



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

ANNUAL REPORT 55

AND CONSOLIDATED FINANCIAL STATEMENTS

2025





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In The Name of Allah The Most Gracious The Most Merciful

Established in accordance with Amiri Decree on 5 Nov. 1968

Paid up capital KD 73,330,387

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At the intersection of Al-Shuhada Street

With Khaled Ibn Al-Waleed Street, Al-Sawaber Area

State of Kuwait



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



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



Side view For stacker and reclaimer for raw material



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BOARD OF DIRECTORS

Dr. Abdulaziz Rashed Al-Rashed	Chairman
Mishal Abdulmohsen Al-Rashed	Vice Chairman & Chief Executive Officer
Khaled Abdullah Al-Rabiah	Board Member
Dr. Rana Abdullah Al-Fares	Board Member
Ziad Tareq Al-Mukhaizeem	Board Member
Salah Ahmad Saud Al-Wuhaib	Board Member
Abdullah Manea Al-Ajmi	Board Member
Abdullah Mohamad Al-Saad	Board Member
Waleed Abdullah Al-Roumi	Board Member
Yaqoub Yousef Al-Saqer	Board Member

Auditor

Faisal Saqer Al Saqer
BDO Al-Nisf & Partners

Agenda of the 58th Ordinary General Assembly

- 1- Discuss and approve the Board of Directors' report on the Company's activities, financial position, and business results for the fiscal year ended on 31/12/2025.
- 2- Read and approve both the Governance Report and the Audit Committee Report for the fiscal year ended on 31/12/2025.
- 3- Discuss and approve the External Auditor's Report on the results of the Company's financial statements for the fiscal year ended on 31/12/2025.
- 4- Discuss and approve the consolidated financial statements for the fiscal year ended on 31/12/2025 and endorse the same.
- 5- Review any violations identified by the regulatory authorities and any penalties issued consequent to such violations and resulted in imposing financial and non-financial penalties on the Company during the fiscal year ended on 31/12/2025 (if any).
- 6- Discuss the Board of Directors' recommendation to distribute cash dividends of 7% of the capital (i.e. 7 fils per share), after excluding the treasury shares, totaling KD. 4,990,815.690 (four million nine hundred and ninety thousand eight hundred and fifteen Kuwaiti dinars and 690 fils) for the fiscal year ended on 31/12/2025. These cash dividends are payable to the shareholders recorded in the Company's registers at the end of the due date. And to authorize the Board of Directors to amend the payment time-schedule if it was not possible to announce a confirmed time-schedule.
- 7- Discuss the Board of Directors' recommendation not to pay remunerations to the Board members for their membership on the Board of Directors for the fiscal year ended on 31/12/2025.
- 8- Review the transactions with related parties for the fiscal year ended on 31/12/2025 and authorize the Board of Directors to conduct transactions with related party during the fiscal year to be ending on 31/12/2026.
- 9- Approve the Board of Directors' issuance of bonds in Kuwaiti dinar denomination, or any other currency it deems appropriate, not exceeding the maximum permitted by law, or its equivalent in foreign currencies. Together with authorizing the Board of Directors to determine the type, term, nominal value, return, maturity date, and other terms and conditions of these bonds, subject to the approval of the relevant regulatory authorities.

- 10- Approve authorizing the Board of Directors to purchase or sell the Company's shares, not exceeding 10% of its total shares, in accordance with the provisions of Law No. 7 of 2010 concerning the establishment of the Capital Markets Authority and Organizing the Securities Activities, and its Executive Bylaw, and the amendments thereon.
- 11- Approve of the release of the members of Board of Directors from liability for all legal, financial, and administrative actions for the fiscal year ended on 31/12/2025.
- 12- Approval of the appointment or reappointment of the company's external auditor from the list approved by the Capital Markets Authority for the financial year ending on 31/12/2026, with authorization granted to the Board of Directors to determine the auditor's fees, taking into consideration the mandatory auditor rotation requirements.



