present them to the Board of Directors

Committee main achievements in 2025:

1. Monitored and followed up on the implementation of the Risk Management function action plan.
2. Reviewed and approved the reports prepared by the Risk Management function.
3. Discussed material operational and legal risks affecting the Company and assessed their potential impact on operations and financial position.
4. Reviewed related party transactions from a risk perspective and presented recommendations to the Board of Directors.
5. Reviewed regulatory observations, including those issued by the Capital Markets Authority, and ensured that appropriate corrective actions were taken where required.

Nomination and Remuneration Committee	Formed	Period	Members	Meetings
	22 May 2025	3 years	3	4

Members	Name	Role	Classification	Attendance
	Faisal Al Essa	Chairman	Non-executive	100%
	Naser Al Rashed	Member	Independent	100%
	Tarek Sultan	Member	Executive	100%

Roles and responsibilities:

- Recommending nomination or re-nomination of members for Board members and Executive Management in accordance with the approved nomination policy.
- Review and recommend the remuneration policy for Board members and Executive Management and ensure it is aligned with the Company's performance and long-term objectives.
- Identify the required skills, experience and competencies for Board membership and review such requirements on a periodic basis.
- Review and recommend job descriptions and role definitions for Board members and Executive Management.
- Prepare an annual remuneration report to be included in the Corporate Governance Report, detailing compensation granted to Board members and Executive Management.

Committee main achievements in 2025:

1-Reviewed the Company's organizational structure and assessed its alignment with operational and governance requirements.
2-Prepared the annual remuneration report for Board members and Executive Management in accordance with applicable regulatory requirements.
3-Reviewed the independence of Board members in accordance with Corporate Governance requirements.
4- Oversaw the nomination and evaluation process for Board membership during the Annual General Assembly and recommended candidates to shareholders in accordance with the approved nomination procedures which are aligned with the regulatory requirements.
5-Reviewed Board composition following a Board member resignation and recommended the appointment of a replacement member in accordance with the approved nomination procedures and Corporate Governance requirements.
6-Reviewed committee composition following the Board changes to ensure continued compliance with Corporate Governance requirements.

Sustainability Committee

Formed	Period	Members	Meetings
22 May 2025	3 years	3	2

Members

Name	Role	Classification	Attendance
Abdulmajeed Al Shatti	Chairman	Independent	100%
Naser Al Rashed	Member	Independent	100%
Tarek Sultan	Member	Non-executive	100%
Saqr Al Rshoud	Member	Non-Executive	100%

Roles and responsibilities:

- Review the Company's sustainability significant strategies, initiative, performance, and policies and provide recommendations to the Board.
- Monitor the Company's relationships with stakeholders in relation to ethics and compliance, health and safety, labor practices, environmental performance, community engagement matters.
- Advise the Board and the management on strategies that affect and enhance the Company's role and reputation among its stakeholders.

Committee main achievements in 2025:

1- Reviewed sustainability-related regulatory requirements and assessed their potential impact on the Company.
2- Reviewed and discussed the Company's Sustainability Report prior to publication and provided recommendations to the Board of Directors.
3- Reviewed sustainability reporting metrics and key performance indicators included within the Company's Sustainability Report.
4- Discussed key environmental, social and governance (ESG) factors that may impact the Company's long-term strategy and operations.
5- Oversaw the preparation, review and issuance of the Company's Sustainability Report and related sustainability disclosures in coordination with management.

Government Relations committee

Formed	Period	Members	Meetings
15 June 2025	3 years	3	2

Members

Name	Role	Classification	Attendance
Abdulmajeed Al Shatti	Chairman	Independent	100%
Naser Al Rashed	Member	Independent	100%
Abdulaziz AlEisa	Member	Non-executive	100%

Roles and responsibilities:

- Oversee the Company's relationships with governmental and regulatory authorities and relevant public sector entities.
- Monitor developments in laws, regulations and public policies that may affect the Company's operations and advise the Board of Directors accordingly.
- Support management in obtaining regulatory approvals, licenses and permits required for the Company's activities.
- Review matters relating to concessions, land use, and governmental agreements and provide recommendations to the Board of Directors where appropriate.
- Coordinate with management regarding official correspondence and regulatory communications with government authorities.
- Follow up on regulatory and governmental requirements to ensure the Company's compliance with applicable regulations.

Committee main achievements in 2025:

1. Followed up with management on governmental procedures and approvals relating to the Company's projects and operations.
2. Supported management in coordinating official communications and follow-ups with relevant governmental and regulatory authorities regarding operational and regulatory matters.
3. Reviewed matters relating to governmental procedures, land use and regulatory requirements and provided recommendations to the Board of Directors where required.

Ensuring Board Members receive information and data accurately and in a timely manner.

The Board Secretary facilitates the effective flow of information and coordination between members of the Board of Directors and management. The Company provides Board members with periodic reports, supporting documentation and relevant data prior to Board meetings, enabling them to review matters submitted for discussion and decision-making.

The Company maintains appropriate information systems that support the timely provision of information to Board members in accordance with applicable laws and regulations. Board members have the right to request any additional information they deem necessary to perform their duties and responsibilities effectively.

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

The Company applies a formal nomination and selection process for Board members and Executive Management in accordance with the Corporate Governance requirements issued by the Capital Markets Authority. The Nomination and Remuneration Committee evaluates candidates based on qualifications, experience, independence criteria and fit-and-proper requirements prior to recommending them to the Board of Directors and shareholders, as applicable.
The Board of Directors and Executive Management comprise qualified and experienced professionals possessing diverse expertise relevant to the Company's activities. The selection process aims to ensure an appropriate balance of skills, experience and independence within the Board structure.

Board Biographies:

Faisal Jamil Sultan Al Essa, Chairman (Representing Arab Markets for General Trading and Contracting)

Faisal Jamil Al Essa is a distinguished business leader with a proven track record in real estate investment, strategic development, and corporate leadership. As Vice Chairman and Chief Executive Officer of National Real Estate Company K.P.S.C. (NREC), he oversees one of the Middle East's leading publicly traded real estate firms, managing over $2 billion in assets and operating across more than ten countries.
Prior to his current role, Faisal played a key role in NREC's business development, driving growth initiatives and leading strategic investments. He has also held board, chairman, and managing director positions across multiple subsidiary companies.

Tarek Sultan, Vice Chairman (Representing White Tower for General Trading and Contracting)

Tarek Sultan is the Vice Chairman of Agility, a global leader in supply chain services, infrastructure, and innovation, with 58,000 employees and a footprint in six continents. Agility is listed on the Kuwait Stock Exchange and Dubai Financial Markets. Tarek is also the Chairman of Agility's subsidiary, Agility Global, a multi-business owner and operator and long-term investor listed on the Abu Dhabi Securities Exchange.

Tarek assumed leadership of Agility in 1997 and spearheaded the company's worldwide growth through a series of more than 40+ acquisitions.

Sultan serves as a member of numerous international, governmental, and commercial advisory bodies and boards. They include the board of directors of Directors of DSV A/S, NREC, Gulf Air, and the Abu Dhabi Chamber of Commerce. Tarek is also part of the World Trade Organization's Business Advisory Group, created in 2023 to share the views of businesses on trade and regulation, as well as the World Economic Forum's (WEF) International Business Council, the WEF's Stewardship Board for Shaping the Future of Mobility, and a Governor of the WEF Supply Chain and Transport Industries community. Sultan has previously served as advisor to the Singapore Economic Development Board and as a member of the International Advisory Council of the University of Pennsylvania's Wharton School. He served on the Board of Trustees for Kuwait's Silk City and the Boubyan Island Development Project of Kuwait, as well as on the boards of Gulf Bank and Burgan Bank. Before taking on his leadership role at Agility, Tarek was the managing director of New York Associates, a regional investment banking services provider and an associate with Southport Partners, a U.S.-based corporate finance advisory firm specializing in the technology sector. Tarek holds an MBA from the Wharton School at the University of Pennsylvania and a Bachelor of Economics from Williams College.

Abdulaziz Nader AlEisa, Board Member

Abdulaziz Nader AlEisa is the Deputy Chief Executive Officer at Bader Sultan & Bros. Co., overseeing administration, operations, and strategic projects. He also serves as a Board Member and Vice Chairman at Sultan Real Estate Company, and as a Board Member at Bayan Investment Company.

Previously, Abdulaziz held senior leadership roles, including Executive Manager of the Administration Department at Bader Sultan & Bros. Co., Board Member at Roswell Biotechnologies Inc., Board Member at Arkan for Manufacturing and Mining in Egypt, and Vice Chairman of Bonyan Real Estate Company. He also served at Bayan Investment Company as Unit Head of Clients' Portfolios and began his career as a Stockbroker at Union Securities Brokerage Company.
He is certified as an International Broker, a Marketing Officer, and a Chartered Portfolio Analyst, with additional training in Advanced Technical Analysis and Real Estate Management at Harvard University.

Abdulaziz holds a Master's degree in Business Administration from the Gulf University for Science and Technology and a Bachelor's degree in Business Administration and Management from the University of Tampa.

Abdulmajeed Hajji Hussain AlShatti, Board Member

Abdulmajeed Hajji Hussain AlShatti is a prominent Kuwaiti economist with decades of leadership across the financial, energy, and scientific sectors. He currently remains actively engaged in national economic policy through various strategic and research-focused roles, while regularly contributing to economic publications and thought leadership.

His past experience includes high-profile positions such as Chairman and Managing Director of Commercial Bank of Kuwait, Executive Board Member for Investment, and Private Banking Manager within the same institution. He also held managerial roles at the Kuwait Petroleum Corporation, The Securities Group Company, and the Kuwait Institute for Scientific Research, where he led departments in economics, international relations, and development planning. In addition, he served as Deputy General Manager for Operations at the Public Authority for Compensation Assessment following the Iraqi invasion.

Abdulmajeed's board memberships are extensive and include directorships at Kuwait Petroleum Corporation, Bank of Bahrain and Kuwait, Kuwait Clearing Company, Alargan International Real Estate, and Iskan Finance Company. He has served as Chairman of the Kuwait Banking Association and was a member of the Supreme Petroleum Council. He was also Vice Chairman of the Kuwait Scientific Centre.

He holds an Engineer's Degree and Master's in Engineering Economic Systems from Stanford University, and a Bachelor's degree in Industrial Engineering and Operations Research from Syracuse University in New York, reflecting a unique blend of technical and economic expertise.

Naser Mohammad Fahad AlRashed, Board Member

Naser Mohammad Fahad AlRashed is a seasoned business leader and entrepreneur with a distinguished career spanning both the public and private sectors. As Chairman of Aswaq Trading Company, he has successfully positioned the firm as a premier retail powerhouse in Kuwait, offering high-quality fashion brands and innovative in-house labels to consumers across the Middle East.

Beyond his contributions to the private sector, Naser has held senior leadership positions in key governmental institutions, including the Civil Aviation Authority and the Kuwait Fund for Arab Economic Development, where he played an instrumental role in shaping policies and driving strategic initiatives.

Naser has also served as a board director for multiple publicly listed companies, leveraging his expertise in governance, finance, and strategic growth to drive long-term value. His extensive experience and leadership continue to make a significant impact on both the business and economic development sectors in Kuwait.

Saqer Mohammad Alrashoud, Board Member (Representing Public Institutions for Social Security)

Saqer Mohammad Alrashoud is an accomplished finance and operations leader with extensive experience in investment management, fund administration, and institutional operations across Kuwait's financial sector.

Since 2019, he has served as Operations Department Manager at the Public Institution for Social Security (PIFSS), where he oversees back-office operations, investment asset valuation, and custodial oversight, while strengthening reporting accuracy, operational efficiency, and institutional compliance.

Prior to joining PIFSS, Mr. Alrashoud held senior roles at leading financial institutions, including serving as Fund Administration Department Manager at NBK Capital, where he led new fund launches and ensured compliance with Capital Markets Authority requirements. Earlier in his career, he spent over a decade at Kuwait Clearing Company (KCC) in the Investment Fund Department, managing NAV calculations, trade settlements, and fund operations for the Kuwait Stock Market.

Mr. Alrashoud holds a Bachelor's degree in Accounting from Kuwait University's College of Business Administration.

Sultan Anwar Sultan Al Essa, Makhazen Board Member

Sultan Anwar Al Essa is a distinguished business leader with extensive experience in real estate development, strategic management, and corporate governance. As the Chief Executive Officer and Vice Chairman of Union Real Estate Co. (UREC), he oversees the company's vision, growth, and operations, solidifying its reputation as a premier provider of luxury residential properties in Kuwait. Since joining UREC in 2008, Sultan has played a pivotal role in driving the company›s expansion and innovation. Prior to his tenure at UREC, Sultan worked at Petroleum Services Co., where he contributed to the company's success in supplying and servicing the oil and gas sector. Mr. Al-Essa holds a degree in Management from Northeastern University in Boston.

Nomination and Remuneration

The Board of Directors has formed the Nomination and Remuneration Committee in accordance with the rules stipulated in article 4-1 of the Corporate Governance Module.

Committee's main responsibilities are:

- Recommending nomination or re-nomination of members for Board members and Executive Management.
- Setting a clear remuneration policy for Board members and Executive Management.
- Determining the required and appropriate skills for the Board of Directors and reviewing those requirements on an annual basis.
- Develop job descriptions for the Board members.
- Prepare on an annual basis a report within the governance report that includes the total remuneration granted to Board members, Executive management and managers.

The Company, in compliance with the standards of transparency set forth in leading practices and Corporate Governance regulation, has prepared a detailed report on all the benefits awarded to the members of the Board and the Executive Management during 2024 as follows:

Board of Directors Remuneration

Board remuneration is recommended by the Board Nomination and Remuneration Committee and approved by the shareholders during the general assembly meeting. The total board remuneration should not exceed 10% of the company's net profits after deducting depreciation and reserves. Total board remuneration paid during the year 2025 was as follows:

Remuneration and benefits paid to the Board Members during the financial year 2025

Total Number of Members	Remuneration and benefits through the parent company approved by the AGM on 22 May 2025				Remuneration and benefits through the subsidiaries	
	Fixed remuneration and benefits (KD)	Variable Remuneration and benefits (KD)			Fixed remuneration (For executive Position) (KD)	Variable Remuneration (For executive Position) (KD)
	Fixed Benefits	Annual Remuneration	Committees' fees	Special Remuneration	Monthly Salaries	Bonus
7	0	300,000	300,000	0	0	0

Note: Annual Remuneration and committee fees are what has been «paid» in 2025 for the year 2024.

Executive Management Remuneration

Executive Management remuneration consists of two components. The first component is fixed compensation which primarily reflect the professional experience and organizational responsibility as set out in the staff member's job description and terms of employment. The second component is variable remuneration linked to the achievement of approved targets. This compensation policy is reviewed by the Nomination and Remuneration Committee and relative departments on an annual basis. The total remuneration given to Executive Management for the year 2025 was as follows:

Total remunerations and benefits for the highest paid senior executives during the financial year 2025

Total Executives	Remuneration and Benefits through the parent Company								Remuneration and benefits through the subsidiaries	
	Fixed remuneration and benefits (KD)						Variable remuneration and benefits (KD)		Fixed remuneration (KD)	Variable remuneration (KD)
	Total Monthly Salaries	Health Insurance	Annual Tickets	Housing Allowance	Transportations Allowance	Children's education allowance	Annual Bonus*	Special Bonus	Salaries/ others	Other Bonus
5	468,368	20,000	10,559	22,571	7,661	20,600	1,170,029	0	0	0

* Annual Bonus figure is what has been «paid» in 2025 for the year 2024

There was no material deviation from the company's compensation policy approved by the board.

Rule IV: Safeguard the Integrity of Financial Reporting

Financial statements and external auditors

The Board of Directors and Executive Management confirm their responsibility for the preparation and presentation of the Company's financial statements, which represent all financial and operational aspects of the company and ensuring that they are prepared in accordance with the applicable accounting standards approved by the Capital Markets Authority and reflect the Company's financial position fairly in all respects.

Financial Reports:

The company issues financial reports on a regular basis, including:

- Internal periodic financial reports
- Quarterly and annual financial statements
- Earnings reports
- Annual reports

Audit Committee

The Audit Committee is a key component of the Company's corporate governance framework and supports the Board of Directors in overseeing the integrity of the financial reporting process, internal control systems and audit functions.

The Board of Directors has established an Audit Committee according to the regulations in Article 5-6 of Chapter 15 of the Corporate Governance bylaws. The Audit Committee consists of three non-executive members, including independent members. Members of the committee possess appropriate qualifications and practical experience in accounting and financial matters consistent with the Company's activities.

The Board of Directors has approved a Committee Charter defining its mandate, structure and responsibilities. The Committee reports its findings and recommendations to the Board of Directors and meets periodically at least four times a year in accordance with its approved charter. For the year 2025, the committee didn't detect any contradictory views between the committee's recommendations and the Board of Directors' resolutions.

Audit Committee responsibilities:

The Audit Committee performs several oversight functions, including:

- Review quarterly and annual financial statements prior to submission to the Board of Directors.
- Follow up on the work and performance of the external auditors.
- Evaluate the effectiveness of internal audit and internal control systems and provide recommendations.
- Review the internal audit reports and management responses.
- Review observations issued by regulatory authorities and monitor corrective actions.
- Monitor the Company's compliance with applicable laws, internal policies and regulations.

With regard to the external auditor, the Audit Committee:

- Recommends to the Board of Directors the appointment, re-appointment or change of the external auditor and ensure they are among the approved and licensed auditors by the relevant authorities.
- The committee also recommends the proposed audit fees, subject to approval of the shareholders at the General Assembly.
- Verifies the independence and objectivity of the external auditor and ensures that the auditor does not perform services that may impair independence.

Based on the above, the Audit Committee has recommended to the Board in 2025 the reappointment of the external auditors: Mr. Bader Abdul Jader / Ernst & Young - Aiban, Al Osaimi & Partners and the appointment of Mr. Mohammad Shuaib Al-Bazei / RSM-Al Bazei and Partners which was later approved by the General Assembly.

Rule V: Apply Sound Systems of Risk Management and Internal Control

The Company has established a risk management framework overseen by the Risk Committee. The risk management function is responsible for identifying, assessing and monitoring risks that may affect the Company's operations and objectives, as well as supporting the determination of the Company's risk appetite.

The risk management function provides periodic reports to the Risk Committee and the Board of Directors and contributes to strengthening internal control processes relevant to the Company's activities. Personnel involved in risk management possess appropriate qualifications and experience necessary to perform their duties.