Dr. Abdulaziz Rashed Al-Rashed
Chairman of Board of Directors

Board of Directors' Report For the Fiscal Year Ended on 31/12/2025

*Honorable Shareholders,
Peace, mercy, and blessings of God be upon you,*

I am honored, on behalf of my colleagues the Board Directors, to welcome you and express our sincere thanks and gratitude for your presence and for responding to our invitation. I am pleased to present to you the 55th Annual Report of Kuwait Cement Company (K.S.C.P) which includes an overview of the main activities of the Company and its subsidiaries, the independent Auditor's Report, and the consolidated Financial Statements for the fiscal year ended on December 31, 2025.

Honorable Shareholders,

Your company has continued to consolidate its leading position in the local market for more than five decades, based on its commitment to the principles of sustainable development and its dedication to enhancing environmental, health, and safety aspects across its operations. It has also placed great emphasis on developing its production and operational capabilities by adopting the latest industrial technologies that contribute to reducing emissions and achieving the highest levels of efficiency, reflecting its deep awareness of its national and social responsibilities.

Based on this vision, the Executive Management has worked to support the national staff through a clear strategy aimed at enhancing operational excellence and maintaining product quality in line with the highest Kuwaiti and Gulf specifications. These efforts have been positively reflected in strengthening the company's market share, ensuring the efficient execution of all contracts, and meeting market demands accurately and within the specified timeframes.

Moreover, the company has continued to invest in modern technologies and capitalize on operational opportunities that enhance production and reduce costs. These steps contributed to achieving noticeable growth in sales during 2025, coinciding with the continuation of the construction projects in the country and improved demand in the construction and building sector.

Kuwait Cement Company remains steadfast in its approach to supporting the building and construction sector by providing various types of cement products, with a focus on implementing best environmental and health practices, reinforcing its role in supporting sustainable development and social responsibility.

Here below is a brief overview of the company's key activities and achievements during 2025.

Marketing and Sales:

In 2025, your company continued its efforts and intensified its communication with all government and private entities, as well as companies in the oil sector across various industries, to enhance its marketing performance. This contributed to achieving tangible success in marketing its products, including Ordinary Portland Cement, Sulphate-Resistant Cement (Type 5), Oil Well Cement, and environmentally friendly Ground Granulated Blast Furnace Slag (GGBFS). In 2025, the company achieved a 29.8% increase in sales volume compared to 2024.

This growth in sales came despite a decline in domestic cement consumption due to a reduction in the number of government and private projects being offered and the completion of others. Nevertheless, the company



was able to increase its market share following implementation of the anti-dumping duties on imports of Iranian cement and clinker into the Kuwaiti market, at the end of May 2025. This posed a major challenge for the company in proving its ability to maintain stability of the cement and construction market in Kuwait, as it is the only company in the country that manufactures and produces cement and clinker locally, starting from the raw materials. Indeed, the company has succeeded in supplying cement to the market according to customers demand, demonstrating that its production and marketing capabilities enabled it to overcome this challenge. It has increased its production capacity following the implementation of the said anti-dumping decision, reaching its maximum capacity and ensuring uninterrupted supply to the local market. It has also intensified its marketing efforts, leveraging its strong relationships with the clients, which collectively contributed to increasing its market share and sales volume.

The company looks forward to continuing to achieve better results in the coming years with the launch of new development projects, residential cities, and infrastructure initiatives. This is expected to provide greater opportunities to increase operations. The company also hopes for the continuation of anti-dumping measures on Iranian cement and clinker imports and for ongoing government support of national products to help address the dumping challenges it has faced in recent years.

Environmental Fuel Project (RDF)

Kuwait Cement Company continues to make rapid progress in implementing the project to convert municipal solid waste into Refuse Derived Fuel (RDF) for use in the clinker production kilns at the plant. Work on the project is advancing at a pace ahead of the approved time schedule. This reflects the project's strategic importance as one of the vital development initiatives aligned with the State's directives toward reducing environmental impact and promoting the concepts of environmental and economic sustainability.

The blueprints and designs phase has been completed, and all required licenses and approvals have been obtained from the relevant authorities. Approximately 95% of the construction work has been completed, in addition to the installation of production lines. The routing of electrical cables from the main station to the project site has been approved by Kuwait Municipality, in preparation for the excavation works and connection of the electrical power.

Moreover, the project has received approval from the Public Authority for Industry for its localization request, reflecting support of the official entities during 2026. This initiative is expected to be among the largest recycling projects in the Arabian Gulf region.