Risk Committee

The Board of Directors has formed a Risk Management Committee according to the Corporate Governance regulations outlined in Article 6-4 of Module 15 of the Capital Market Authority bylaws of the executive Law No. 7 of 2010 and their amendments. The committee consists of four members from the Board of Directors: an executive member, an independent member, and two non-executive members, one of them chairing the committee.

Risk Committee's responsibilities:

- Assist the Board of Directors in identifying, evaluating, and monitoring the Company's risk appetite and overall risk exposure.
- Review risk management strategies and policies and recommend them to the Board of Directors, and follow up on their implementation.
- Ensure the independence of the risk management function from operational activities that may expose the Company to risks..
- Review the structure of the risk management function and provide recommendations to the Board of Directors.
- Review periodic risk reports and present observations and recommendations to the Board of Directors.

Summary of the Efficiency of Internal Control Systems:

The company maintains an internal control framework designed to support reliable financial reporting, safeguarding of assets and operational effectiveness. The Company applies the "four-eyes principle" and segregation of duties within its organizational structure.

Key control practices include clearly defined authorities and responsibilities, segregation of duties, dual authorization procedures, approved authority matrices, and documented policies and procedures governing business operations. The Company also utilizes appropriate information systems and access controls to support approval processes and protect information assets.

The company has appointed in 2025 an independent external auditor (Mazars), to evaluate and review the internal control systems and issue an Internal Control Report in accordance with regulatory requirements. The report included certain observations, and management implemented corrective actions under the supervision of the Board of Directors and the Audit Committee.

In addition, Allianz, which was engaged in 2025 to perform an Internal Audit Quality Assurance Review (QAR) covering the period from 2022 to 2024, issued its report concluding that the Company's internal audit function generally conforms to applicable standards, policies and procedures, as well as the Code of Ethics.

Internal Audit Department

The Internal Audit Department reports directly to the Audit Committee. The department evaluates the adequacy and effectiveness of internal controls, compliance with policies and procedures and operational efficiency across the Company's activities. The Internal Audit Department meets regularly with the audit committee and submits periodic reports and recommendations.

Rule VI: Promote Code of Conduct and Ethical Standards

The Company has adopted a Code of Conduct applicable to members of the Board of Directors, Executive Management and employees. The Code establishes standards of professional and ethical behavior, including integrity of financial information, confidentiality of information, relationships with stakeholders and compliance with applicable laws and regulations. All employees and officials are required to comply with the Code in the performance of their duties.

Summary of policies and mechanisms reducing conflicts of interest:

The Company has adopted a Conflict of Interest Policy that establishes procedures for identifying, disclosing and managing actual or potential conflicts of interest. The policy applies to the Board of Directors, Executive Management and employees and includes mechanisms for disclosure and review of related-party transactions to ensure decisions are taken in the best interest of the Company and its shareholders.

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

Summary of applying disclosure and presentation mechanisms that are accurate and transparent:

The Company is committed to timely and accurate disclosure of material financial and non-financial information to shareholders and stakeholders in accordance with applicable regulatory requirements. Disclosures are issued periodically and upon the occurrence of material events to ensure equal access to information and prevent selective disclosure.
The Company has adopted a Disclosure and Transparency Policy defining material information subject to disclosure, reporting procedures and responsibilities. The policy is reviewed periodically to reflect regulatory updates and to ensure compliance with applicable laws and regulations.

Brief on the application of the disclosures record and its requirements:

The Company maintains a disclosure register for members of the Board of Directors and Executive Management in accordance with applicable regulatory requirements. The register is updated on a regular basis and is made available to the relevant regulatory authorities upon request.

Investor Relations Department:

The Company's organizational structure includes a dedicated Investor Relations Department that reports directly to the CEO and is responsible for communication with shareholders and investors and facilitating access to publicly disclosed information. The function coordinates the publication of disclosures and announcements through the official regulatory channels and the Company's website. All material disclosures are made in accordance with applicable disclosure rules, and the Company's website includes relevant information and contact details for investor inquiries.

Information Systems Supporting Disclosure:

The Company utilizes information systems to support the preparation, review and approval of financial and non-financial information prior to disclosure. These systems assist in maintaining appropriate segregation of duties and documentation of approval processes across relevant departments.

The Company maintains an official website through which investors and stakeholders can access announcements, financial statements, corporate governance reports and other publicly disclosed information relevant to evaluating the Company's performance.

Rule VIII: Shareholders' Right

Summary on how the rights of shareholders are protected:

The Company ensures equal and fair treatment of all shareholders and provides them with access to material information simultaneously through official disclosure channels. The Company's Articles of Association define shareholders' rights in accordance with applicable laws and regulations, including the right to obtain information, participate in General Assembly meetings and vote on resolutions.

The Investor Relations function serves as a communication channel between the Company and its shareholders and investors and facilitates access to publicly disclosed information.

Shareholder Register:

The Company maintains shareholder records through the Kuwait Central Securities Depository - Kuwait Clearing Company in accordance with applicable regulations. The register includes information relating to share ownership and is updated regularly by KCC. For shareholders trading on Dubai Financial Market (DFM), DFM registrar maintains a registry of the shareholders and their activity. Shareholder information is maintained confidentially and handled in accordance with regulatory requirements.

Encouraging Shareholder Participation in General Assembly Meetings:

The Company enables shareholders to participate effectively in General Assembly meetings in accordance with applicable regulations. Shareholders are provided with the meeting agenda, supporting documents and voting procedures in advance of the meeting. The Articles of Association and the Shareholders' Rights Policy define voting rights, participation mechanisms and the ability of shareholders to discuss agenda items and express their views.

Rule IX: Recognize the Roles of Stakeholders

Brief on the conditions and policies that ensure the protection of stakeholder rights:

The Company recognizes the rights of stakeholders in accordance with applicable laws and regulations and seeks to ensure fair and transparent dealings with all parties. The Company adopts policies and procedures governing contractual relationships and transactions with stakeholders to ensure objectivity and prevent conflicts of interest with shareholders' interests.

The Company applies internal procedures regulating the awarding of agreements and transactions and provides mechanisms for addressing complaints and resolving disputes between the Company and its stakeholders in accordance with approved policies.
In order to prevent conflicts of interest between dealings with stakeholders, whether they are agreements or transactions with the company, and the interest of shareholders, the following is considered:

- No stakeholders shall be given any advantages or preference in any transactions that are part of the company's activities.
- The company implements and follows clear policies and procedures including a clear mechanism of awarding agreements and transactions of various types.
- The company also has a clear mechanism to resolve any conflict between the company and the stakeholders.

Brief on how Stakeholders are enabled to follow the Company's activities:

The Company has adopted a Stakeholders' Rights Policy that clarifies stakeholders' rights and obligations and the procedures for communication with the Company. This policy is available for all stakeholders to support them understand their rights and obligations.

The Company also provides communication channels, including a designated contact point to receive inquiries and complaints and to address them in accordance with established procedures.

Rule X: Encourage and Enhance Performance

Summary on mechanisms enabling the Board members and Executive Management to attend training programs

The Company supports the ongoing development of the Board of Directors and Executive Management in accordance with corporate governance practices. Members are provided with access to internal and external training programs and professional development opportunities relevant to the Company's activities and regulatory environment.

The Board of Directors and Executive Management are periodically updated on regulatory developments and their impact on the Company's operations and compliance requirements.

Brief on the mechanism for evaluating the performance of the Board of Directors and Executive Management:

In accordance with the Board Charter, the Board of Directors conducts an annual evaluation of the performance of the Board and its committees. The assessment considers both financial and non-financial performance indicators related to the Company's strategic objectives.

The performance of Executive Management is evaluated periodically based on key performance indicators aligned with the Company's objectives and approved plans.

Brief on the Board of role in promoting corporate value creation:

The Board of Directors oversees the implementation of the Company's strategic objectives and monitors performance against approved plans and key performance indicators. Through its oversight of Executive Management and governance framework, the Board supports sustainable value creation in the short, medium and long term.

Rule XI: Focus on the Importance of Corporate Social Responsibility

Summary on the application of the Corporate Social Responsibility policy:

The Company adopts a Corporate Social Responsibility (CSR) approach that seeks to balance its business objectives with environmental and social considerations. The Company's practices are guided by its Code of Conduct and related policies addressing environmental, social and governance matters and its responsibilities toward employees, customers, suppliers and the community.

Programs and mechanisms supporting corporate social responsibility:

The Company implements initiatives related to environmental sustainability, employee welfare and community engagement under the oversight of the relevant Board committee. The Company issues periodic sustainability disclosures, including a Sustainability Report published on its website and within the Annual Report, to provide stakeholders with information regarding all the programs and mechanisms of its environmental and social performance.

Independent Member Declaration

اقرار عضو مجلس الادارة المستقل

أقر انا الموقع أدناه / **سلطان أنور سلطان العيسى** بصفتي عضو مستقل في مجلس ادارة شركة أجيليتي للمخازن العمومية ش.م.ك.ع بمعرفتي بشروط الاستقلالية المذكورة أدناه والمنصوص عليها تفصيلاً في الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم ٧ لسنة ٢٠١٠ وتعديلاتهما، كما أقر أيضا بأنه في حالة فقدان أي شرط من شروط الاستقلالية بأنني سأقوم بإخطار كلاً من لجنة الترشيحات والمكافآت، وكذلك مجلس إدارة الشركة بهذا الشأن.

شروط الاستقلالية:

١. إني لا أملك ٥٪ او أكثر من أسهم الشركة كما أني لا أمثل أياً من المساهمين الذين يملكون ٥٪ او أكثر من أسهم الشركة.
٢. ان ليس لي أي صلة قرابة من الدرجة الأولى مع اياً من أعضاء مجلس الادارة أو الادارة التنفيذية بالشركة او في أي من مجموعتها أو الاطراف الرئيسية ذات العلاقة مع الشركة.
٣. إني لست عضوا في مجلس ادارة اي شركة من المجموعة الخاصة بالشركة.
٤. إني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أيا من أصحاب المصالح.
٥. إني لست موظفاً لدى الاشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
٦. ان ليست لي مصلحة أو علاقة مع الشركة قد تؤثر على استقلاليتي وأقر بأني على علم بالمهام والمسؤوليات الخاصة بعضو مجلس الادارة المستقل.

التوقيع :

التاريخ : ٢٠٢٦/٣/١١

اقرار عضو مجلس الادارة المستقل

أقر انا الموقع أدناه / **ناصر محمد فهد الراشد** بصفتي عضو مستقل في مجلس ادارة شركة أجيليتي للمخازن العمومية ش.م.ك.ع بمعرفتي بشروط الاستقلالية المذكورة أدناه والمنصوص عليها تفصيلاً في الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم ٧ لسنة ٢٠١٠ وتعديلاتهما، كما أقر أيضا بأنه في حالة فقدان أي شرط من شروط الاستقلالية بأنني سأقوم بإخطار كلاً من لجنة الترشيحات والمكافآت، وكذلك مجلس إدارة الشركة بهذا الشأن.

شروط الاستقلالية:

١. اني لا أملك ٥٪ او أكثر من أسهم الشركة كما أني لا أمثل أياً من المساهمين الذين يملكون ٥٪ او أكثر من أسهم الشركة.
٢. ان ليس لي أي صلة قرابة من الدرجة الأولى مع اياً من أعضاء مجلس الادارة أو الادارة التنفيذية بالشركة او في أي من مجموعتها أو الاطراف الرئيسية ذات العلاقة مع الشركة.
٣. اني لست عضوا في مجلس ادارة اي شركة من المجموعة الخاصة بالشركة.
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٦. ان ليست لي مصلحة أو علاقة مع الشركة قد تؤثر على استقلاليتي وأقر بأني على علم بالمهام والمسؤوليات الخاصة بعضو مجلس الادارة المستقل.

التوقيع :

التاريخ : ٢٠٢٦/٣/١١

اقرار عضو مجلس الادارة المستقل

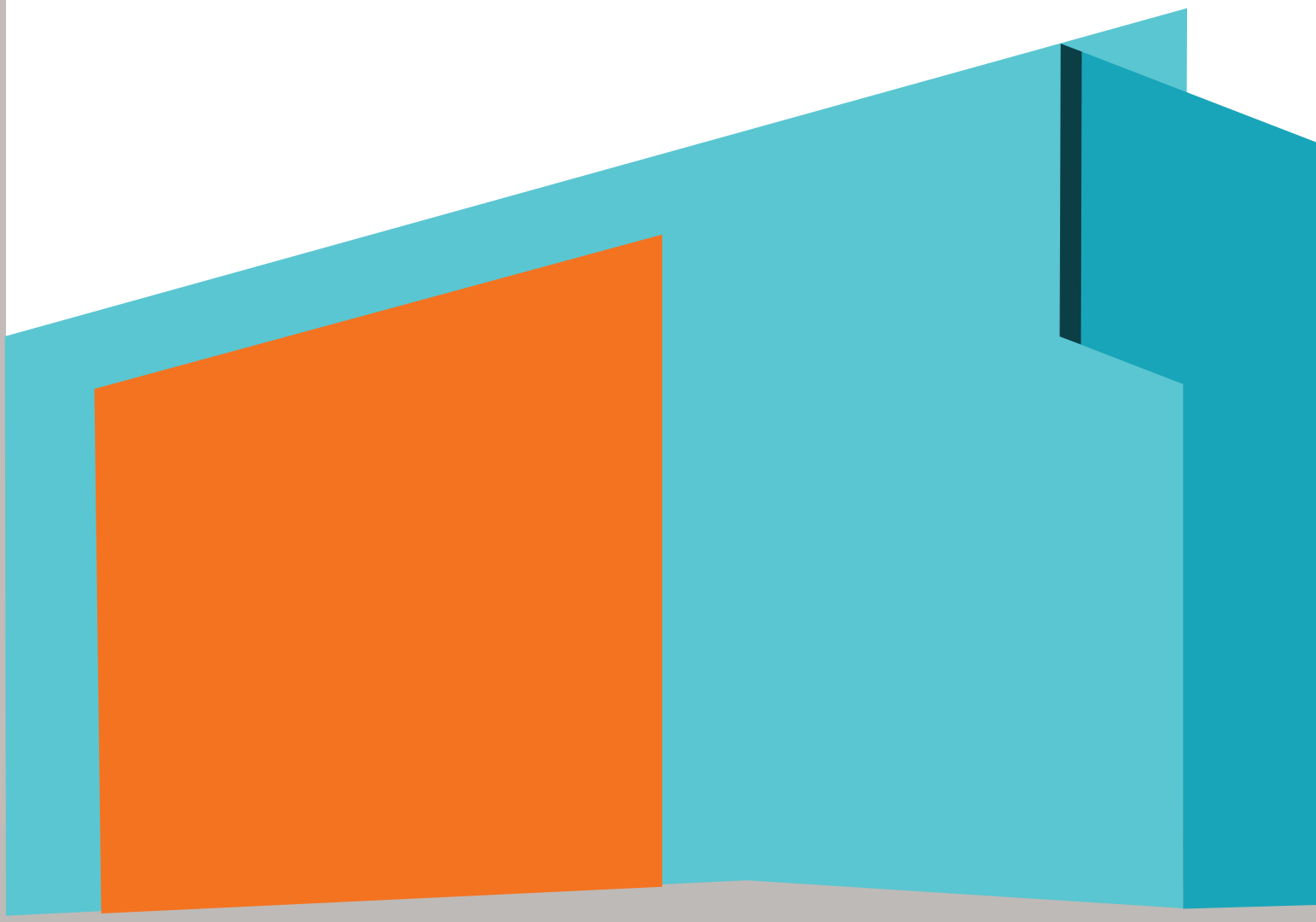
أقر انا الموقع أدناه / **عبد المجيد حاجي حسين الشطي** بصفتي عضو مستقل في مجلس ادارة شركة أجيليتي للمخازن العمومية ش.م.ك.ع بمعرفتي بشروط الاستقلالية المذكورة أدناه والمنصوص عليها تفصيلاً في الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم ٧ لسنة ٢٠١٠ وتعديلاتهما، كما أقر أيضا بأنه في حالة فقدان أي شرط من شروط الاستقلالية بأنني سأقوم بإخطار كلاً من لجنة الترشيحات والمكافآت، وكذلك مجلس إدارة الشركة بهذا الشأن.

شروط الاستقلالية:

١. اني لا أملك ٥٪ او أكثر من أسهم الشركة كما أني لا أمثل أياً من المساهمين الذين يملكون ٥٪ او أكثر من أسهم الشركة.
٢. ان ليس لي أي صلة قرابة من الدرجة الأولى مع اياً من أعضاء مجلس الادارة أو الادارة التنفيذية بالشركة او في أي من مجموعتها أو الاطراف الرئيسية ذات العلاقة مع الشركة.
٣. اني لست عضوا في مجلس ادارة اي شركة من المجموعة الخاصة بالشركة.
٤. اني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أيا من أصحاب المصالح.
٥. اني لست موظفاً لدى الاشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
٦. ان ليست لي مصلحة أو علاقة مع الشركة قد تؤثر على استقلاليتي وأقر بأني على علم بالمهام والمسؤوليات الخاصة بعضو مجلس الادارة المستقل.

التوقيع :

التاريخ : ٢٠٢٦/٣/١١



AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Agility Public Warehousing Company K.S.C.P (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

(i) As stated in Note 7 to the consolidated financial statements, the Group has investment properties amounting to KD 214,026 thousand as at 31 December 2025 (2024: KD 280,293 thousand) that are leased from the Public Authority for Industry, Kuwait ("PAI"), of which properties amounting to KD 192,637 thousand (2024: KD 258,355 thousand) relate to lease contracts that had expired as at the reporting date and are subject to ongoing legal disputes. As at 31 December 2025, the Group had not established enforceable lease rights over these properties, and reliable independent valuation evidence could not be obtained due to the legal uncertainty surrounding the Group's rights. Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding the existence and valuation of these investment properties and were therefore unable to determine whether any adjustments to their carrying values were necessary.

(ii) As stated in Note 15 to the consolidated financial statements, the Group has recognised a legal claim receivable amounting to KD 64,488 thousand from the General Administration of Customs for Kuwait ("GAC") pursuant to a final judgment issued by the Court of Cassation. The Group did not provide sufficient appropriate audit evidence to support the recoverability of this receivable as at 31 December 2025. In addition, while the Group is legally entitled to interest of 7% per annum on the awarded compensation, the enforceable basis for determining the interest amount remains legally indeterminate as at the reporting date. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to the carrying value of the legal claim receivable, including related interest, were necessary.

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

Emphasis of Matter

We draw attention to Note 26(a) to the consolidated financial statements, which describes the contingencies and claims relating to the litigations with the General Administration of Customs for Kuwait.