Subsidiary Companies:

Kuwait Cement Ready-Mix Company (K.S.C.) Closed

In 2025, the scarcity of mega project tenders in the State of Kuwait's construction market continued, along with several notable changes that affected the ready-mix concrete sector. Within this context, Kuwait Cement Ready-Mix Company faced changing operating conditions during the year. However, it was able to leverage its extensive experience in the sector, its human and technical capabilities, and its fleet of trucks and well-prepared equipment to maintain operational stability and ensure the continuity of production and supply at controlled levels of quality, commitment, and efficiency. These strengths formed the foundation that enabled the company to meet the requirements of the existing projects in terms of operational readiness and execution volume, while maintaining the high level of trust it enjoys among the major clients.

Looking ahead, the company aims to strengthen its technical and operational readiness and develop its work mechanisms to keep pace with the evolving market demands. This will enhance its ability to continue delivering consistent and reliable performance in the ready-mix concrete industry. The company is also placing special focus on preparing to capitalize on expected growth opportunities in the construction sector, particularly with the anticipated launch of real estate development projects.

Shuwaikh Cement Company (K.S.C.) Closed

Shuwaikh Cement Company and its Shuwaikh Crusher in the United Arab Emirates achieved outstanding results in 2025, driven by the significant improvement in the Emirates market. Production increased to 3.112 million tons, representing a 173.5% rise, while sales within and outside the Emirates market rose to 2.977 million tons, an increase of 305.4%. This is expected to have a positive impact on the company's 2025 financial balance sheet.

The company continued to implement a balanced policy between purchasing and leasing equipment, while also selecting highly qualified personnel with diverse expertise and skills to manage and operate daily activities at the crusher. It has also applied the highest standards in fuel procurement at optimal prices.

Amwaj International Real Estate Company (K.S.C.) Closed

In 2025, the company achieved satisfactory profits compared to 2024, driven by its activity in managing the Cement House property and maintaining high occupancy levels using effective marketing strategies. It has also benefited from its investment activities in locally listed companies on the Kuwait Stock Exchange, as well as reputable global companies with strong performance, and in various portfolios and funds managed by specialized firms across multiple geographic sectors (Kuwait, Gulf Cooperation Council, United States, and United Kingdom). This reflects the company's strategy of diversifying its investment portfolio to reduce risks while ensuring attractive returns, steady cash flows, and dividend income from investments in local companies.

Regarding the utilization of the plot leased to the parent company (Kuwait Cement) in East Ahmadi area, the construction of the concrete structure was completed during 2025. Finishing works are progressing steadily and in line with the scheduled timeline, with full completion expected in 2026. Leasing activities are also expected to begin in 2026, which will benefit both the company and its parent company, Kuwait Cement, with God willing

Corporate Governance Report for 2025

The Board of Directors of Kuwait Cement Company (K.S.C.P.) places great importance on applying the highest standards of corporate governance, in line with the company's requirements and in accordance with the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and organizing the financial securities activities, as amended. The Board of Directors is committed to embedding professional values, principles, and conduct across all areas of work, while promoting transparency and disclosure practices and ensuring the timely provision of information in a format that enables sound decision-making in support of sustainable growth.

Corporate Social Responsibility

Kuwait Cement Company seeks to create a positive and sustainable social impact through the implementation of its corporate social responsibility policy, thereby reinforcing its leading role in serving the local community.



This is achieved through social responsibility programs implemented in line with best practices in this field. As part of its corporate strategy and vision, the company aims to contribute actively and positively to its surrounding community and to build strong partnership relationships with the local community, supporting the achievement of its mission, objectives, and aspirations. The company also focuses on supporting environmental protection, enhancing safety standards, and achieving sustainable development, contributing to the long-term sustainable growth of its business and delivering real benefits to the society in general and to its employees in particular.

Honorable Shareholders,

In light of the company's financial results, the net profit for the year reached 7,153,123 Kuwaiti dinars, with earnings per share of 10.03 fils for the year ended on 31/12/2025. Total assets amounted to 343,807,326 Kuwaiti dinars as of 31/12/2025, and reserves reached 109,249,177 Kuwaiti dinars as of the same date. Based on the above, the Board of Directors is pleased to present along with the agenda of your esteemed General Assembly, a recommendation to distribute cash dividends at the rate of 7%, i.e. Seven fils per share, for the fiscal year ended on December 31, 2025.