Our opinion is not modified in respect of the matter set out above.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

a) Contingent liabilities and provisions from claims and proceedings

The Parent Company and certain of its group companies are involved as a party in legal proceedings with third parties as well as certain governmental entities. As the ultimate disposition of asserted claims and proceedings cannot be determined with certainty, an adverse outcome could have a material effect on the Group's consolidated financial position, results from operations and cash flows.

The determination of (contingent) liabilities from claims and proceedings is judgmental and the amounts involved are or can be material to the Group's consolidated financial statements as a whole. Details of Group's legal claims are presented in Note 7, Note 11 and Note 26 of the consolidated financial statements. Due to the significant judgment and estimation uncertainty with respect to the ongoing legal claims, we identified this as a key audit matter.

In response to this matter, our audit procedures included, amongst others, understanding of the Group's processes around the identification and evaluation of claims and proceedings at different levels in the organization, the recording and continuous re-assessment of the related (contingent) liabilities, provisions and disclosures in accordance with IFRS Accounting Standards. We also inquired with management in respect of ongoing claims, proceedings and read relevant correspondence and minutes of the meetings of the Board of Directors, obtained internal and external legal confirmation letters of the Group. We also assessed the appropriateness of disclosure regarding (contingent) liabilities from claims and proceedings, as shown in Note 7, Note 11 and Note 26 to the consolidated financial statements.

b) Accounting for the Purchase price allocation (PPA) exercise relating to investment in an associate

Pursuant to the distribution of in-kind dividends and the partial settlement of a loan owed by the Parent Company to Agility Global PLC through the transfer of Parent Company's 5.9% equity ownership in Agility Global PLC during the year, the effective ownership of the Parent Company in Agility Global PLC reduced from 51% to 26.58%. Accordingly, since the Group exercises significant influence over Agility Global PLC, the investment in Agility Global PLC is classified as an investment in an associate.

The Group has recognised the above investment in associate based on the market value on the date of distribution of in-kind dividends amounting to KD 288,321 thousand. The Group performed a purchase price allocation (PPA) exercise using the assistance of internal and external experts, based on which gain on fair value adjustments on investments in an associate amounting to KD 183,767 thousand has been recorded in the consolidated statement of income for the year ended 31 December 2025.

We have determined this to be a key audit matter based on the quantitative materiality of the transaction and considering that significant management's judgments and estimates was involved in the determination of the fair values of the identifiable assets and liabilities as part of the PPA exercise.

We have assessed the design and implementation of controls over the process of accounting for the loss of control and subsequent measurement of the investment in associate. We have evaluated whether the external and internal experts that management involved to assist them with the purchase price allocation exercise have the necessary competency, capabilities and objectivity for audit purposes. We also have involved our internal specialists where necessary, to assess the estimates made, judgments applied, and valuation techniques used in the PPA exercise including appropriateness of the intangible assets recognized in its investment in Agility Global PLC.

We have also assessed the adequacy of the Group's disclosures regarding those assumptions, which are disclosed in Note 10 to the consolidated financial statements, against the requirements of IFRS Accounting Standards.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2025 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate audit evidence about the carrying values of investment properties as at 31 December 2025 and the adjustments arising from the favorable court order with respect to the GAC litigation. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter. We have nothing further to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

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



BADER A. AL-ABDULJADER

LICENCE NO. 207 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS



MOHAMMAD SHUAIB A. SHUAIB

LICENCE NO. 235- A
RSM Albazie & Co.

22 March 2026
Kuwait



CONSOLIDATED FINANCIAL STATEMENTS



Agility Public Warehousing Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	*31 December 2025* **KD 000's**	*(Restated) 31 December 2024* KD 000's
ASSETS			
Non-current assets			
Property, plant and equipment	4	**26,570**	298,412
Projects in progress	5	**10,268**	68,728
Right-of-use assets	6	**15,461**	236,872
Investment properties	7	**335,160**	533,279
Intangible assets	8	**-**	86,716
Goodwill	9	**3,965**	266,710
Investment in associates and joint ventures	10	**493,821**	143,053
Financial assets at fair value through profit or loss	11	**21**	132,576
Financial assets at fair value through other comprehensive income	12	**14**	1,293,906
Other non-current assets		**4,962**	55,519
Loans to related parties	27	**-**	252,154
Loan to an associate	27	**301**	35,811
Total non-current assets		**890,543**	3,403,736
Current assets			
Inventories	13	**350**	70,731
Trade receivables	14	**49,312**	230,743
Other current assets	15	**82,114**	177,931
Amount due from related parties	27	**3,748**	-
Bank balances, cash and deposits	16	**50,599**	314,706
Total current assets		**186,123**	794,111
TOTAL ASSETS		**1,076,666**	4,197,847
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	**267,613**	267,613
Share premium	17	**152,650**	152,650
Statutory reserve	17	**133,807**	195,595
Treasury shares	17	**(40,561)**	(40,561)
Treasury shares reserve		**56,769**	56,769
Foreign currency translation reserve	17	**(7,109)**	(18,690)
Hedging reserve	17	**(21,955)**	(8,059)
Investment revaluation reserve	17	**19,266**	(468,517)
Other reserves	17	**588**	17,834
Retained earnings		**8,791**	862,309
Equity attributable to equity holders of the Parent Company		**569,859**	1,016,943
Non-controlling interests	17	**22,384**	1,024,820
Total equity		**592,243**	2,041,763
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	18	**13,340**	39,695
Interest bearing loans	19	**135,591**	1,073,035
Lease liabilities	6	**24,067**	206,584
Loans from related parties	27	**112,867**	-
Other non-current liabilities		**38,057**	76,901
Total non-current liabilities		**323,922**	1,396,215
Current liabilities			
Interest bearing loans	19	**1,315**	136,114
Lease liabilities	6	**4,382**	66,700
Trade and other payables	20	**141,056**	548,442
Amount due to related parties	27	**5,116**	-
Dividends payable		**8,632**	8,613
Total current liabilities		**160,501**	759,869
Total liabilities		**484,423**	2,156,084
TOTAL EQUITY AND LIABILITIES		**1,076,666**	4,197,847

Faisal Jamil Sultan Al- Essa
Chairman

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2025

	Notes	2025 KD 000's	2024 KD 000's
CONTINUING OPERATIONS:			
Revenue from contract with customers	21	**151,464**	149,881
Cost of revenues		**(25,527)**	(22,989)
Net revenues		**125,937**	126,892
General and administrative expenses	22	**(69,689)**	(67,908)
Change in fair value of investment properties	7	**(17,934)**	23
Share of results of associates and joint ventures	10	**6,946**	(326)
Gain on fair value adjustments on Investments in an associate	10	**183,767**	-
Unrealised loss on financial assets at fair value through profit or loss	11	**(147,616)**	-
Miscellaneous income		**1,659**	1,622
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		**83,070**	60,303
Depreciation	4,6	**(8,168)**	(7,894)
Profit before interest, taxation and Directors' remuneration (EBIT)		**74,902**	52,409
Recognition of legal claims (net)	15 & 26 (b)	**-**	42,603
Interest income		**1,350**	1,863
Finance costs		**(11,395)**	(16,692)
Profit before taxation and Directors' remuneration		**64,857**	80,183
Taxation	23	**(845)**	(3,055)
Directors' remuneration		**(350)**	(1,050)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**63,662**	76,078
DISCONTINUED OPERATIONS:			
(Loss) profit after tax for the year from discontinued operations	24	**(662,331)**	54,343
(LOSS) PROFIT FOR THE YEAR		**(598,669)**	130,421
Attributable to:			
Equity holders of the Parent Company			
Profit for the year from continuing operations		**49,288**	43,582
(Loss) profit for the year from discontinued operations		**(343,488)**	19,045
		(294,200)	62,627
Non-controlling interests			
Profit for the year from continuing operations		**14,374**	32,496
(Loss) profit for the year from discontinued operations		**(318,843)**	35,298
		(304,469)	67,794
(LOSS) PROFIT FOR THE YEAR		**(598,669)**	130,421
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)	25	**(115.27)**	25.16
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (fils)	25	**19.31**	17.51

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 ***KD 000's***	*2024* *KD 000's*
(Loss) profit for the year	**(598,669)**	130,421
Other comprehensive income:		
Items that are or may be reclassified to consolidated statement of income in subsequent periods:		
Foreign currency translation adjustments	**(59,306)**	29,825
Foreign currency translation adjustments reclassified to consolidated statement of income on distribution of subsidiary (Note 24)	**22,089**	-
Share of other comprehensive income (loss) of associates and joint ventures	**25,292**	(3,030)
(Loss) gain on hedge of net investments	**(22,942)**	1,995
Loss on cash flow hedges	-	(77)
Gain on net investment hedges reclassified to consolidated statement of income on distribution of subsidiary (Note 24)	**34,250**	-
Net other comprehensive (loss) income that are or may be reclassified to consolidated statement of income in subsequent periods	**(617)**	28,713
Items that will not be reclassified to consolidated statement of income		
Changes in fair value of equity instruments at fair value through other comprehensive income	**139,925**	218,866
Share of other comprehensive loss of associates and joint ventures	**(12,050)**	-
Re-measurement loss on defined benefit plans (Note 18)	-	(15,982)
Gain (loss) on fair value hedges	**6,058**	(117,775)
Net other comprehensive income that will not be reclassified to consolidated statement of income	**133,933**	85,109
Total other comprehensive income	**133,316**	113,822
Total comprehensive (loss) income for the year	**(465,353)**	244,243
Attributable to:		
Equity holders of the Parent Company	**(191,845)**	72,037
Non-controlling interests	**(273,508)**	172,206
	(465,353)	244,243

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 KD 000's	2024 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and Directors' remuneration from continuing operations		**64,857**	80,183
(Loss) profit before taxation and Director's remuneration from discontinued operations		**(654,228)**	70,399
Adjustments for:			
Charge of provision for expected credit losses on trade receivables	14	**5,738**	8,873
Change in fair value of investment properties	7	**17,934**	(9,203)
Provision for employees' end of service benefits	18	**2,933**	4,722
Foreign currency exchange loss (gain)		**608**	(2,579)
Gain on disposal of subsidiary		-	(4,003)
Share of results of associates and joint ventures	10	**(13,111)**	(8,907)
Gain on fair value adjustments on investments in an associate	10	**(183,767)**	-
Unrealised loss (gain) on financial assets at fair value through profit or loss		**148,599**	(7,809)
Dividend income		**(4,052)**	(3,182)
Recognition of legal claims (net)	26	-	(45,257)
Miscellaneous income		**(3,063)**	(2,584)
Remeasurement of the discontinued operations to its fair value less cost to distribute	24	**680,820**	-
Depreciation of property, plant and equipment and right-of-use assets	4,6	**54,483**	92,484
Amortisation	8	**4,333**	8,071
Interest income		**(7,223)**	(7,017)
Finance costs		**46,234**	74,425
Operating profit before changes in working capital		**161,095**	248,616
Inventories		**6,849**	(11,716)
Trade receivables		**(29,404)**	(6,843)
Other current assets		**(10,171)**	6,404
Trade and other payables		**(1,623)**	27,558
		126,746	264,019
Taxation paid		**(10,753)**	(15,894)
Employees' end of service benefits paid	18	**(4,477)**	(9,517)
Directors' remuneration paid		**(600)**	(900)
Net cash flows from operating activities		**110,916**	237,708
INVESTING ACTIVITIES			
Net movement in financial assets at fair value through profit or loss		**(188)**	(5,252)
Net movement in financial assets at fair value through other comprehensive income		**(5,304)**	(7,012)
Additions to property, plant and equipment	4	**(13,621)**	(37,708)
Proceeds from disposal of property, plant and equipment		**10,879**	16,813
Loans to related parties		**(8,780)**	(33,334)
Additions to projects in progress	5	**(42,747)**	(30,692)
Net movement in investment in associates and joint ventures		**(491)**	(1,217)
Dividends received		**13,366**	13,151
Acquisition of additional interest in subsidiaries		**(1,841)**	(2,137)
Distribution of a subsidiary	24	**(226,692)**	-
Acquisition of subsidiaries net of cash acquired		-	(136)
Disposal of subsidiary net of cash acquired		**(2,180)**	6,015
Deferred consideration related to acquisitions of prior years		**(3,095)**	(815)
Interest income received		**1,332**	5,688
Net movement in deposits with original maturities exceeding three months		**(10,106)**	(690)
Net cash flows used in investing activities		**(289,468)**	(77,326)
FINANCING ACTIVITIES			
Proceeds from interest bearing loans		**289,182**	416,908
Repayment of interest bearing loans		**(188,778)**	(284,211)
Loan from related party		**1,022**	-
Payment of lease obligations	6	**(39,824)**	(67,187)
Finance costs paid		**(44,289)**	(47,112)
Dividends paid to equity holders of the Parent Company		**(25,504)**	(51,048)
Dividends paid to non-controlling interests		**(21,423)**	(40,055)
Net cash flows used in financing activities		**(29,614)**	(72,705)
Net foreign exchange translation differences		**212**	(2,456)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(207,954)**	85,221
Cash and cash equivalents at 1 January		**222,826**	137,605
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	**14,872**	222,826

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Treasury shares KD 000's*	*Treasury shares reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Other reserves KD 000's*	*Retained earnings KD 000's*	*Sub total KD 000's*	*Non-controlling interests KD 000's*	*Total equity KD 000's*
As at 1 January 2025 (restated)	267,613	152,650	195,595	(40,561)	56,769	(18,690)	(8,059)	(468,517)	17,834	862,309	1,016,943	1,024,820	2,041,763
Loss for the year	-	-	-	-	-	-	-	-	-	(294,200)	(294,200)	(304,469)	(598,669)
Other comprehensive income	-	-	-	-	-	11,581	4,023	85,988	763	-	102,355	30,961	133,316
Total comprehensive income (loss) for the year	-	-	-	-	-	11,581	4,023	85,988	763	(294,200)	(191,845)	(273,508)	(465,353)
Share based payments	-	-	-	-	-	-	-	-	-	103	103	-	103
Dividends (Note 17e)	-	-	-	-	-	-	-	-	-	(25,523)	(25,523)	-	(25,523)
Dividends in-kind (Note 17e)	-	-	-	-	-	-	-	-	-	(212,797)	(212,797)	-	(212,797)
Remeasurement of Dividends in-kind	-	-	-	-	-	-	-	-	-	(19,013)	(19,013)	-	(19,013)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(21,423)	(21,423)
Transfer of statutory reserve to retained earnings (Note 17c)	-	-	(61,788)	-	-	-	-	-	-	61,788	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,091	1,091
Distribution of a subsidiary (Note 24)	-	-	-	-	-	-	(17,919)	401,795	(20,000)	(363,876)	-	(704,306)	(704,306)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	1,991	-	1,991	(4,290)	(2,299)
As at 31 December 2025	**267,613**	**152,650**	**133,807**	**(40,561)**	**56,769**	**(7,109)**	**(21,955)**	**19,266**	**588**	**8,791**	**569,859**	**22,384**	**592,243**

The attached notes 1 to 32 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Parent Company												
	Share capital KD 000's	*Share premium KD 000's*	*Statutory reserve KD 000's*	*Treasury shares KD 000's*	*Treasury shares reserve KD 000's*	*Foreign currency translation reserve KD 000's*	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Other reserves KD 000's*	*Retained earnings KD 000's*	*Sub total KD 000's*	*Non-controlling interests KD 000's*	*Total equity KD 000's*
As at 1 January 2024	267,613	152,650	195,595	(40,561)	56,769	(44,132)	18,857	(487,891)	26,464	1,627,170	1,772,534	124,039	1,896,573
Profit for the year	-	-	-	-	-	-	-	-	-	62,627	62,627	67,794	130,421
Other comprehensive income (loss)	-	-	-	-	-	25,442	(26,916)	19,374	(8,490)	-	9,410	104,412	113,822
Total comprehensive income (loss) for the year	-	-	-	-	-	25,442	(26,916)	19,374	(8,490)	62,627	72,037	172,206	244,243
Share based payments	-	-	-	-	-	-	-	-	-	262	262	-	262
Dividends (Note 17e)	-	-	-	-	-	-	-	-	-	(25,524)	(25,524)	-	(25,524)
Interim Cash dividends (Note 17e)	-	-	-	-	-	-	-	-	-	(25,524)	(25,524)	-	(25,524)
Dividends in-kind (Note 17e)	-	-	-	-	-	-	-	-	-	(776,446)	(776,446)	776,446	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(8,338)	(8,338)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	256	(256)	-	(2,022)	(2,022)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(396)	-	(396)	(3,703)	(4,099)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	6,247	6,247
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(40,055)	(40,055)
As at 31 December 2024	267,613	152,650	195,595	(40,561)	56,769	(18,690)	(8,059)	(468,517)	17,834	862,309	1,016,943	1,024,820	2,041,763

The attached notes 1 to 32 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2025

1 CORPORATE INFORMATION

Agility Public Warehousing Company K.S.C.P. (the "Parent Company") is a public shareholding company incorporated in 1979 and listed on Boursa Kuwait and Dubai Stock Exchange. The Parent Company's Head office is located at Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the brand name of "Makhazen".

The main objectives of the Parent Company are as follows:
- Construction, management and renting of all types of warehouses.
- Warehousing goods under customs' supervision inside and outside customs areas.
- Investing the surplus funds in investment portfolios.
- Participating in, acquiring or taking over companies of similar activities or those that would facilitate in achieving the Parent Company's objectives inside or outside Kuwait.
- All types of transportation, distribution, handling and customs clearance for goods.
- Customs consulting, customs automation, modernisation and decision support.

The principal subsidiaries and their activities are explained in Note 3.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 18 March 2026 and are issued subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The Annual General Assembly of the shareholders has the power to amend these consolidated financial statements after issuance.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared on a historical cost basis, except for investment properties, financial assets carried at fair value through profit or loss, financial assets at fair value through other comprehensive income, loan to a related party, loan to an associate and derivative financial instrument that are measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars which is the Parent Company's functional currency, and all values are rounded to the nearest thousand (KD '000) except when otherwise indicated.

Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect of these reclassifications on the previously reported equity attributable to the shareholders of the Parent Company and profit for the year then ended.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (investees which are controlled by the Group) including special purpose entities as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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

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

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

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

The results of the subsidiaries acquired or disposed during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The significant amendments are as follows:

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

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)
In addition, narrow-scope amendments have been made to *IAS 7 Statement of Cash Flows,* which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements. The initial expected material impacts on Group's consolidated financial statements are, as follows:

- Unrealized gain on financial assets at fair value through profit or loss, dividend income, and share of profit or an associate and a joint venture will be classified in the investing category within the consolidated statement of income.
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) a reconciliation between management defined performance measures and appropriate sub-total in the consolidated statement of income.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

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

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

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Annual Improvements to IFRS Accounting Standards - Volume 11
In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in *IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.*

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

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

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9: Financial Instruments ("IFRS 9"), is measured at fair value with the changes in fair value recognised in the consolidated statement of income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period, or
- Bank balances, cash and deposits unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The initial cost of property, plant and equipment comprises their cost and any directly attributable costs of bringing an item of property, plant and equipment to its working condition and location. Expenditure incurred after the property, plant and equipment has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment. Land is not depreciated.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	5 to 30 years
Tools, machinery and equipment	2 to 10 years
Vehicles and ships	2 to 25 years
Furniture and office equipment	2 to 8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair values less costs to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and the lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land, buildings and improvements	2 to 44 years
Tools, machinery and equipment	2 to 8 years
Vehicles and ships	2 to 25 years
Furniture and office equipment	2 to 7 years

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

The right-of-use assets are also subject to impairment in accordance with the Group's impairment of non-financial assets policy.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management's intention. The initial cost of a property interest held under a lease and classified as an investment property is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

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

Projects in progress
Projects in progress are carried at cost less impairment, if any. Costs are those expenses incurred by the Group that are directly attributable to the construction of assets. Once completed, the assets are transferred to either investment properties or to property, plant and equipment, depending on the management's intended use of the asset.

Investment properties
Investment properties comprise completed properties held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment properties are initially recorded at cost being the fair value of the consideration given and including acquisition charges associated with the investment property.

After initial recognition, the properties are re-measured to fair value annually on an individual basis with any gain or loss arising from a change in fair value being included in the consolidated statement of income in the period in which it arises.

Investment properties are derecognised 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 gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the period of retirement or disposal. The amount of consideration to be included in the gain or loss arising from the derecognition of the investment property is determined in accordance with the requirements for the determining the transaction price in IFRS 15.

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

The Group has classified certain assets held under long term operating leases as investment properties.

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 are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)
Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if events or change in circumstances indicate the carrying value may be impaired, either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Build-own-transfer ("BOT") projects, licenses and concessions
BOT projects and concessions are amortised over the duration of the individual contracts in the range of 4 to 20 years.

Customer lists and contracts
Customer lists are amortised over a period of 10 to 15 years, which is determined to be the expected period of benefit from holding these lists.

Brand
The brand is amortised over a period of 10 to 15 years, which is determined to be the expected period of benefit from holding it.

Goodwill
Accounting policy relating to goodwill is documented in the accounting policy "Business combinations and goodwill".

Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are either accounted for using the equity method or is measured at fair value.

a. Equity method
Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investment in associates and joint ventures (continued)

a. Equity method (continued)
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in the consolidated statement of income.

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

b. Measured at fair value
The Group's investment in an associate held though a Venture Capital Organisation, is measured at fair value. This treatment is permitted by IAS 28 'Investment in Associates and Joint Ventures', which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments', with changes in fair value recognised in the consolidated statement of income in the period of the change.

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

Date of recognition
Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets and liabilities
The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial liabilities, other than commitments and guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments when the fair value designation is applied.

i) Financial assets
The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

The Group classifies its financial assets upon initial recognition into the following categories:

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Debt instruments at amortised cost
A financial asset which is a debt instrument, is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Bank balances and short-term deposits and trade receivables, claims receivable, amount due from related parties and certain other assets are classified as debt instruments at amortised cost.

Debt instruments at amortised cost are subsequently measured at amortised cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Debt instruments at FVTPL
Debt instruments at FVTPL includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Loan to related parties and loan to an associate is classified as debt instrument at FVTPL.

FVTPL debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value along with interest income and foreign exchange gains and losses recognised in consolidated statement of income.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividends are recognised in statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity investments at FVOCI are not subject to impairment assessment.

Equity instruments at FVTPL
The Group classifies equity instruments at fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values and dividends are recorded in consolidated statement of income when the right to payment has been established.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)
The Group has determined the classification and measurement of its financial assets as follows:

a. Financial assets at fair value through profit or loss
The Group's financial assets at fair value through profit or loss consists of certain investment in funds, convertible loans, quoted and unquoted equity securities, investments in funds and investment in an associate held through venture capital organisation.

Investment in an associate held directly or indirectly through venture capital organisation are not accounted for using equity method, as the Group has elected to measure these investments at fair value through statement of income in accordance with IFRS 9, using the exemption of IAS 28: Investments in associates and joint ventures. This is carried in the consolidated statement of financial position at fair value with net changes in fair value recorded as unrealized gain (loss) in the consolidated statement of income.

b. Loan to an associate and related party
Loan to an associate and related party are non-derivative financial assets with fixed or determinable payments which is not quoted in an active market. After initial measurement, such financial assets are subsequently measured at FVTPL.

c. Trade receivables
Trade receivables are measured at transaction price, as disclosed in the Group's accounting policy regarding revenue from contracts with customers, less expected credit losses and are stated at amortised cost.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

d. Bank balances, cash and deposits
Bank balances, cash and deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. These are stated at amortised cost using effective interest rate.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

e. Other current assets
Other current assets are carried at their carrying value, less impairment, if any.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition except under circumstances in which the Group changes the business model for managing financial assets.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, equity collars and forward rate agreements to hedge its foreign currency risks, equity price risk and interest rate risks respectively. Derivatives are recorded at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. For hedges, which do not qualify for hedge accounting and for held for trading derivatives, any gains or losses arising from changes in the fair value of the derivative are taken directly to the consolidated statement of income.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in consolidated statement of income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. Also, at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed each quarter. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to be offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

a) Fair value hedges

The change in the fair value of a hedging derivative is recognised in the consolidated statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the consolidated statement of income.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated statement of income over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall end no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derivative financial instruments and hedge accounting (continued)
a) Fair value hedges (continued)
For a hedging instrument that hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, the change in fair value of the hedging instrument are recognized in other comprehensive income.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of income.

b) Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in the consolidated statement of income. Amounts taken to other comprehensive income are transferred to consolidated statement of income when the hedged transaction affects the consolidated statement of income, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

c) Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is transferred to consolidated statement of income.

The Group uses interest bearing loans to hedge its exposure to foreign exchange risk on its investments in overseas subsidiaries.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets (continued)

Derecognition of financial assets (continued)

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

ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, interest bearing loans, lease liabilities, derivative financial instruments and loan from related parties.

The Group has determined the classification and measurement of its financial liabilities as follows:

a. Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

b. Interest bearing loans

After initial recognition, interest bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of income.

Installments due within one year are shown as current liabilities. Interest is charged as an expense as it accrues in the consolidated statement of income, with unpaid amounts included in accrued expenses under 'trade and other payables'.

c. Trade and other payables

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income

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

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

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

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

Debt instruments and financial assets at FVTPL are not subject to ECL.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair values
The Group measures certain financial instruments (including derivatives) and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair values (continued)
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

The Group’s management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

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

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers’ quotes.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group’s external valuers, also compares changes in the fair value of each asset and liability with relevant external sources where applicable, to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on the weighted average basis. Net realisable value is based on estimated selling price in the ordinary course of the business, less any further costs expected to be incurred on completion and disposal.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets, other than, investment property and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:
- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's segment information reporting format determined in accordance with *IFRS 8: Operating Segment*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

Treasury shares
Treasury shares consist of the Parent Company's own issued shares that have been, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the cost of the shares acquired is charged to treasury shares account in equity. When the treasury shares are reissued, gains are credited to a separate account in equity, the 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 statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any provisional recorded losses in order of reserves, retained earnings and treasury share reserve account. 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.

Foreign currency translation
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. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at reporting date. All differences are taken to the consolidated statement of income with the exception of differences on foreign currency borrowings accounted for as a hedge of a net investment in foreign operations.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)
Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. In case of non-monetary assets whose change in fair values are recognized directly in other comprehensive income, foreign exchange differences are recognized directly in other comprehensive income and for non-monetary assets whose change in fair value are recognized directly in the consolidated income statement, foreign exchange differences are recognized in the consolidated statement of income.

Assets (including goodwill) and liabilities, both monetary and non-monetary, of foreign operations are translated at the Parent Company's presentation currency KD at the exchange rates prevailing at the reporting date. Operating results of such operations are translated at average rates of exchange for the foreign operation's period of operations. The resulting foreign currencies translation differences are accumulated in a separate section of equity (foreign currency translation reserve) until the disposal of the foreign operation. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of income.

Provisions
A provision is recognised when, and only when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be incurred to settle the obligation.

Employees' end of service benefits
Local
Expatriate and Kuwaiti employees are entitled to an end of service indemnity payable under the Kuwait Labor Laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard IAS 19 – Employee Benefits, is made by calculating the notional liability had all employees left at the reporting date.

In addition to above, pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme under International Accounting Standard (IAS) 19 – Employee Benefits are charged to the consolidated statement of income in the year to which they relate.

International
The Group had a number of defined benefit pension plans that cover a substantial number of employees other than Kuwaiti and expatriates in Kuwait. Retirement benefits are provided based on compensation as defined by local labour laws or employee contracts. The Group's policy is to fund some of these plans in accordance with local practice and contributions are made in accordance with the terms of the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to 'other reserve' through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Past service costs are recognised in consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employees' end of service benefits (continued)
International (continued)
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'salaries and employee benefits' in consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Revenue from contracts with customers
The Group is primarily engaged in providing the following services:

Logistics revenue
Logistics revenue primarily comprises inventory management, order fulfilment, transportation and warehousing services.

Logistics revenues are recognised at the point in time when the services are rendered to the customer except for warehousing services that are recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Ground handling and airport services
Revenue from ground handling and airport services which includes revenue from ramp, passengers, into-plane fuelling, and other aviation related services is recognized at the point in time when the services are rendered to the customer as per the terms of the related contract.

Rental services
Rental income arising on investment properties is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

Interest income
Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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

The significant accounting judgements related to the revenue from contracts with customers is detailed in Note 2.6.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxation

National Labour Support Tax (NLST)

The Parent Company calculates NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at the rate of 2.5% of taxable profit for the year. As per the law, income from associates, subsidiaries and cash dividends from companies listed in Boursa Kuwait which are subjected to NLST have been deducted from the profit for the year.

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to KFAS in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Zakat

Contribution to Zakat is calculated at 1% of the taxable profit for the year in accordance with the Ministry of Finance resolution No. 58/2007. As per law, income from associates and subsidiaries, cash dividends received from companies listed in Boursa Kuwait which are subjected to Zakat have been deducted from the profit for the year.

Taxation on overseas subsidiaries

Certain of the Parent Company's subsidiaries are subject to taxes on income in various foreign jurisdictions. Taxes payable are provided on taxable profits at the current rate in accordance with the fiscal regulations in the country where the subsidiary is located.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a. Identifying performance obligations in a bundled contract

The Group provides certain freight forwarding and project forwarding services to its customers as part of a single arrangement and these arrangements may include various performance obligations that represents performing a contractually agreed-upon task(s) for a customer. The Group determined that each of these performance obligations are capable of being distinct as these services are separately identifiable from other obligations in the contract and the customer can benefit from each service on its own.

Furthermore, the Group also determined that the promises of such services are distinct within the context of each contract, the transaction price is determined separately based on each obligation and these services are not highly interdependent or highly interrelated.

The transaction price is allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, the Group estimates separate transaction price for each performance obligation based on expected cost plus margin.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

b. Determine transaction price

The transaction price is the amount of consideration that is enforceable and to which the Group expects to be entitled in exchange for services promised to the customer. The Group determines the transaction price by considering the terms of the contract and business practices that are customary.

c. Determining the timing of satisfaction of services

i. Logistics revenue

The Group concluded that revenue from logistics services (excluding warehousing services) to its customers is to be recognised at the point in time when the services are rendered to the customer.

ii. Rental and warehousing services

The Group concluded that revenue from warehousing services and rental services to its customers is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform such services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has a right to payment for the performance completed to date as, under each contractual agreement with a customer, the Group is entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer terminates the contract for reasons other than the Group's failure to perform as promised. Furthermore, the Group's performance does not create an asset with an alternative use to the entity.

The Group has determined to utilize the input method for measuring progress of such services because there is a direct relationship between the Group's effort and the transfer of service to the customer. In respect to warehousing services and rental services, the Group recognises revenue on a straight-line basis as the Group's efforts being evenly expended throughout the performance period.

iii. Ground handling and airport services

The Group concluded that revenue from Ground handling and airport services to its customers is to be recognised at the point in time when the services are rendered to the customer.

d. Principal versus agent considerations

During the performance of freight forwarding and project forwarding services to its customer, the Group involves certain third parties in providing certain services. The Group has concluded that it is a principal in such arrangements as the Group retains the right to a service to be performed by the other party, which gives the Group the ability to direct that party to provide the service to the customer on the Group's behalf and the Group is primarily held responsible for fulfilling each obligation to the customer.

e. Consideration of significant financing component in a contract

The Group does not expect to have any contracts where the period between the transfer of promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Classification of financial assets

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

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

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

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Fair values of assets and liabilities acquired

The determination of the fair value of the assets, liabilities and contingent liabilities as a result of business combination requires significant judgement.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Contingencies

Contingent assets and liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of inflow or outflow respectively of resources embodying economic benefits is remote, which requires significant judgement.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of property, plant and equipment, right of use assets and intangible assets (including goodwill)

The Group determines whether property, plant and equipment, right of use assets and intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the respective asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Valuation of investment properties

The Group carries its investment properties at fair value, with change in fair values being recognised in the consolidated statement of income. Fair value is determined based on comparative analysis based on the assessment made by an independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, discounted cash flow and based on the knowledge and experience of the real estate appraiser.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 30 for further disclosures.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The policy about the ECLs on the Group's trade receivables is disclosed in Note 2.5.

Valuation of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Leases - Estimating the incremental borrowing rate

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

Pension and other post employment benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Pension and other post-employment benefits (continued)

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about defined benefit obligations are given in Note 18.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Impairment of financial assets at amortised cost

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

Impairment of claims receivable

These receivables are held at amortised cost and the Group determines whether it is necessary to recognise any impairment loss on these receivables, at each reporting date based on existence of any objective evidence that the receivables are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the receivables and its carrying value and recognises the amount in the consolidated statement of comprehensive income.

3 GROUP INFORMATION

Principal subsidiaries of the Group are as follows:

Name of company	***Group's effective ownership % as at 31 December***		*Country of incorporation*
	2025	*2024*	
The Metal and Recycling Company K.S.C.P. ("MRC")	**66.48%**	66.48%	State of Kuwait
Global Clearing House Systems K.S.C.C.	**60.60%**	60.60%	State of Kuwait
S2 for Management and Development of Lands and Real Estate S.P.C	**100.00%**	100.00%	State of Kuwait
Agility Infrastructure W.L.L	**51.00%**	51.00%	Egypt
Alcazar Capital Partners	**100.00%**	100.00%	Cayman Islands

3 GROUP INFORMATION (continued)

	Group's effective ownership % as at 31 December		
Name of company	***2025***	*2024*	*Country of incorporation*
Horizon Participation Holding IV Limited	**100.00%**	100.00%	United Arab Emirates
Agility DGS Logistics Services Company K.S.C.C. *	-	100.00%	State of Kuwait
Gulf Catering Company for General Trading and Contracting W.L.L. *	-	100.00%	State of Kuwait
NAS Holding for Company Business Management (Holding co) WLL*	-	100.00%	State of Kuwait
United Projects Company For Aviation Services K.S.C.P. ("UPAC") *	-	96.56%	State of Kuwait
Shipa for Sending, receiving, distributing mailings, postal parcels and courier letter by air Co. W.L.L. *	-	100.00%	State of Kuwait
Elaf National for General Trading and Contracting Co W.L.L. *	-	100.00%	State of Kuwait
Agility Alternative Energy Solutions Co. K.S.C.C.*	-	100.00%	State of Kuwait
PWC Technology for Computers Co W.L.L.*	-	100.00%	State of Kuwait
PWC Aviation Services Co. K.S.C.C.*	-	100.00%	State of Kuwait
Catering Logistics for General Trading and Contracting Co W.L.L.*	-	100.00%	State of Kuwait
Tristar Holdings Limited ("Tristar") *	-	65.12%	United Arab Emirates
Menzies Holding Limited*	-	100.00%	United Arab Emirates
Agility Global PLC*	-	51%	United Arab Emirates
Horizon Parent Holding Limited*	-	100.00%	United Arab Emirates
Agility Strategies Holding I Limited*	-	100.00%	United Arab Emirates
Horizon International Holding Limited*	-	100.00%	United Arab Emirates
Agility Venture Capital Holdings Limited*	-	100.00%	United Arab Emirates
Shipa Delivery Services L.L.C.*	-	100.00%	United Arab Emirates
Shipa Freight Solution L.L.C.*	-	100.00%	United Arab Emirates
Shipa E commerce L.L.C.*	-	100.00%	United Arab Emirates
Agility Distriparks FZE *	-	100.00%	United Arab Emirates
Agility International Investment L.L.C. *	-	100.00%	United Arab Emirates
Reem Investment Holding Limited*	-	100.00%	United Arab Emirates
Shipa for Shipping Co. S.P.C.*	-	100.00%	Saudi Arabia
Agility Logistics Park *	-	100.00%	Saudi Arabia
Homoola Trucks for Communication and Information Technology S.P.C.*	-	100.00%	Saudi Arabia
Agility Mayan Holding W.L.L*	-	100.00%	Bahrain
Ostram Holdings Limited*	-	100.00%	Cayman Islands
Tristar Terminals Guam Inc. *	-	82.56%	Guam
Agility E-Services private Ltd. *	-	100.00%	India
John Menzies Limited*	-	100.00%	United Kingdom
Aquarius Energy*	-	33.21%	Jersey

The subsidiaries denoted by (*) were part of the discontinued operation distributed during the year (Note 24).

3 GROUP INFORMATION (continued)

Material partly-owned subsidiaries
The Metal and Recycling Company K.S.C.P. ("MRC") and Global Clearing House Systems K.S.C.C. ("GCH") are the entities with non-controlling interests that are material to the Group.

	2025		*2024*	
	MRC KD 000's	***GCH KD 000's***	*MRC KD 000's*	*GCH KD 000's*
Proportion of ownership interests held by non-controlling interest	**33.52%**	**39.40%**	33.52%	39.40%
Accumulated balances of non-controlling interests	**3,024**	**15,687**	2,044	12,268

The combined summarised financial information of MRC and GCH included in the consolidated financial statement before eliminations is provided below.

	2025 KD 000's	*2024 KD 000's*
Summarised consolidated statement of income:		
Revenues	**98,774**	89,023
Profit for the year	**36,365**	81,489
Profit allocated to the non-controlling interests	**14,776**	32,535
Summarised consolidated statement of financial position:		
Total assets	**161,826**	148,444
Total liabilities	**113,414**	109,947
Summarised consolidated cash flow information:		
Operating	**44,352**	32,934
Investing	**(16,665)**	(1,032)
Financing	**(27,144)**	(32,290)
Net increase (decrease) in cash and cash equivalents	**543**	(388)

4 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and improvements KD 000's	*Tools, machinery and equipment KD 000's*	*Vehicles and ships KD 000's*	*Furniture and office equipment KD 000's*	*Total KD 000's*
Cost:					
As at 1 January 2025	135,217	107,679	163,631	82,544	489,071
Transfer from projects in progress (Note 5)	11,809	-	-	-	11,809
Additions	819	4,047	5,101	3,654	13,621
Distribution of a subsidiary (Note 24)	(120,925)	(80,784)	(135,125)	(41,741)	(378,575)
Disposals	(10,008)	(14,332)	(32,067)	(1,308)	(57,715)
Exchange differences	355	1,295	2,432	966	5,048
As at 31 December 2025	**17,267**	**17,905**	**3,972**	**44,115**	**83,259**
Depreciation:					
As at 1 January 2025	(38,683)	(53,065)	(36,541)	(62,370)	(190,659)
Charge for the year	(4,989)	(7,549)	(5,832)	(2,458)	(20,828)
Distribution of a subsidiary (Note 24)	28,218	37,421	18,755	25,806	110,200
Disposals	10,008	14,332	21,188	1,308	46,836
Exchange differences	(841)	(171)	(446)	(780)	(2,238)
As at 31 December 2025	**(6,287)**	**(9,032)**	**(2,876)**	**(38,494)**	**(56,689)**
Net book value:					
As at 31 December 2025	**10,980**	**8,873**	**1,096**	**5,621**	**26,570**

	Land, buildings and improvements KD 000's	*Tools, machinery and equipment KD 000's*	*Vehicles and ships KD 000's*	*Furniture and office equipment KD 000's*	*Total KD 000's*
Cost:					
As at 1 January 2024	133,828	114,426	161,327	77,261	486,842
Transfer from projects in progress (Note 5)	965	-	-	145	1,110
Additions	8,800	7,462	15,533	8,337	40,132
Arising on acquisition of subsidiaries	22	1,835	-	62	1,919
Disposal of a subsidiary	(186)	(72)	(19)	(2)	(279)
Disposals	(1,877)	(7,085)	(16,945)	(7,300)	(33,207)
Exchange differences	(6,335)	(8,887)	3,735	4,041	(7,446)
As at 31 December 2024	135,217	107,679	163,631	82,544	489,071
Depreciation:					
As at 1 January 2024	(37,449)	(46,669)	(34,660)	(57,031)	(175,809)
Charge for the year	(8,917)	(11,981)	(12,256)	(4,512)	(37,666)
Disposal of a subsidiary	112	70	19	2	203
Disposals	1,878	4,276	11,569	1,256	18,979
Exchange differences	5,693	1,239	(1,213)	(2,085)	3,634
As at 31 December 2024	(38,683)	(53,065)	(36,541)	(62,370)	(190,659)
Net book value:					
As at 31 December 2024	96,534	54,614	127,090	20,174	298,412

5 PROJECTS IN PROGRESS

Projects in progress comprise the cost of assets acquired and under construction that are not available for use at the reporting date. These assets, once completed, will be used for the Group's operations.

	2025 KD 000's	*2024 KD 000's*
As at 1 January	**68,728**	47,476
Additions	**42,747**	30,692
Distribution of a subsidiary (Note 24)	**(29,907)**	-
Transfer to property, plant and equipment (Note 4)	**(11,809)**	(1,110)
Transfer to investment properties (Note 7)	**(61,741)**	(9,958)
Exchange differences	**2,250**	1,628
As at 31 December	**10,268**	68,728

6 LEASES

Set out below, are the carrying amounts of the Group's right-of-use assets, lease liabilities and the movements during the year:

	Right-of-use assets				
	Land, buildings and improvements KD 000's	***Tools, machinery and equipment KD 000's***	***Vehicles and ships KD 000's***	***Total KD 000's***	***Lease liabilities KD 000's***
At 1 January 2025	103,529	66,050	67,293	236,872	240,596
Additions	2,885	8,310	-	11,195	11,195
Depreciation	(13,639)	(9,224)	(10,792)	(33,655)	-
Finance cost	-	-	-	-	8,290
Lease payments	-	-	-	-	(39,824)
Distribution of a subsidiary	(78,939)	(70,668)	(56,037)	(205,644)	(211,387)
Others (including exchange differences)	1,414	5,532	(253)	6,693	9,195
At 31 December 2025	**15,250**	-	**211**	**15,461**	**18,065**
Current portion					4,032
Non-current portion					14,033
					18,065

6 LEASES (continued)

	Right-of-use assets				
	Land, buildings and improvements KD 000's	*Tools, machinery and equipment KD 000's*	*Vehicles and ships KD 000's*	*Total KD 000's*	*Lease liabilities KD 000's*
At 1 January 2024	73,913	30,455	61,491	165,859	166,745
Reclassification	3,026	-	(3,026)	-	-
Additions	58,123	48,005	20,217	126,345	126,345
Depreciation	(27,029)	(16,355)	(11,434)	(54,818)	-
Finance cost	-	-	-	-	15,937
Lease payments	-	-	-	-	(67,187)
Others (including exchange differences)	(4,504)	3,945	45	(514)	(1,244)
At 31 December 2024	103,529	66,050	67,293	236,872	240,596
Current portion					64,888
Non-current portion					175,708
					240,596

The lease liabilities reported in the consolidated statement of financial position includes liabilities amounting to Nil (2024: KD 1,812 thousand) related to service concession arrangements recognised as intangible assets and liabilities amounting to KD 10,384 thousand (2024: KD 30,876 thousand) recognised as investment properties.

Set out below, are the amounts recognised in the consolidated statement of income related to leases:

	2025 KD 000's	*2024 KD 000's*
Depreciation expense of right-of-use assets	**(33,655)**	(54,818)
Finance cost on lease liabilities	**(8,290)**	(15,937)
Expense relating to short-term leases and low-value assets (included in administrative expenses)	**(15,542)**	(20,096)
Expense relating to short-term leases (included in cost of revenues)	**(435)**	(1,244)
	(57,922)	(92,095)

For the year ended 31 December 2025, the Group reported total cash outflows for leases of KD 39,824 thousand (2024: KD 67,187 thousand). Additionally, the Group reported non-cash additions to right-of-use assets and lease liabilities of KD 11,195 thousand (2024: KD 126,345 thousand) during the year.

7 INVESTMENT PROPERTIES

	2025 KD 000's	*2024 KD 000's*
As at 1 January	**533,279**	514,169
Additions	-	1,575
Transfer from projects in progress (Note 5)	**61,741**	9,958
Distribution of a subsidiary (Note 24)	**(240,463)**	-
Change in fair value	**(17,934)**	9,203
Exchange differences	**(1,463)**	(1,626)
As at 31 December	**335,160**	533,279

7 INVESTMENT PROPERTIES (continued)

The Group classified certain properties amounting to KD 333,696 thousand (2024: KD 320,142 thousand) held under operating leases as investment properties. These investment properties are located in Kuwait.

The fair values of investment properties as at 31 December 2025 and 31 December 2024 were determined by independent valuers who have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were determined based on a combination of market and income approaches as appropriate. In estimating the fair values of the properties, the highest and the best use of the properties is their current use. There has been no change to the valuation techniques during the year. The fair value of investment properties is measured under the Level 3 fair value hierarchy.

The significant assumption used in the determination of fair value was the market price (per sqm), exit rate and the discount rate.

Under market approach, fair value is estimated based on comparable transactions. The market approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre ('sqm').

Under the income approach, fair value is estimated by discounting the projected cash flows for the following five years and capitalizing the cash flow for the fifth year using an exit rate.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the exit rate and discount rate in isolation would result in a significantly lower (higher) fair value.

Legal claims

Renewal of land leases with Public Authority for Industry, Kuwait (PAI)
Investment properties include certain properties with a carrying value of KD 192,637 thousand that are leased from PAI as described below:

1. 805,712 m2 of land in Sulaibiya area with a carrying value of KD 78,470 thousand leased based on Municipal Council No. (MC /61/6/80) -issued in 1980 – under contract No. 60.
2. 150,000 m2 of land in Sulaibiya area with a carrying value of KD 11,843 thousand leased based on Municipal Council No. (MC / F 21/287/10/99)-issued in 1999 – under contract No. 211.
3. 1,625,000 m2 of land in Mina Abdullah area (plots 3,4 and 5) with a carrying value of KD 66,688 thousand leased based on Municipal Council No. (MC/11/10/78) -issued in 1981 – under contract No. 208.
4. 200,000 m2 of land in Amghara Industrial area with a carrying value of KD 6,896 thousand leased based on Municipal Council No. (L.B./83/10/86) -issued in 1986 – under contract No. 19/2002.
5. 941,420 m2 of land in Doha with a carrying value of KD 28,740 thousand leased in accordance with letter issued by the Council of Ministers No. (11/930-1949) – Issued in 1978 – under contract No. 8/2003.

The above lands were leased for developing warehousing facilities (both dry and temperature controlled), craft areas, open yards for parking trucks etc.

7 INVESTMENT PROPERTIES (continued)

Legal claims (continued)

Renewal of land leases with Public Authority for Industry, Kuwait (PAI) (continued)
On 21 November 2022, the Council of Ministers, Kuwait issued a resolution no (1259/12) during its meeting No. (48-3/2022) which decided the following:

a. No automatic renewal or extension of leases for warehousing and related support services after the expiration of their term. The lands will be leased through public bidding process for qualified companies in conformity with the principles of justice, equality and improvement of governance.
b. No leasing of any land for storage purposes except after referring and coordinating with the government performance follow-up agency.

Subsequently PAI made a public announcement through news media that was also published in the Official Gazette "Kuwait Al-Youm" under No. 1618 on 15 January 2023 on the termination of the contracts referred to above. The Parent Company issued a warning dated 15 January 2023 to the PAI's Board of directors, members and to its Director General to respond and deny the content of these announcements. The Parent Company sent another warning to PAI on 25 January 2023 in response to the latter's warning dated 18 January 2023. The Parent Company filed the following cases in the court of first instance against PAI asserting its position that the leases have been renewed and requested the court to prevent PAI and its affiliates from obstructing the Parent Company's possession and use of the lands mentioned above.

The Parent Company filed the cases based on the terms of the aforementioned contracts, minutes of meetings, exchanged correspondences and provision of the law applied resolutions in this regard.

1. Case No. 14/2023 Commercial, Civil, Government / 27, regarding contract No. 60 of the Sulaibiya site, with an area of 805,712 m2. The court of first instance dismissed the case on 16 February 2023 rejecting the case. The Parent Company filed the appeal under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. A ruling was issued on 15 November 2023 rejecting the appeals and confirming the ruling of the first instance. Agility has challenged this appeal decision and filed Case No. 18/35/38 for the year 2024 cassation commercial /1.

2. Case No. 9/2023 Commercial, Civil Government / 28, regarding contract No. 211 of the Sulaibiya site, with an area of 150,000 m2. The first instance court issued a judgment on 18 June 2023 on grounds of lack of jurisdiction and referred the case to the Administrative Department / 2 under no 4155/2023 administrative department /2. On 27 December 2023, the Parent Company appealed the above judgement under Appeal No. 3340/2023 Commercial, Civil, Government / 9. On 14 November 2023 the court of appeal rejected the appeal. The Parent Company filed a new case regarding contract No. 211 of the Sulaibiya site under case no. 622/2024 commercial, Civil Government /23. On 11 June 2024 a preliminary decision was issued by the Plenary Court to transfer the case to the expert department, which issued its report on October 30, 2024. A hearing date was set for rendering the judgment before the Court of First Instance. On 10 March 2026 the Court of First Instance issued a judgment rejecting the original case and confirming the termination of the lease contract in the secondary case.

3. Case No. 19/2023 Commercial, Civil, Government / 9, regarding contract No. 208 for Mina Abdullah's site, with an area of 1,625,000 m2. On 24 January 2024, the court of first instance delivered its judgement rejecting the original case and in the secondary case to vacate in favor of PAI. The Parent Company appealed the decision of the court of first instance in appeals no. 1119 and 1146 for the year 2024. PAI appealed the same decision in appeal no 1049 for the year 2024 Commercial Appeal, Civil, Government / 2, and on 16 February 2025 a ruling was issued rejecting the appeals and confirming the decision of first instance. The Parent Company has appealed this decision before the court of cassation in appeal no. 1604 for the year 2025/cassation/Commercial/4 and the PAI has also appealed it in appeal no 1487 for the year 2025 / cassation / commercial/4.

7 INVESTMENT PROPERTIES (continued)

Legal claims (continued)

Renewal of land leases with Public Authority for Industry, Kuwait (PAI) (continued)

4. Case No. 12/2023 Commercial, Civil, Government / 20, regarding Contract No. 19/2002 for the truck parking site in Amghara Industrial Area, with an area of 200,000 m2. The court of first instance dismissed the case on 28 February 2023. The Parent Company appealed the judgment with appeals Nos. 1613, 1649, 1654, 1663, commercial, civil, government / 5 for the year 2023. On 14 June 2023, a stay order was issued pending a decision on the judges' recusal request No. 13 of 2023 and on 16 July 2023 a decision was issued to reject the recusal request. On 13 March 2024, the court of appeal issued its ruling rejecting the appeal and confirmed the court of first instance ruling. The Parent Company has appealed this decision before the Court of Cassation under appeals No. 2043, 2148, 2211, 2215 for the year 2024 commercial cassation / 7.

5. Case No. 29/2023 Commercial, Civil, Government / 7 regarding contract No. 8/2003, Doha site, with an area of 941,420 m2. The court of first instance on 19 March 2023 ruled in favor of the Parent Company establishing the contractual relationship between Agility and PAI for a period twenty years starting from 1 January 2023 and ending on 31 December 2042 on an area of 941,420 m2 in the Doha area, subject of contract No. 8/2003 dated 12 August 2003 under the same terms and conditions. PAI appealed the judgment in Appeal No. 1762/2023 Commercial, Civil, Government / 1. On 18 June 2023, the Court of Appeal ruled to annul the appealed ruling and dismiss the case. The Parent Company has appealed the ruling before the Court of Cassation under Case No. 3897,3949,4145/ 2023 Commercial Cassation /1.

6. Case No. 10300 for the year 2024 Commercial/Civil/ Government/ 27 filed by the Parent Company against the PAI and others to confirm the renewal of the lease contract dated 19 September 2004 related to Crafts extension in Sulaibiyah and to request an order for restraining interference. On 30 October 2025, the court of First Instance ruled to dismiss the claim and to terminate the contract in the counter claim. PAI filed an appeal against the first-instance judgment under Civil Commercial Appeal No. 7447 of 2025, Government/11. The appellate judgment was issued on 11 February 2026, rejecting the appeal and upholding the first instance ruling. On 23 September 2025, the Parent Company handed over the Sulaibiya craft expansion site to PAI under an official handover report.

7. Case No. 10301 of 2024 Commercial Civil Plenary Government/19, filed by the Parent Company against PAI and others to prove the renewal of the lease contract dated September 19, 2004 for the Crafts extension in Jahra. On March 23, the Court of First Instance dismissed the case/ in the counterclaim filed by PAI ordered the Parent Company to vacate the site. The Parent Company then appealed the first instance ruling in Appeal No. 2040/2025 Commercial Civil Government/2, while PAI appealed the first instance ruling in Appeal No. 1987/2025 Commercial Civil Government/2. On June 25, 2025, the Court of Appeal ruled to dismiss the appeal and uphold the ruling. The Parent Company challenged the appeal ruling by Cassation under No. 2604/2025 commercial cassation /4 while PAI also filed its own cassation No 2563/2025 Commercial Cassation/4. On 24 September 2025, the Parent Company handed over the Jahra craft expansion site to PAI under an official handover report.

The PAI also filed claims against the Parent Company in respect of contracts No. 208 for Mina Abdullah site, and Contract No. 211 for the Sulaibiya site, No. 8 for the Doha site and No. 60 for the Sulaibiya warehouses site. The Parent Company has also handed over the Mina Abdulla sites 20 and 21 to PAI under an official handover report.

Pursuant to hand over of the above properties the Parent Company recognized a total fair value loss of KD 65,775 thousand in the consolidated statement of income for the year ended 31 December 2025.

Pending final outcome of the above litigations, the Group's management was unable to obtain a reliable estimate of the fair value of the subject investment properties as at 31 December 2025.

8 INTANGIBLE ASSETS

	BOT Projects, licenses, and concessions KD 000's	*Customer lists and contracts KD 000's*	*Brand KD 000's*	*Total KD 000's*
Cost:				
As at 1 January 2025	54,994	61,441	22,463	138,898
Distribution of a subsidiary (Note 24)	(54,641)	(60,998)	(21,972)	(137,611)
Exchange differences	(353)	(443)	(491)	(1,287)
As at 31 December 2025	-	-	-	-
Amortisation:				
As at 1 January 2025	(38,477)	(10,299)	(3,406)	(52,182)
Charge for the year	(434)	(2,973)	(926)	(4,333)
Distribution of a subsidiary (Note 24)	38,481	12,831	3,517	54,829
Exchange differences	430	441	815	1,686
As at 31 December 2025	-	-	-	-
Net book value:				
As at 31 December 2025	-	-	-	-

	BOT projects and concessions KD 000's	*Customer lists and contracts KD 000's*	*Brand KD 000's*	*Total KD 000's*
Cost:				
As at 1 January 2024	55,720	62,326	20,242	138,288
Additions	-	-	3,206	3,206
Exchange differences	(726)	(885)	(985)	(2,596)
As at 31 December 2024	54,994	61,441	22,463	138,898
Amortisation:				
As at 1 January 2024	(38,636)	(5,698)	(1,763)	(46,097)
Charge for the year	(543)	(5,484)	(2,044)	(8,071)
Exchange differences	702	883	401	1,986
As at 31 December 2024	(38,477)	(10,299)	(3,406)	(52,182)
Net book value:				
As at 31 December 2024	16,517	51,142	19,057	86,716

Brand, customer lists, contracts and licenses were acquired through business combinations in previous years. BOT projects represent costs incurred on the construction of the car park and commercial complex of Kuwait International Airport and Sheikh Saa'd Terminal. Concessions represents fee incurred for providing ground handling services in Cote d' Ivoire and Uganda.