In conclusion, having reviewed with you the company's key achievements for 2025, the Board of Directors is honored to extend its highest expressions of gratitude and appreciation to His Highness Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah, the Amir of the State of Kuwait, may God protect him, in recognition of the significant developmental achievements realized during his reign, thanks to his wise leadership, sound vision, continuous support of the economic sector, and ongoing encouragement of the national investments. We plea to Almighty God to grant His Highness continued health and well-being, and to bless our beloved country with lasting security, stability, and prosperity.

The Board of Directors also expresses its sincere thanks and appreciation to His Highness Sheikh Sabah Khaled Al-Hamad Al-Mubarak Al-Sabah, the Crown Prince, may God protect him, for his dedicated efforts and continuous pursuit of all that enhances Kuwait's eminence and serves its interests.

The Board of Directors extends its deep gratitude to His Highness Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah, the Prime Minister, as well as to the honorable Ministers, all State institutions, associate companies, and national banks for their ongoing cooperation and continued support.

The Board of Directors also extends its sincere thanks to our valued shareholders for their trust and continuous support of the company's journey, affirming our shared aspiration for further growth and success.

Finally, I would like to express my heartfelt appreciation to my fellow Board members, the Executive Management, and all employees of the company, both technical and administrative, for their diligent efforts and valuable contributions to the development of the company's business and for strengthening the principles of sustainability across its various activities, wishing them all continued success and dedication in achieving the desired objectives.

May God be the guardian of our success,

Peace, mercy, and blessings of God be upon you,

Dr. Abdulaziz Rashed Al-Rashed
Chairman of Board of Directors



Unloading of raw material from ships on the covered conveyor belt



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Company's Governance Report for Year 2025

First Rule: Building a Balanced Structure for the Board of Directors:

- Overview of the Board of Directors' Formation, as follows:**

In accordance with the provisions of Article (18) of the Articles of Association of Kuwait Cement Company, which specifies that the Board of Directors shall consist of ten members, the Board of Directors of Kuwait Cement Company (K.S.C.P.) has approved the formation of the Board for the current term (2025-2027) during its meeting held on 08/05/2025, based on the results of the 57th Ordinary General Assembly of the company's shareholders held on the same date. All members of the Board of Directors are of Kuwaiti nationality and possess the qualifications and experience required to hold their positions.

All members of the Board of Directors are of Kuwaiti nationality, who possess academic credentials and experience for assuming their positions:

As such, the formation of current Board of Directors is as follows:

Name	Member Classification	Academic Qualifications and Professional Experience	Date of Election / Appointment of the Secretary
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors (until May 8, 2025)	Non-Executive	<p>He holds a Bachelor's degree in Business Administration and Economics from Claremont University in the United States - year 1958, and a Master's degree in Business Administration and Economics from the same university - year 1959.</p> <p>He is considered one of the founding members of Kuwait Cement Company since its establishment in 1968 and served as Chairman of its Board as from the convening date of the Constituent Assembly on January 20, 1969 until 1978.</p> <p>He returned to the post of Chairman in 1996 and continued in this role until May 8, 2025 (the date of the Ordinary General Assembly meeting during which the Board of Directors for the current term was elected).</p> <p>He also served as Chairman of the Nomination and Remuneration Committee at the Board of Director.</p>	20/04/2022



Company's Governance Report for Year 2025

Name	Member Classification	Academic Qualifications and Professional Experience	Date of Election / Appointment of the Secretary
Dr. Abdulaziz Rashed Al-Rashed – Chairman of Board of Directors (as of May 8, 2025)	Non-Executive	<p>He holds a Doctorate degree in Electrical Engineering from the University of Wisconsin in the United States of America.</p> <p>He served as Vice Chairman of the Board from April 20, 2022, until May 8, 2025.</p> <p>He was appointed as Chairman of the Board following his election at the Ordinary General Assembly held on May 8, 2025. He has also served as member on the Audit Committee.</p> <p>He currently serves as chairman of the Nominations and Remunerations Committee.</p>	08/05/2025
Mishal Abdulmohsen Al-Rashed Vice-Chairman and Chief Executive Officer (as of May 8, 2025)	Executive	<p>He holds a Bachelor's degree in International Business from an American University in Washington, awarded on 12/05/1996.</p> <p>Mr. Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer as from 22/12/2022.</p> <p>Joined the Board of Directors on 20/04/2022.</p> <p>Mr. Mishal Abdulmohsen Al-Rashed was elected as Vice-Chairman of Kuwait Cement Company on 08/05/2025. He also serves as member of the Risk Management Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Khaled Abdullah Al-Rabiah Board Member	Non-Executive	<p>He holds University degree from Kuwait University, awarded in year 1977.</p> <p>Member of Board of Directors of Kuwait Cement Company, representing the National Industries Holding Group since 1998 until this day. He also serves as chairman of the Risk Management Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025

Name	Member Classification	Academic Qualifications and Professional Experience	Date of Election / Appointment of the Secretary
Ziad Tariq Al-Mukhaizeem Board Member	Non-Executive	<p>He holds a Bachelor's of Science degree in Civil Engineering from the University of the Pacific, California - United States of America, awarded in year 2004.</p> <p>He holds a Master's degree in Business Administration from DePaul University, Illinois - United States of America, awarded in year 2006.</p> <p>Mr. Ziad Tariq Al-Mukhaizeem joined the Board of Directors on 13/11/2019 until this day. He also serves as member on the Risk Management Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Abdullah Manea Al-Ajmi Board Member	Non-Executive	<p>He holds a Bachelor's degree in Accounting major from Kuwait University, awarded in year 1999.</p> <p>He holds a Master's degree in Business Administration majoring (Accounting) from Delmont University, awarded in year 2010.</p> <p>He joined membership of the Board of Directors as representative of the Public Authority for Investment on 20/04/2022 until this day. He also serves as member of the Nominations and Remunerations Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Abdullah Mohammed Al-Saad Board Member	Non-Executive/ Independent	<p>He holds a Bachelor's degree in Business Administration from Cairo University, awarded in year 1969.</p> <p>Member of Board of Directors of Kuwait Cement Company since 1998 until this day. He also serves as member of the Nominations and Remunerations Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025



Name	Member Classification	Academic Qualifications and Professional Experience	Date of Election / Appointment of the Secretary
Waleed Abdullah Al-Roumi Board Member	Non-Executive	<p>He holds a Bachelor's degree in Commerce, majoring in Business Administration and Marketing from Kuwait University, awarded in year 1983.</p> <p>He worked at the Public Authority for Investment from 1983 until January 2024.</p> <p>Mr. Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors on 20/04/2022. He also serves as member of the Audit Committee.</p> <p>He also holds membership posts in many other companies.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Yacoub Yousef Al-Saqer Board Member	Non-Executive	<p>He holds a Bachelor's degree in Commerce - majoring in Accounting from Ain Shams University in Cairo, awarded in year 1969.</p> <p>He is a member of the Board of Directors of Kuwait Cement Company representing the National Industries Holding Group from 2007 until this day. He also serves as chairman of the Audit Committee.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Yousef Bader Al-Kharafi Board Member (until May 8, 2025)	Non-Executive/ Independent	<p>He holds a Military College degree from Egypt awarded in year 1957, and a certificate of Theoretical and Training Studies in various Departments at the Ministry of Interior in Egypt in the same aforesaid year.</p> <p>He was a member of Board of Directors of Kuwait Cement Company from 2007 until May 8, 2025. He also served as chairman of the Risk Management Committee.</p>	20/04/2022

Name	Member Classification	Academic Qualifications and Professional Experience	Date of Election / Appointment of the Secretary
Dr. Rana Abdulrahman Al-Fares Board Member (as of May 8, 2025)	Non-Executive/ Independent	<p>She obtained her Bachelor's degree in Civil Engineering from Kuwait University.</p> <p>She obtained her Master's degree in 1999 from the University of Southern California, USA, and her Doctorate degree in Geotechnical Engineering in 2004 from the same university.</p> <p>She previously served as Minister of State for Communications and Information Technology, Minister of State for Municipal Affairs, and Minister of Public Works.</p> <p>Her professional expertise was earned through serving in various posts at several institutions.</p>	08/05/2025
Salah Ahmad Saud Al-Wuhaib Board Member (as of May 8, 2025)	Non-Executive/ Independent	<p>He holds a Bachelor of Science degree in Business Administration from Eastern Washington University.</p> <p>Head of Equity and Fixed Income Investments at Kamco Investment Company.</p> <p>His professional expertise (financial and investment) was earned through serving in various posts at several institutions.</p>	08/05/2025
Osama Abdul Redha Safar		Secretary	08/05/2025



Company's Governance Report for Year 2025

• Overview of Kuwait Cement Company Board Meetings during 2025

The Board of Directors of Kuwait Cement Company has held (7) meetings during year 2025. The following table show details and number of meetings attended by each member.