9 GOODWILL

	2025 **KD 000's**	*2024* KD 000's
Cost:		
As at 1 January	**266,710**	285,455
Arising on acquisition of subsidiaries	-	9,558
Distribution of a subsidiary (Note 24)	**(259,766)**	-
Exchange differences	**(2,979)**	(1,085)
As at 31 December	**3,965**	293,928
Impairment:		
As at 1 January and 31 December	-	(27,218)
Net carrying value	**3,965**	266,710

Management has performed an impairment exercise for the goodwill that is allocated to the primary activity of the cash generating units. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the management for 2026 and forecast for the four year period thereafter, based on growth rates for the sectors in which the cash generating units operate. As a result of the exercise, the management has concluded that no impairment provision is considered necessary as at the reporting date.

Key assumptions used in value in use calculations
The calculation of value in use is sensitive to the following assumptions:
- Revenue;
- Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA");
- Discount rates; and
- Growth rate used to extrapolate cash flows beyond the 5 year period.

Revenue - Revenue is projected based on the budgets and internal forecasts prepared by the management based on business plans. Internal factors include things like sales history, product mix and marketing strategy. Management used exiting data and metrics to predict business's future revenue. In the revenue estimation processes, management also uses historical performance data, predictive modeling, and qualitative insights. Customer behavior, seasonality, conversion rates, churn rates, and other factors may affect revenue projections.

Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA) – EBITDA is projected based on the budgets and internal forecasts prepared by the management based on business plans**.**

Discount rates–- Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate of 8.5%.

Growth rate – Growth rates are estimated based on industry sectors in which the cash generating units operate, growth rates specific to the country and sales and marketing data available. Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of 11%.

Climate-related matters- The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products.

9 GOODWILL (continued)

Key assumptions used in value in use calculations (continued)

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed its recoverable amount.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The movement in carrying value of investment in associates and joint ventures during the year is as follows:

	2025 ***KD 000's***	*2024* *KD 000's*
As at 1 January	**143,053**	144,966
Additions to investment in associates	**288,321**	1,900
Gain on fair value adjustments on Investments in an associate	**183,767**	
Share of results – continuing operations	**6,946**	(326)
Share of results – discontinuing operations (Note 24)	**6,165**	9,233
Share of other comprehensive income (loss)	**13,242**	(3,030)
Distribution of a subsidiary (Note 24)	**(141,526)**	
Disposal	**-**	(36)
Dividend received	**(9,577)**	(9,722)
Foreign currency translation adjustments	**3,430**	68
As at 31 December	**493,821**	143,053

As further explained in Note 24, following the distribution of in-kind dividends, the Group's effective ownership in Agility Global PLC reduced from 51% to 26.58%, after considering the partial settlement of a loan owed by the Parent Company to Agility Global PLC through the transfer of the Parent Company's 5.9% equity ownership in Agility Global PLC. Since the Group exercises significant influence over Agility Global PLC, the investment in Agility Global PLC is classified as an investment in an associate.

The Group recognised the above investment based on the market value on the date of distribution of in-kind dividends amounting to KD 288,321 thousand. During the year, the Group has performed a purchase price allocation (PPA) and has made fair value adjustments amounting to KD 183,767 thousand which is recognised in the consolidated statement of income for the year ended 31 December 2025.

9 GOODWILL (continued)

Key assumptions used in value in use calculations (continued)

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed its recoverable amount.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The movement in carrying value of investment in associates and joint ventures during the year is as follows:

	2025 ***KD 000's***	*2024* *KD 000's*
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10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

The fair values of the assets and liabilities recognised at the date of classification as investment in an associate are as follows;

	Carrying value KD 000's	*PPA fair value adjustments KD 000's*	*Other adjustments KD 000's*	*fair value KD 000's*
Assets				
Property, plant and equipment	**268,375**	**54,184**	**-**	**322,559**
Projects in progress	**29,907**	**-**	**-**	**29,907**
Right-of-use assets	**205,644**	**-**	**-**	**205,644**
Investment properties	**240,463**	**22,042**	**-**	**262,505**
Intangible assets	**82,782**	**249,474**	**-**	**332,256**
Goodwill	**259,766**	**-**	**(259,766)**	**-**
Investment in associates and joint ventures	**141,526**	**11,501**	**-**	**153,027**
Financial assets at fair value through profit or loss	**19,675**	**-**	**-**	**19,675**
Financial assets at fair value through other comprehensive income	**1,438,962**	**8,702**	**-**	**1,447,664**
Loans to related parties	**441,878**	**-**	**(62,530)**	**379,348**
Other non current assets	**48,966**	**(3,346)**	**-**	**45,620**
Inventories	**63,952**	**-**	**-**	**63,952**
Trade receivables	**206,957**	**-**	**-**	**206,957**
Other current assets	**119,247**	**-**	**(1,346)**	**117,901**
Bank balances, cash and deposits	**317,526**	**-**	**-**	**317,526**
	3,885,626	**342,557**	**(323,642)**	**3,904,541**
Liabilities				
Provision for employees' end of service benefits	**25,032**	**-**	**-**	**25,032**
Interest bearing loans	**1,284,878**	**-**	**(1,958)**	**1,282,920**
Lease liabilities	**232,635**	**-**	**-**	**232,635**
Trade and other payables	**391,272**	**-**	**-**	**391,272**
Other liabilities	**42,421**	**(10,943)**	**-**	**31,478**
	1,976,238	**(10,943)**	**(1,958)**	**1,963,337**
Net assets	**1,909,388**	**353,500**	**(321,684)**	**1,941,204**
Non-controlling interests	**(131,623)**	**(33,480)**	**-**	**(165,103)**
Total identifiable net asset at fair value attributable to equity holder of the Parent Company	**1,777,765**	**320,020**	**(321,684)**	**1,776,101**
Group's equity interest				**26.58%**
Investment in an associate				**472,088**

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

The Group determines that Agility Global PLC is the material associate of the Group and the following table provides summarised financial information of the Group's investment in this associate:

	Agility Global PLC	
	2025	*2024*
	KD '000s	*KD '000s*
Summarised statement of financial position:		
Current assets	**801,082**	-
Non-current assets	**3,319,910**	-
Current liabilities	**(684,162)**	-
Non-current liabilities	**(1,500,508)**	-
Total equity	**1,936,322**	-
Non-controlling interests within the associate	**(137,507)**	
Equity attributable to equity holders of the parent	**1,798,815**	-
Proportion of the Group's ownership	**26.58%**	-
Carrying value of the investment	**489,688**	-
Summarised statement of income:		
Revenue	**1,557,362**	-
Profit	**93,527**	-
Contingencies and commitments	**195,406**	-

As at 31 December 2025, the fair market value of the Group's interest in Agility Global PLC which is listed in ADX is KD 265,935 thousand.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 KD 000's	*2024 KD 000's*
Investment in an associate – outside Kuwait	**-**	111,951
Quoted equity securities – outside Kuwait	**-**	4,357
Treasury bills - outside Kuwait	**-**	9,762
Unquoted equity securities – in Kuwait	**21**	21
Investment in funds – outside Kuwait	**-**	1,622
Bonds & promissory Notes	**-**	4,863
	21	132,576

The movement in the carrying value of financial assets at fair value through profit or loss during the year is as follows:

	2025 KD 000's	*2024 KD 000's*
As at 1 January	**132,576**	114,178
Additions	**-**	10,222
Change in fair value – continuing operations	**(111,384)**	-
Change in fair value – discontinuing operations (Note 24)	**(983)**	7,809
Distribution of a subsidiary (Note 24)	**(19,675)**	-
Exchange differences	**(513)**	367
As at 31 December	**21**	132,576

During the year ended 31 December 2011, the Group (through its wholly owned subsidiary, a Venture Capital Organisation) jointly with France Telecom acquired 44% equity interest in Korek Telecom L.L.C. ("Korek Telecom"), a limited liability company incorporated in Iraq, via a joint company owned 54% by the Group and 46% by France Telecom. As a result, the Group owned 23.7% indirect interest in Korek Telecom.

The investment in Korek Telecom was classified as an investment in an associate as the Group exercised significant influence over financial and operating policies of Korek Telecom. As this associate is held as part of Venture Capital Organization's investment portfolio, it is carried in the consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 "Investment in Associates and Joint Ventures" which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit and loss in accordance with IFRS 9, with changes in fair value recognised in the consolidated statement of income in the period of change.

As a result of the ongoing litigation relating to Korek as detailed below, the Group's management was unable to determine the fair value of this investment and the recoverability of interest-bearing loan as at 31 December 2025 and 31 December 2024.

During the year, management recognized full fair value loss on the investment and the interest bearing loan amounting to KD 147,616 thousand considering uncertainties associated with the quantum and timing of recovery in the enforcement in connection with the various legal and arbitration proceedings as detailed below.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation

ICSID Claim

In February 2017, the Group filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID"), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the "2015 BIT"). The arbitral claim arises from a series of actions and inactions of the Iraqi government, including its regulatory agency Communications & Media Commission ("CMC") relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the Group's investment in Korek Telecom, as well as the CMC's order to transfer the shares acquired by the Group back to the original Iraqi shareholders (which was implemented in March 2019). Without limitation, the Group's claims relate to Iraq's failure to treat the Group's investment of over USD 380 million fairly and equitably, its failure to accord the Group with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT. On 24 February 2017, the Group's request for arbitration was formally registered with ICSID.

On 22 February 2021, the tribunal issued its ruling, dismissing all of the Group's claims and awarding costs of approximately USD 5 million in favor of the respondent. On 28 May 2021, the Group filed an application to annul the award with ICSID which was formally registered on 4 June 2021. On 8 February 2024, the committee issued its decision in which it partially annulled the original judgment on the basis that the tribunal failed to properly rule on Agility's implementation claim, thereby committing an annullable error. Consequently, on July 8, 2024, the Group refiled its ICSID claim against the Republic of Iraq. The claim has been registered and a new ICSID tribunal has been constituted. A hearing before the new ICSID tribunal is scheduled for November 2026.

Kuwait Claim Against the KRG

Separately, on 31 May 2021, Alcazar Capital Limited ("Alcazar"), a subsidiary of the Group, filed a claim in Kuwait against the Kurdistan Regional Government (KRG), a political subdivision of the Government of Iraq, under the terms of a sovereign guarantee in respect of the Group's investment. On 24 January 2022, the Court of First Instance dismissed Alcazar's claims on the basis that, among other things, Alcazar had failed to prove that it had extended the USD 250 million loan to Korek over which it was seeking damages under the sovereign guarantee. On 16 February 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On 19 April 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million (the "Kuwait Judgement") against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On 2 May 2023, the Kuwait Court of Cassation issued a stay of enforcement of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. On 30 January 2024, the Kuwait Court of Cassation rejected the KRG's appeal and upheld the Kuwait Judgment. Consequently, Alcazar commenced enforcement proceedings of the Kuwait Judgment.

Pending final outcome of the enforcement proceeding and the uncertainties on the timing and determination of recovery, the Group's management has not considered any adjustment for the awarded amounts in the consolidated financial statements.

Associated KRG Claim Against Parent Company

In February 2025, the Kurdistan Regional Government filed a claim against the Parent Company and its former CEO, before the Erbil Court of First Instance in Kurdistan, Iraq. The claim seeks damages by alleging that the Parent Company and its former CEO were responsible for an alleged improper notification of the Kuwaiti claim filed by Alcazar which resulted in Alcazar obtaining the Kuwaiti judgment against the KRG and seeking to enforce the Kuwaiti judgment in foreign jurisdictions. The claim is currently pending before the Erbil Court of First Instance.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

Deed of Release Arbitration

On 24 February 2023, Korek commenced an arbitration against Alcazar, seeking a permanent injunction preventing Alcazar from enforcing in Kuwait and internationally against the KRG, the Kuwait Judgment. Korek claims the obtaining and enforcement of the Kuwaiti Judgment is a breach of a Deed of Release that Alcazar signed in 2011, by which Alcazar is said to have released Korek's obligations under the Convertible Loan Agreement. Korek also seeks various declarations, including declarations that Alcazar is in breach of contract and Korek has no liability under a Convertible Loan Agreement. Korek has also indicated that it will apply to the tribunal (once constituted) for an interim injunction preventing Alcazar from enforcing the Kuwaiti Judgment, pending the issuance of a final award in the arbitration.

On 28 July 2025, the Tribunal issued a final partial award, declaring, among other things, that: (i) Alcazar breached the Deed of Release by obtaining the Kuwaiti judgment; (ii) Alcazar breached the Deed of Release by asserting in the enforcement proceedings in New York. Costs of USD 1.65 million were awarded to Korek. Alcazar is currently considering an application to annul the award before the courts of the DIFC.

In conjunction with the foregoing claims related to Korek Telecom, Iraq Telecom Limited ("IT Ltd.") (in which the Group holds an indirect 54% stake) commenced the following proceedings.

- *Shareholders Agreement Arbitration*

On 4 June 2018, IT Ltd. commenced ICC arbitration proceedings against Korek International (Management) Ltd ("CS Ltd") and Mr. Sirwan Saber Mustafa. The dispute is in relation to various contractual breaches by the respondents under a shareholders' agreement relating to the Parent Company's investment in Korek Telecom.

On March 20, 2023, the Tribunal issued its award. The Tribunal agreed with IT Ltd. and International Holdings Limited that all of the respondents had engaged in a deliberate and intentional scheme "to bribe and corrupt officials" of Iraq's telecommunications regulator in order to procure a wrongful decision to expropriate the shareholding of IT Ltd. and IH in Korek Telecom. The Tribunal also agreed with IT Ltd. and International Holdings Limited that Sirwan Saber Mustafa Barzani had breached his fiduciary obligations by engaging in multiple acts of self-dealing and misconduct, causing harm to the claimants. The Tribunal ordered that the respondents, jointly and severally, pay International Holdings Limited and IT Ltd. a combined amount of USD 1.65 billion in damages and legal costs, together with interest. Of this amount, an amount of USD 1.329 billion is due to International Holdings Limited, and an amount of USD 318.7 million is due to IT Ltd. IT ltd. is now in the process of enforcing the award in various jurisdictions around the world.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Group's management has not considered any adjustment for the awarded amounts in the consolidated financial statements.

- *IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd.*

IT Ltd Commenced the arbitration proceedings in relation to alleged fraud orchestrated by certain Korek Telecom stakeholders with the knowledge and cooperation of IBL Bank in connection with a subordination agreement relating to a USD 150 million loan extended by IBL Bank to Korek Telecom.

On 24 September 2021, the Tribunal issued its award granting in full IT Ltd.'s claim to render as null and void the subordination agreement relating to the USD 150 million loan extended by IBL Bank to Korek Telecom. The Tribunal agreed with IT Ltd. that all of the respondents, including IBL Bank, had engaged in a deliberate and intentional deception of IT Ltd. The counterclaims of the respondents were rejected in their entirety. In addition to the avoidance of the subordination agreement, IT Ltd. was awarded legal costs in the amount of USD 3 million, which was collected on 18 May 2023.

As a result of this award, on 12 November 2021, IT Ltd. filed a Request for Arbitration against Korek Telecom, in order to enforce its debt claim of more than USD 285 million (plus default interest) bringing the total claim to approximately USD 1 billion, against IH, as debtor, and Korek Telecom, as guarantor.

The Tribunal submitted its draft Final Award to the ICC Secretariat on 8 July 2024 for approval and declared the proceedings closed. The Final Award was issued on 9 September 2024 wherein Korek was ordered to pay IT Ltd. over USD 1.3 billion.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)
IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd. (continued)
Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Group's management has not considered any adjustment for the awarded amounts in the consolidated financial statements.

Separately as well, IT Ltd. filed a Request for Arbitration ("IBL II Arbitration") against IBL Bank on 13 December 2021, seeking damages for the fraud that was adjudicated in the previous arbitration.

On 1 June 2023, the Beirut Court of Appeal issued its decision on IBL's challenge to the award in the initial IBL Arbitration, ordering the set aside of that award (the "Annulment Decision"). IT Ltd. appealed the Annulment Decision before the Lebanese Court of Cassation. On 18 October 2023, the Lebanese Court of Cassation ordered a stay of the Annulment Decision. Accordingly, the Arbitral Tribunal issued a stay of the arbitration proceedings until the Lebanese Court of Cassation's decision on the challenge to the Beirut Court of Appeal's decision. On 4 February 2026, the Lebanese Court of Cassation quashed the findings of the Lebanese Court of Cassation, thereby voiding the Annulment Decision and upholding the award of the initial IBL Arbitration. The Arbitral Tribunal is now expected to lift its stay and continue the proceedings to assess damages.

- *DIFC Director Claims*

On 12 March 2018 IT Ltd. commenced proceedings in the courts of the Dubai International Financial Centre ("DIFC") against Raymond Zina Rahmeh. The claim alleges breach of the defendant's duties as directors of International Holdings and also alleges multiple instances of self-dealing.

On 16 December 2021, a judgment against Mr. Rahmeh was issued in the amount of USD 71.3 million plus costs and interest.

Separately, on 5 September 2017, Modern Global Company for General Trading of Equipment, Supplier for Construction and Real Estate WLL (a wholly owned subsidiary of the Parent Company) commenced arbitration proceedings against Korek Telecom in relation to Korek's alleged failure to pay servicing fees due to Modern Global under a services agreement. On 20 March 2019, Modern Global was awarded its full claim, interest and legal costs, amounting to approximately USD 4.5 million.

In April 2022, an amount of approximately USD 1.1 million was obtained from certain Korek assets in the United Arab Emirates. Enforcement efforts remain ongoing.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 ***KD 000's***	*2024* *KD 000's*
Quoted equity securities–- outside Kuwait	-	1,272,114
Treasury bills – outside Kuwait	-	714
Unquoted equity securities:		
- In Kuwait	14	938
- Outside Kuwait	-	20,140
	14	1,293,906

13 INVENTORIES

	2025 **KD 000's**	*2024* KD 000's
Goods for resale	**878**	71,834
Provision for obsolete and slow-moving inventories	**(528)**	(1,103)
	350	70,731

Inventories mainly include items held in stock for delivery to logistics clients as part of logistics supply contracts.