Member's Name	Meeting No. 1/2025 dated 16/01/2025	Meeting No. 2/2025 dated 12/03/2025	Meeting No. 3/2025 dated 14/04/2025	Meeting No. 4/2025 dated 01/05/2025	Meeting No. 5/2025 dated 08/05/2025	Meeting No. 6/2025 dated 06/08/2025	Meeting No. 7/2025 dated 04/11/2025	Number of Meetings
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors (until 08/05/2025)	✓	✓	✓	/				3
Dr. Abdulaziz Rashed Al-Rashed Chairman of Board of Directors (as of 08/05/2025)	✓	✓	✓	✓	✓	✓	✓	7
Mishal Abdulmohsen Al-Rashed Vice-Chairman of Board of Directors (as of 08/05/2025)	✓	✓	✓	✓	✓	✓	✓	7
Khaled Abdullah Al-Rabiah Board Member	✓	✓	✓	✓	✓	✓	✓	7
Ziad Tariq Al-Mukhaizeem Board Member	✓	✓	✓	✓	✓	✓	✓	7
Abdullah Mohamad Al-Saad Board Member	/	✓	✓	✓	✓	✓	✓	6
Abdullah Manea Al-Ajmi Board Member	✓	✓	✓	✓	✓	✓	✓	7
Waleed Abdullah Al-Roumi Board Member	/	✓	✓	✓	✓	/	/	4
Yacoub Yousef Al-Saqer Board Member	✓	✓	✓	/	/	✓	✓	5
Yousef Bader Al-Kharafi Board Member (until 08/05/2025)	✓	✓	✓	✓				4
Dr. Rana Abdullah Al-Fares Board Member (as of 08/05/2025)					/	✓	✓	2
Salah Ahmad Al-Wuhaib Board Member (as of 08/05/2025)					✓	✓	✓	3

* Marking with the sign ((✓)) denotes attendance of the meeting by the member of board of directors.

- **Summary of the method of applying the requirements for recording, coordinating, and keeping the minutes of meetings of the Company's Board of Directors:**

Secretary of the Board of Directors applies the requirements of recording, coordinating, and keeping the minutes the meetings of the Board of Directors of Kuwait Cement Company, using special register that contains information about the agenda of each meeting, its date and venue, as well as the meeting starting and ending times. Each meeting is kept under a serial number according to the respective year, and special files are prepared in which the minutes of meetings are kept, together with the deliberations and discussions that took place therein. The Board members are provided with the agenda together with its relevant documents before the date of the meeting with sufficient time, for the members to study the agenda items. The minutes of meetings are signed by the Board members and the secretary who were present at that meeting. In the meetings that take place by passing or through remote communication (according to the Article No. «190» of the Companies Law), the minutes are signed by all the participating members. The Board Secretary works on the coordinating and submitting the necessary information to all Board members.

- **Acknowledgment of the Independent member of having the independence prerequisites:**

The Company confirms the independence of the independent member through an acknowledgment issued by him, in which he declares that there is nothing preventing his independence according to what is specified by the Executive Regulations of the Capital Markets Authority.

Second Rule: Defining the Tasks and Responsibilities Appropriately:

- **An overview of how the Company defines the policy of tasks, responsibilities, and duties of each of the members of the Board of Directors and the Executive Management, as well as the powers and authorities that are delegated to the Executive Management.**

The regulation of tasks and specializations of the Board of Directors approved by the Board on 15/11/2016 and as updated on 31/08/2022, stipulates that the Company's Board of Directors bears comprehensive responsibility for the Company, including setting strategic objectives for the Company as well as risks strategy, governance standards, responsibility of supervising the Executive Management, preserving interests of the shareholders, creditors, employees and all stakeholders, and ensuring that management of the Company is carried out effectively and within the framework of the laws of the regulatory authorities, the Articles of Association, and the internal regulations and policies of the Company. Here below is an overview of the general duties of the Board of Directors:

- The Board bears ultimate responsibility for the Company's operations and soundness of its financial position, fulfilling the requirements of the Capital Markets Authority, protecting the shareholders' interests, protecting the rights of the minority, creditors, investors, clients, employees and stakeholders, and ensuring that the Company is managed in a prudent manner and in accordance with the applicable laws and the internal regulations, policies and procedures.