14 TRADE RECEIVABLES

	2025 **KD 000's**	*2024* KD 000's
Gross trade receivables	**84,744**	290,717
Allowance for expected credit losses	**(35,432)**	(59,974)
	49,312	230,743

Movement in the allowance for expected credit losses of trade receivables is as follows:

	2025 **KD 000's**	*2024* KD 000's
As at 1 January	**59,974**	71,892
Expected credit losses for the year	**5,738**	8,873
Amounts written off	**(398)**	(20,727)
Distribution of a subsidiary	**(29,882)**	-
Others (including exchange differences)	**-**	(64)
As at 31 December	**35,432**	59,974

15 OTHER CURRENT ASSETS

	2025 **KD 000's**	*2024* KD 000's
Prepaid expenses	**941**	28,062
Prepaid interest	**-**	23,019
Advances to suppliers	**9,141**	24,743
Legal claims receivable*	**64,488**	64,488
Deposits	**296**	8,945
Accrued income	**2,970**	3,380
Jobs in progress	**674**	1,359
Other claims receivable	**1,729**	5,142
Staff receivables	**684**	953
Other	**1,191**	17,840
	82,114	177,931

* A resolution was issued by the General Administration of Customs for Kuwait ("GAC") to cash a portion, amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) ("GCS"), a subsidiary of the Parent Company, in favour of GAC in relation to performance of a contract. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007.

GCS appealed the above resolution at the Court of First Instance and the latter issued its judgment in favour of GCS and ordered GAC to pay an amount of KD 58,927 thousand as compensation against the non-performance of its obligations under the contract, and KD 9,138 thousand towards refunding of the guarantee encashed earlier, together with an interest of 7% per annum on these amounts to be calculated from the date the judgment becomes final.

15 OTHER CURRENT ASSETS (continued)

GCS appealed the judgment in Appeal number 1923 for the year 2014 administration /4, before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 Administrative 4 before the Court of Appeal. On 13 September 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 1480, 1487 for the year 2015. On 25 September 2019, the Court of Cassation resolved to defer the appeal to the experts. On 24 May 2021, the experts committee issued a report affirming GCS's right for the claimed compensation.

On 11 May 2022, this matter was finally resolved with the issuance of this judgment in respect of Appeals by Cassation No. 1480 and 1487 for year 2015, Administrative/4 before the Court of Cassation, where the court ordered the GAC to refund an amount of KD 5,561 thousand to GCS out of the original principal of encashed guarantee. The said appeals by Cassation resolved, otherwise, to uphold the appealed judgment, which ordered the second defendant, "the Director General of the General Administration of Customs in his capacity," to pay to the plaintiff "GCS" an amount of KD 58,927 thousand, thus making the total receivable KD 64,488 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

Accordingly the Parent Company and GCS recognized an amount of KD 64,488 thousand in the prior year representing the receivable as per the above rulings in favor of GCS (KD 58,927 thousand and KD 5,561 thousand as mentioned above).

The amount of interest in respect of the aforementioned amounts is currently not quantifiable and hence not recorded in the consolidated financial statements.

16 BANK BALANCES, CASH AND DEPOSITS

	2025 KD 000's	*2024 KD 000's*
Bank balances and cash	**12,144**	215,765
Short term deposits *	**38,455**	98,941
Total Bank balances, cash and deposits	**50,599**	314,706
Less: Short term deposits with original maturities exceeding 3 months	**(35,727)**	(25,621)
Less: Bank overdrafts	-	(66,259)
Total cash and cash equivalents	**14,872**	222,826

* Short term deposits are placed for varying periods, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

17 SHARE CAPITAL, RESERVES AND DIVIDEND

a) Share capital

	Number of shares		*Amount*	
	2025	*2024*	***2025 KD '000s***	*2024 KD '000s*
Authorized capital	**3,500,000,000**	3,500,000,000	**3,500,000**	350,000
Issued and fully paid up shares of 100 fils each	**2,676,128,586**	2,676,128,586	**267,613**	267,613

b) Share premium

The share premium is not available for distribution.

c) Statutory reserve

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

The Board of Directors of the Parent Company, based on the powers conferred upon them by Article 52 of the Parent Company's by laws, approved to transfer the statutory reserve that exceeded 50% of the Parent Company's issued share capital to retained earnings, in their board meeting held on 17 June 2025.

Accordingly, an amount of KD 61,788 thousand representing the excess amount has been transferred to retained earnings.

d) Treasury Shares

	2025	*2024*
Number of treasury shares	**123,786,106**	123,786,106
Percentage of issued shares	**4.63%**	4.63%
Market value in KD 000's	**17,330**	30,575

e) Dividend

The Shareholders at the Annual General Meeting ("AGM") held on 22 May 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the distribution of cash dividends of 10 fils (2023: 10 fils) for the year ended 31 December 2024.

On 17 June 2025, the Board of Directors of the Parent Company, based on the authorization given by the Parent Company's Ordinary general meeting held on 22 May 2025, approved the distribution of in-kind dividends representing 20.09% of the shares held by the Parent Company in Agility Global PLC. Every shareholder registered in the Parent Company's records at the end of the record date would receive 82 shares of Agility Global PLC for every 100 shares held in the Parent Company. The dividend distribution was completed on 14 July 2025 and measured based on the fair value of the shares of Agility Global PLC as on that date.

On 18 March 2026, the Board of Directors of the Parent Company recommended distribution of cash dividend of 2 fils (2024:10 fils) for the year ended 31 December 2025. This proposal is subject to the approval by the shareholders at the Annual General Assembly of the Parent Company.

17 SHARE CAPITAL, RESERVES AND DIVIDEND (continued)

f) Other comprehensive income

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Foreign currency translation reserve KD 000's	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Other reserves KD 000's*	*Non-controlling interests KD 000's*	*Total KD 000's*
2025:						
Foreign currency translation adjustments	**(25,655)**	-	-	-	**(33,651)**	**(59,306)**
Reclassification of cumulative translation differences to profit or loss on disposal of discontinued operations (Note 24)	**22,089**	-	-	-	-	**22,089**
Share of other comprehensive loss of associates and joint ventures	**15,147**	**(21,962)**	**19,294**	**763**	-	**13,242**
Loss on hedge of net investments	-	**(22,942)**	-	-	-	**(22,942)**
Reclassification of cash flow hedge reserve to profit or loss on disposal of discontinued operations (Note 24)	-	**34,250**	-	-	-	**34,250**
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	**66,694**	-	**73,231**	**139,925**
Gain (loss) on fair value hedges		**14,677**	-	-	**(8,619)**	**6,058**
	11,581	**4,023**	**85,988**	**763**	**30,961**	**133,316**

	Foreign currency translation reserve KD 000's	*Hedging reserve KD 000's*	*Investment revaluation reserve KD 000's*	*Other reserves KD 000's*	*Non-controlling interests KD 000's*	*Total KD 000's*
2024:						
Foreign currency translation adjustments	27,930	-	-	-	1,895	29,825
Share of other comprehensive loss of associates and joint ventures	(2,488)	(247)	(2)	(293)	-	(3,030)
Gain on hedge of net investments	-	1,995	-	-	-	1,995
Loss on cash flow hedges	-	(77)	-	-	-	(77)
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	19,376	-	199,490	218,866
Re-measurement loss on defined benefit plans (Note 18)	-	-	-	(8,197)	(7,785)	(15,982)
Loss on fair value hedges	-	(28,587)	-	-	(89,188)	(117,775)
	25,442	(26,916)	19,374	(8,490)	104,412	113,822

18 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The following table summarise the movement in the provision for employees' end of service benefits recognised in the consolidated statement of financial position:

	2025 KD 000's	*2024 KD 000's*
As at 1 January	**39,695**	27,275
Provided during the year	**2,933**	4,722
Paid during the year	**(4,477)**	(9,517)
Actuarial loss in respect of defined benefit plans	**-**	15,982
Distribution of a subsidiary (Note 24)	**(25,032)**	-
Others (including exchange differences)	**221**	1,233
As at 31 December	**13,340**	39,695

19 INTEREST BEARING LOANS

	2025 KD 000's	*2024 KD 000's*
Committed multicurrency revolving loan facilities obtained from a Group of banks - Maturing in 2027 and 2029	**-**	89,596
Multi year funded equity collars maturing in 2026 and 2027	**-**	704,286
Term Loans obtained from foreign banks repayable between 2025 and 2029	**-**	81,305
Murabaha facility from a foreign bank repayable in 2029	**-**	36,546
Committed Revolving loan facility from local banks repayable in 2030	**135,591**	73,500
Murabaha facility obtained from a local bank repayable in 2027 and 2028	**-**	81,261
Uncommitted facilities from local bank	**-**	-
Revolving credit facilities from a foreign bank repayable in 2025	**-**	45,424
Bank overdrafts	**-**	66,259
Other loans	**1,315**	30,972
	136,906	1,209,149

Floating effective interest rate loans amounting to KD 135,591 thousand (2024: KD 376,187 thousand) carry an agreed upon margin over the benchmark rates.

20 TRADE AND OTHER PAYABLES

	2025 KD 000's	*2024 KD 000's*
Trade payables	**17,515**	163,386
Accrued expenses	**75,807**	162,040
Accrued employee related expenses	**17,643**	74,102
NLST payable	**17,615**	19,523
Taxation on overseas subsidiaries	**-**	11,896
Zakat payable	**1,154**	1,765
KFAS payable	**1,119**	1,153
Amounts due to related parties (Note 27)	**-**	10,419
Directors' remuneration (Note 27)	**350**	350
Legal claims payable	**-**	9,138
Other liabilities	**9,853**	94,670
	141,056	548,442

The entire trade payables are of short-term nature, non-interest bearing and normally settled on 30 to 60 days terms. The carrying amount of the liabilities largely corresponds to their fair values.

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following presents the disaggregation of the Group's revenue from contracts with customers:

	2025 KD 000's	*2024 KD 000's*
Logistics services	**78,132**	70,461
Rent	**54,091**	61,549
Others	**19,241**	17,871
	151,464	149,881
Timing of revenue recognition		
Goods and services transferred at a point in time	**84,365**	76,640
Goods and services transferred over time	**67,099**	73,241
Total revenue from contracts with customers	**151,464**	149,881
Geographical markets		
Middle East and Africa	**151,464**	149,881
Total revenue from contracts with customers	**151,464**	149,881

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2025 KD 000's	*2024 KD 000's*
Salaries	**22,401**	24,262
Employee benefits	**6,634**	9,504
Professional fees	**11,722**	12,839
Rent	**1,694**	1,627
Repairs and maintenance	**11,588**	9,601
Expected credit losses for trade receivables	**4,981**	5,775
Facilities management	**1,474**	1,631
Other expenses	**9,195**	2,669
	69,689	67,908

23 TAXATION

	2025 KD 000's	*2024 KD 000's*
National labour support tax (NLST)	**-**	1,623
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	**386**	736
Zakat	**401**	640
Others	**58**	56
	845	3,055

24 DISCONTINUED OPERATIONS

Pursuant to the decision of the Board of Directors of the Parent Company, based on the authorization given by the Parent Company's Ordinary general meeting, to approve the distribution of in-kind dividends representing 20.09% of the shares held by the Parent Company in Agility Global PLC which was executed on 14th July 2025, the Group has classified Agility Global PLC as discontinued operations. The results of the Agility Global PLC for the period are presented below:

	2025 KD 000's	*2024 KD 000's*
Revenue from contract with customers	**718,344**	1,378,189
Cost of revenues	**(275,116)**	(529,927)
Net revenues	**443,228**	848,262
General and administrative expenses	**(351,422)**	(669,250)
Share of results of associates and joint ventures	**6,165**	9,233
Change in fair value of investment properties	**-**	9,180
Gain on disposal of a subsidiary	**-**	4,003
Unrealised (loss) gain on financial assets at fair value through profit or loss	**(983)**	7,809
Dividend income	**4,052**	3,182
Miscellaneous income	**5,166**	3,220
Profit before interest, taxation, depreciation, amortisation and remeasurement to fair value less cost to distribute	**106,206**	215,639
Depreciation	**(46,315)**	(84,590)
Amortisation	**(4,333)**	(8,071)
Profit before interest and taxation and remeasurement to fair value less cost to distribute	**55,558**	122,978
Interest income	**5,873**	5,154
Finance costs	**(34,839)**	(57,733)
Loss on distribution of discontinued operations	**(680,820)**	-
(Loss) profit before taxation	**(654,228)**	70,399
Taxation	**(8,103)**	(16,056)
(LOSS) PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**(662,331)**	54,343

The following table summarises the fair value and the carrying amounts of identified assets and liabilities disposed as well as the carrying value of the non- controlling interest at the date of distribution.

	KD 000's
Assets	
Property, plant and equipment	**268,375**
Projects in progress	**29,907**
Right-of-use assets	**205,644**
Investment properties	**240,463**
Intangible assets	**82,782**
Goodwill	**259,766**
Investment in associates and joint ventures	**141,526**
Financial assets at fair value through profit or loss	**19,675**
Financial assets at fair value through other comprehensive income	**1,438,962**
Loans to related parties	**441,878**
Other non current assets	**48,966**
Inventories	**63,952**
Trade receivables	**206,957**
Other current assets	**119,247**
Bank balances, cash and deposits	**317,526**
	3,885,626

24 DISCONTINUED OPERATIONS (continued)

Liabilities	
Provision for employees' end of service benefits	**25,032**
Interest bearing loans	**1,284,878**
Lease liabilities	**232,635**
Trade and other payables	**391,272**
Other liabilities	**42,421**
	1,976,238
Non-controlling interests held within the subsidiary	**131,623**
Net assets distributed	**1,777,765**

Loss on distribution of subsidiary included in the consolidated statement of income is as follows:

	KD 000's
Fair value of the net assets distributed **	**1,153,284**
Less: Carrying amount of net assets distributed	**(1,777,765)**
Less: Recycling of reserves in the subsidiary upon distribution	**(56,339)**
Loss on distribution of subsidiary	**(680,820)**

** Represents the fair value of net assets distributed to shareholders based on the market value of the shares of Agility Global PLC as of the distribution date (i.e., 14 July 2025).

The net cashflows of the subsidiary for the year are as follows:

	2025 KD 000's	*2024 KD 000's*
Operating	**68,234**	193,105
Investing	**(64,414)**	(188,464)
Financing	**27,516**	75,046
Net cash inflow	**31,336**	79,687

25 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share amounts are calculated by dividing profit for the year attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year as follows:

	2025 KD 000's	*2024 KD 000's*
(Loss) profit for the year attributable to equity holders of the Parent Company:		
Continuing operations	**49,288**	43,582
Discontinued operations	**(343,488)**	19,045
	(294,200)	62,627
	Shares	*Shares*
Number of paid up shares	**2,676,128,586**	2,676,128,586
Adjustment for reciprocal holding with an associate	-	(63,822,026)
Weighted average number of treasury shares	**(123,786,106)**	(123,786,106)
Weighted average number of outstanding shares	**2,552,342,480**	2,488,520,454
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company (fils):		
Continuing operations	**19.31**	17.51
Discontinued operations	**(134.58)**	7.65
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company (fils):	**(115.27)**	25.16

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

26 CONTINGENCIES AND CAPITAL COMMITMENTS

	2025 KD 000's	*2024 KD 000's*
Letters of guarantee*	**71,628**	235,425
Operating lease commitments	**120**	1,586
Capital commitments	**23,013**	61,696
Corporate guarantees	-	98,704
	94,761	397,411

*Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2024: KD 30,651 thousand), provided by a bank on behalf of the subsidiary "Global Clearing House Systems K.S.C. (Closed)" to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group.

26 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

(a) Legal cases with GAC
In respect of an ongoing dispute between GCS and GAC relating to project management mechanisms in the ports, both the parties have filed various claims and counter-claims against each other.

GAC initiated several legal proceedings against GCS in respect of this matter and claimed financial compensation from GCS. On 25 September 2018, a judgment was issued dismissing all cases. The judgment was appealed by both GCS and GAC. On 26 September 2022 the court of appeals ruled to set up the project development fund and required GCS to pay an amount of KD 12,443 thousand to GAC.

Both GCS and GAC appealed this judgment before the court of cassation. The GCS appeal also included a request for a stay of execution until the appeal is resolved. On 12 April 2023, the Court of Cassation ordered a stay on the enforcement until the case is determined on its merits. The case remains pending before the Court of Cassation. The Parent Company and GCS (after consulting the external counsel) have resolved not to record any provision pending final ruling by the court of cassation.

In addition to the above, there are other legal disputes between GCS and GAC. Both the parties have filed various claims and counter claims that are currently pending in the courts. The legal counsel of the Group believes that these matters will not have a material adverse effect on the Group's consolidated financial statements.

(b) Contract with the Public Authority of Industry ("PAI") for stage 5 land located in South Amghara area
The contract pertains to a lease agreement between the Parent Company and the Public Authority for Industry (PAI) for stage 5 land in the South Amghara area, covering a land area of 427,164 m². The lease expired on 7 April 2020, following which PAI initiated legal proceedings to reclaim the land. The Court of First Instance ruled in favor of PAI on April 20, 2021, confirming the requirement for the Parent Company to vacate the premises.

Both PAI and the Parent Company appealed the decision before the Court of Appeals. In its rulings the Court of Appeals upheld the order for the Parent Company to vacate the site and mandated the payment of KD 11,793 thousand as compensation for the land's use from 8 April 2020 to 3 November 2024. The Parent Company paid KD 2,654 thousand during the prior year and KD 9,139 thousand during March 2025 based on the above judgement.

The Parent Company has filed an appeal with the Court of Cassation, contesting the method used by the Court of Appeals to calculate the compensation. On November 3, 2024, the Parent Company implemented the evacuation phase of the fifth phase site at Amghara Scrap and handed it over to PAI pursuant to an execution report issued by the Ministry of Justice - Execution Department.

(c) Contract with the Public Authority of Industry ("PAI") for stage 4 land located in South Amghara area
The contract pertains to a lease agreement between the Parent Company and the Public Authority for Industry (PAI) for stage 4 land in the South Amghara area, covering a land area of 939,323 m². The lease expired on 31 October 2018. PAI initiated a legal case against the Parent Company claiming a compensation of KD 13,694 thousand representing rent for the period commencing November 2023. The Parent Company handed over the land to PAI on 13 March 2025 and the carrying value of the land in the books of the Parent Company is Nil.

The court of first instance ruled in favour of the Parent Company dismissing the case. PAI filed an appeal and the court of appeal, on 24 December 2025 pronounced its judgement in favour of PAI and ordered the Parent Company to pay the above amount.

On 10 March 2026, the court of cassation ordered a stay of enforcement of the court of appeal judgement pending its final determination of the case on the merits.

In addition to the above, the Group is involved in various incidental claims and legal proceedings. The legal counsel of the Group believes that these matters will not have a material adverse effect on the consolidated financial statements.

27 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances with related parties are as follows:

2025	***Major shareholders KD 000's***	***Other related parties KD 000's***	***Total KD 000's***
Consolidated statement of income			
Revenues	-	**846**	**846**
Cost of revenue		**(2,828)**	**(2,828)**
General and administrative expenses	-	**(525)**	**(525)**
Share of results of associates and joint ventures	-	**6,946**	**6,946**
Interest expenses	-	**(3,851)**	**(3,851)**
Consolidated statement of financial position			
Investment in associates and joint ventures (Note 10)	-	**493,821**	**493,821**
Trade Receivables	-	**662**	**662**
Amounts due from related parties	-	**3,748**	**3,748**
Loan to an associate	-	**301**	**301**
Loans from related parties*	-	**112,867**	**112,867**
Amount due to related parties	-	**5,116**	**5,116**
Other non-current liabilities	-	**2,976**	**2,976**
Trade and other payables	-	**700**	**700**

2024	*Major shareholders KD 000's*	*Other related parties KD 000's*	*Total KD 000's*
Consolidated statement of income			
Revenues	435	-	435
General and administrative expenses	(203)	-	(203)
Share of results of associates and joint ventures	-	(326)	(326)
Consolidated statement of financial position			
Investment in associates and joint ventures (Note 10)	15,837	127,216	143,053
Financial assets at fair value through profit or loss (Note 11)	-	113,573	113,573
Financial assets at fair value through other comprehensive income	-	1,982	1,982
Trade Receivables	-	10,956	10,956
Loans to related parties	-	252,154	252,154
Loan to an associate	-	35,811	35,811
Other non-current liabilities	-	7,678	7,678
Trade and other payables (Note 20)	61	10,708	10,769

* Loan from related parties includes loan from an associate (also a former subsidiary), Agility Global PLC amounting to KD 100,903 thousand representing an interest-bearing term loan. During the year, an additional amount of KD 33,617 thousand was provided by the former subsidiary under this facility agreement. Further the parent company made a partial settlement of the loan amounting to KD 62,530 thousand through transfer of shares held by the Parent Company in the former subsidiary. This loan was taken when the former subsidiary was fully consolidated in the financial statements of the Group. Since this loan was an intra group balance, it was fully eliminated and hence no comparatives are reported.

27 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel
The remuneration of board of directors and other members of key management (executives) during the year were as follows:

	2025 KD 000's	*2024 KD 000's*
Short-term benefits (Key management)	**1,327**	3,172
Accrual for committee services to board of directors	**350**	350
Special remuneration	**-**	700
Accrual for remuneration to board of directors (Note 20)	**350**	350
	2,027	4,572

Short term benefits include discretionary bonus amounting to KD 895 thousand (2024: KD 2,434 thousand) awarded to key management personnel.

28 OPERATING SEGMENT INFORMATION

The Group determined the following as its major operating segments.

- Controlled entities

This segment comprises of business units that are controlled by the group and hence consolidated in its financial statements. The entities that are part of this segment provides services that include real estate, fuel logistics, airplane ground handling and cleaning services, cargo and lounge management, customs operations and management, construction and remote site services, customs consulting and waste recycling.

- Investments

The segment comprise of business units that holds the group's non-controlling interests in various sectors. These investments comprises of both listed and unlisted equity securities and convertible loans.

28 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2025	*Controlled entities KD 000's*	*Investments KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenues				
External customers				
Continuing operations	**151,464**	-	-	**151,464**
Discontinued operations (Note 24)	**718,344**	-	-	**718,344**
Total revenues	**869,808**	-	-	**869,808**
Results				
(Loss) profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)				
Continuing operations	**63,348**	**44,483**	**(24,761)**	**83,070**
Discontinued operations (Note 24) including impact of remeasurement of fair value less cost to distribute	**(579,214)**	**4,600**	**-**	**(574,614)**
	(515,866)	**49,083**	**(24,761)**	**(491,544)**
Depreciation and amortisation				
Continuing operations	**(8,168)**	-	-	**(8,168)**
Discontinued operations (Note 24)	**(50,648)**	-	-	**(50,648)**
	(58,816)	-	-	**(58,816)**
(Loss) profit before interest, taxation and directors' remuneration (EBIT)				
Continuing operations	**55,180**	**44,483**	**(24,761)**	**74,902**
Discontinued operations (Note 24)	**(629,862)**	**4,600**	-	**(625,262)**
	(574,682)	**49,083**	**(24,761)**	**(550,360)**

Key components of controlled entities:

Year ended 31 December 2025	*Aviation services KD 000's*	*Fuel logistics KD 000's*	*Others KD 000's*	*Total KD 000's*
Revenues				
External customers				
Continuing operations	-	-	**151,464**	**151,464**
Discontinued operations (Note 24)	**412,149**	**210,959**	**95,236**	**718,344**
Total revenues	**412,149**	**210,959**	**246,700**	**869,808**
Results				
Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)				
Continuing operations	-	-	**63,348**	**63,348**
Discontinued operations (Note 24)	**58,095**	**38,176**	**5,335**	**101,606**
Less: Impact of remeasurement of fair value less cost to distribute				**(680,820)**
				(579,214)
				(515,866)

28 OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	*Controlled entities KD 000's*	*Investments KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Revenues				
External customers				
Continuing operations	149,881	-	-	149,881
Discontinued operations (Note 24)	1,378,189	-	-	1,378,189
Total revenues	1,528,070	-	-	1,528,070
Results				
Profit (loss) before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)				
Continuing operations	76,893	(6,764)	(9,826)	60,303
Discontinued operations (Note 24)	211,730	3,909	-	215,639
	288,623	(2,855)	(9,826)	275,942
Depreciation and Amortisation				
Continuing operations	(7,894)	-	-	(7,894)
Discontinued operations (Note 24)	(92,661)	-	-	(92,661)
	(100,555)	-	-	(100,555)
Profit (loss) before interest, taxation and directors' remuneration (EBIT)				
Continuing operations	68,999	(6,764)	(9,826)	52,409
Discontinued operations (Note 24)	119,069	3,909	-	122,978
	188,068	(2,855)	(9,826)	175,387

Key components of controlled entities:

Year ended 31 December 2024	*Aviation services KD 000's*	*Fuel logistics KD 000's*	*Others KD 000's*	*Total KD 000's*
Revenues				
External customers				
Continuing operations	-	-	149,881	149,881
Discontinued operations (Note 24)	797,744	375,982	204,463	1,378,189
Total revenues	797,744	375,982	354,344	1,528,070
Results				
Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)				
Continuing operations	-	-	76,893	76,893
Discontinued operations (Note 24)	115,563	78,146	18,021	211,730
	115,563	78,146	94,914	288,623

The Group's financing (including interest income and finance costs) and taxation is managed on a Group basis and are not allocated to operating segments.

28 OPERATING SEGMENT INFORMATION (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2025 and 31 December 2024.

Year ended 31 December 2025	*Controlled entities KD 000's*	*Investments KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Total assets	**709,960**	**489,701**	**(122,995)**	**1,076,666**
Total liabilities	**306,074**	**212,990**	**(34,641)**	**484,423**
Other disclosures:				
Goodwill (Note 9)	**3,965**	-	-	**3,965**
Capital expenditure	**56,368**	-	-	**56,368**
Change in fair value of investment properties	**(17,934)**	-	-	**(17,934)**

Key components of controlled entities:

Year ended 31 December 2025	*Aviation services KD 000's*	*Fuel logistics KD 000's*	*Others KD 000's*	*Total KD 000's*
Total assets	-	-	**709,960**	**709,960**
Total liabilities	-	-	**306,074**	**306,074**
Other disclosures:				
Goodwill (Note 9)	**-**	**-**	**3,965**	**3,965**
Capital expenditure	**9,574**	**5,297**	**41,497**	**56,368**
Change in fair value of investment properties	**-**	**-**	**(17,934)**	**(17,934)**

Year ended 31 December 2024	*Controlled entities KD 000's*	*Investments KD 000's*	*Adjustments and eliminations KD 000's*	*Total KD 000's*
Total assets	3,516,866	1,850,588	(1,169,607)	4,197,847
Total liabilities	1,434,391	1,902,211	(1,180,518)	2,156,084
Other disclosures:				
Goodwill (Note 9)	266,710	-	-	266,710
Intangible assets (Note 8)	86,716	-	-	86,716
Capital expenditure	68,400	-	-	68,400
Change in fair value of investment properties	9,203	-	-	9,203

28 OPERATING SEGMENT INFORMATION (continued)

Key components of controlled entities:

Year ended 31 December 2024	*Aviation services KD 000's*	*Fuel logistics KD 000's*	*Others KD 000's*	*Total KD 000's*
Total assets	797,138	569,396	2,150,332	3,516,866
Total liabilities	777,927	334,038	322,426	1,434,391
Other disclosures:				
Goodwill (Note 9)	238,620	6,253	21,837	266,710
Intangible assets (Note 8)	64,483	22,119	114	86,716
Capital expenditure	20,974	20,529	26,897	68,400
Change in fair value of investment properties	-	-	9,203	9,203

Capital expenditure consists of additions to property, plant and equipment, projects in progress and investment properties.

Other geographic information
The following presents information regarding the Group's non-current assets based on its geographical segments determined based on the geographic locations of the legal entities forming part of the Group:

Non-current assets	***2025 KD 000's***	*2024 KD 000's*
Middle east and Africa	**396,687**	1,501,553
Asia	-	68,426
Europe	-	144,364
America	-	119,858
	396,687	1,834,201

Non-current assets for this purpose consists of property, plant and equipment, projects in progress, right-of-use assets, investment properties, intangible assets, goodwill, other non-current assets, loans to related parties and loan to associate.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to risks from its use of financial instruments and these risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability. The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group also has dividend payables. The Group's financial assets comprise trade and other receivables, and cash and short-term deposits.

The Group also holds financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, loan to an associate and related parties and enters into derivative transactions.

The Group's senior management reviews and agrees policies for managing risks and provides assurance to the Board of Directors of the Parent Company that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

Risk mitigation
As part of its overall risk management, the Group uses as considered appropriate, derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations and the risk arising there from, the Group monitors them on an ongoing basis. Identified concentrations of credit risks are controlled and managed accordingly. There are no significant concentrations of credit risk identified.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk with the latter subdivided into interest rate risk, foreign currency risk and equity price risk.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group is also exposed to credit risk on its loan to an associate and loans to related parties.

Gross maximum exposure to credit risk
The table below shows the gross maximum exposure to credit risk across financial assets before credit risk mitigation:

	2025 ***KD 000's***	*2024* *KD 000's*
Bank balances	**50,599**	314,706
Trade receivables	**49,312**	230,743
Loan to an associate	**301**	35,811
Loans to related parties	-	252,154
Other assets *(excluding advances to suppliers and prepaid expenses)*	**72,032**	102,107
	172,244	935,521

Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any services/shipments to major customers are generally covered by security deposits, letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables (continued)

The Group performs an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the days past due derived from the aging profile of customers for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14.

The table below provides information about the credit risk exposure on the Group's trade receivables using a provision matrix.

31 December 2025	***Trade receivables***						
		Days past due					
	Current KD 000's	***1 to 30 days KD 000's***	***31 to 60 days KD 000's***	***61 to 90 days KD 000's***	***91 to 120 days KD 000's***	***> 120 days KD 000's***	***Total KD 000's***
Estimated total gross carrying amount at default	**2,341**	**8,988**	**1,996**	**2,964**	**11,303**	**57,152**	**84,744**
Provision for estimated credit loss							**35,432**
Expected credit loss rate							**41.81%**

31 December 2024	*Trade receivables*						
		Days past due					
	Current KD 000's	*1 to 30 days KD 000's*	*31 to 60 days KD 000's*	*61 to 90 days KD 000's*	*91 to 120 days KD 000's*	*> 120 days KD 000's*	*Total KD 000's*
Estimated total gross carrying amount at default	52,430	83,182	31,063	17,558	28,815	77,669	290,717
Provision for estimated credit loss							59,974
Expected credit loss rate							20.63%

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2025 and 31 December 2024 is the carrying amounts at the reporting date.

The Group limits its exposure to credit risk by only placing funds with counterparties with appropriate credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

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 periodic basis.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

Financial liabilities	*Less than 1 month KD 000's*	*1 to 3 months KD 000's*	*3 to 12 months KD 000's*	*More than 1 year KD 000's*	*Total KD 000's*
2025					
Interest bearing loans	1,457	3,243	14,099	314,023	332,822
Lease liabilities	531	1,062	4,780	43,981	50,354
Trade and other payables	10,403	34,859	95,794	-	141,056
Dividends payable	-	-	8,632	-	8,632
Other non-current liabilities	-	-	-	38,057	38,057
Total financial liabilities	**12,391**	**39,164**	**123,305**	**396,061**	**570,921**

Financial liabilities	*Less than 1 month KD 000's*	*1 to 3 months KD 000's*	*3 to 12 months KD 000's*	*More than 1 year KD 000's*	*Total KD 000's*
2024					
Interest bearing loans	2,836	39,701	127,617	1,200,662	1,370,816
Lease liabilities	6,513	13,027	58,621	305,367	383,528
Trade and other payables	47,901	145,473	355,068	-	548,442
Dividends payable	-	-	8,613	-	8,613
Other non-current liabilities	-	-	-	76,901	76,901
Total financial liabilities	57,250	198,201	549,919	1,582,930	2,388,300

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk, and other price risks, such as equity price risk. Financial instruments affected by market risk include bank balances and trade receivables in foreign currencies, deposits, financial assets at fair value, loan to an associate and related party, interest bearing loans, trade payables in foreign currencies and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 December 2025 and 31 December 2024.

The Group manages market risk on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group also manages its interest rate risk by entering into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)
Interest rate risk (continued)

Interest rate sensitivity
Based on the Group's financial assets and liabilities held at the year end, an assumed 50 basis points movement in interest rate, with all other variables held constant, would equally impact the Group's profit before taxation and Directors' remuneration as follows.

	50 basis points movement Effect on consolidated statement of income	
	2025	*2024*
	KD 000's	*KD 000's*
	±1,249	±2,155

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities (when revenues, expenses and borrowings are denominated in a currency other than Kuwaiti Dinar), financial assets at fair value denominated in foreign currency and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by use of derivative financial instruments where appropriate and ensures that the net exposure is kept to an acceptable level. The Group has also designated certain interest bearing loans as hedging instruments against its net investment in foreign operations.

Foreign currency sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in the US Dollars / Kuwaiti Dinar exchange rates, with all other variables held constant, of the Group's profit before taxation and Directors' remuneration (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Group's equity (due to changes in the fair value of interest bearing loans designated as hedging instruments for net investments in foreign operations and financial assets at fair value through other comprehensive income). The Group's exposure to foreign currency for all other currencies is not material.

	Change in currency rate by 1 %			
	Effect on other comprehensive income		***Effect on consolidated statement of income***	
	2025	*2024*	***2025***	*2024*
	KD 000's	*KD 000's*	***KD 000's***	*KD 000's*
US Dollars	**±5,034**	±7,824	**±734**	±20
EURO	-	±5,144	-	-

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Determination of fair value and fair value hierarchy:
The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

30 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

2025	*Level 1 KD'000*	*Level 2 KD'000*	*Level 3 KD'000*	*Total fair value KD'000*
Financial assets measured at fair value through profit or loss				
Unquoted equity securities	-	-	**21**	**21**
	-	**-**	**21**	**21**
Financial assets measured at fair value through other comprehensive income				
Unquoted equity securities	-	-	**14**	**14**
	-	-	**14**	**14**
	-	-	**35**	**35**

2024	*Level 1 KD'000*	*Level 2 KD'000*	*Level 3 KD'000*	*Total fair value KD'000*
Financial assets measured at fair value through profit or loss				
Investment in an associate	-	-	111,951	111,951
Quoted equity securities	4,357	-	-	4,357
Treasury bills	-	-	9,762	9,762
Unquoted equity securities	-	-	21	21
Investment in funds	-	1,622	-	1,622
Bonds & promissory Notes	-	-	4,863	4,863
Loans to related parties	-	-	248,531	248,531
Loan to an associate	-	-	35,811	35,811
	4,357	1,622	410,939	416,918
Financial assets measured at fair value through other comprehensive income				
Quoted equity securities	1,272,114	-	-	1,272,114
Treasury bills	-	-	714	714
Unquoted equity securities	-	-	21,078	21,078
	1,272,114	-	21,792	1,293,906
Derivative financial assets:				
Forward foreign exchange contracts	-	30	-	30
Equity collars	-	(41,966)	-	(41,966)
	-	(41,936)	-	(41,936)
	1,276,471	(40,314)	432,731	1,668,888

There were no transfers between the hierarchies during 2025 and 2024.

30 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table below shows a reconciliation of the opening and the closing amount of level 3 financial assets measured at fair value:

	2025 KD'000	*2024 KD'000*
As at 1 January	**432,731**	396,010
Change in fair value recognised in consolidated statement of income	**(147,616)**	4,746
Re-measurement recognised in consolidated statement of other comprehensive income	-	(13,548)
Distribution of a subsidiary (Note 24)	**(284,934)**	-
Others including net purchases (sales), transfer and exchange difference	**(146)**	45,523
As at 31 December	**35**	432,731

31 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group includes within net debt, interest bearing loans less bank balances, cash and deposits. Capital includes equity attributable to the equity holders of the Parent Company and non- controlling interests.

	2025 KD 000's	*2024 KD 000's*
Interest bearing loans	**136,906**	1,209,149
Loans from related parties	**112,867**	-
Bank balances, cash and deposits	**(50,599)**	(314,706)
Net debt	**199,174**	894,443
Equity attributable to the equity holders of the Parent Company	**569,859**	1,016,943
Non-controlling interests	**22,384**	1,024,820
Capital	**592,243**	2,041,763
Capital and debt	**791,417**	2,936,206
Gearing	**25.17%**	30.46%

32 EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, significant geopolitical tension escalated in Middle east, impacting GCC countries, including the State of Kuwait. In late February 2026, the conflict has caused regional disruption including airspace closure, supply-chain disturbances, and heightened geopolitical uncertainty due to which business and economic uncertainties have arisen. The existing and anticipated effects of the geopolitical conflict is expected to continue to evolve.

32 EVENTS AFTER THE REPORTING DATE (continued)

These developments arose after the Group's reporting date of 31 December 2025. In accordance with IAS 10 – *Events after the Reporting period*, these events are considered non-adjusting subsequent events, as they relate to conditions that did not exist as at the reporting date. Although the Group's 31 December 2025 consolidated financial position is not impacted, it has created significant uncertainty regarding the Group's future operations, supply chain, customer demand, and overall economic conditions in the region.

The Group has assessed the potential implications of these events on its operations, financial position and performance, including potential impact on logistics, customer activity and regional demand patterns. However, based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these events, as the situation is still evolving. The Group will continue to monitor the situation and related developments closely in 2026. Management has also considered the impact of these events on the Group's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.