- Ensure reviewing the dealings with relevant parties and verify accuracy and soundness of these dealings.
- Approve the important objectives, strategies, plans and policies of the Company, which include the following, as minimum:
 - * Endorsing the interim and annual financial statements.
 - * Supervising the key capital expenditures of the Company, and the ownership of the assets and disposing them.
 - * Ensuring the Company's adherence to the policies and procedures that guarantee the Company's compliance with the applicable internal systems and regulations.
 - * Ensuring the accuracy and soundness of the data and information to be disclosed, in accordance with the applicable policies and systems of disclosure and transparency.
 - * Formation of specialized committees in accordance with a charter that clarifies the committee's duration, powers and responsibilities as well as the Board's control over it.
 - * Ensuring that the organizational structure of the Company is transparent and clear, which allows for a process of decision making and realization of the principles of judicious governance and separation of powers and merits between the Board of Directors and the Executive Management.
 - * Determining the powers delegated to the Executive Management, the decision-making procedures, and the duration of delegation. The Board also determines the subject matters for which it retains merit to take decisions thereon.
 - * Monitoring and supervising the performance of the Executive Management and ensuring that it fulfills the roles entrusted to it.

The Board of Directors has also approved the policies and procedures regulating the work of the Executive Management. The following is an overview of the general duties of the Executive Management:

- Manage the Company's business and provide directions to the Executive Departments in a manner consistent with the Company's strategic objectives and the policies established by the Board of Directors, as well as the provisions of the law and those of the other legislations related to the Company's business and activities.
- Furnish the Board of Directors with accurate periodic reports on the Company's financial conditions and its business, as well as the measures taken on the risk management and the internal control system, so that the Board of Directors can review the established objectives, plans and policies, and to question the Executive Management about its performance.
- Provide the Board of Directors with recommendations regarding any suggestions it deems necessary that relate to the Company's business.
- Provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, the systems, the directives and the resolutions issued regarding any of them.

• Achievements of the Company's Board of Directors During 2025

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the strategic and objectives set out by the Board, to communicate constantly with the Executive Team to ensure

realizing these objectives. The Board has also complied with the regulatory directives of the Capital Markets Authority and responded completely to the requirements of Corporate Governance. Moreover, the Board has endorsed this approach as key business strategy within the Company and affirming the importance of adhering to these principles.

Among the most prominent tasks and achievements carried out by the Board of Directors during year 2025 are the following:

- 1- Follow up the Company's performance in coordination with the Executive Management, and discuss all issues related to the Company's financial, administrative and technical activities, as well as the extent of their impact on the work progress and production.
 - 2- Examine the sessions' minutes of the three committees emanating from the Board of Directors for year 2025.
 - 3- Review and approve the work results of the Audit Committee and the recommendations submitted by it regarding the interim and annual financial statements of the Company.
 - 4- Endorse the annual report for year 2025, including the Corporate Governance report and the Audit Committee report.
 - 5- Approve the Audit Committee's recommendation to appoint the external auditor - Mr. Faisal Al-Saqer for the office of Messrs. BDO Al-Nisf & Partners.
 - 6- Review and endorse the reports and recommendations issued by the Nominations and Remuneration Committee, including the annual evaluation process of the Board members and the Executive Management.
- **Overview of applying the requirements for forming specialized committees by the Board of Directors, who enjoy independence:**

Pursuant to the Board of Directors Resolution No. 1390/5/2025 dated 08/05/2025, three specialized committees emanating from the Board of Directors were formed for a period of Three years ending at the end of the current term of the Board of Directors (2025-2027), and these committees are as follows:

1- Audit Committee:

- **Formation of the Committee:**

The Audit Committee was formed on 8/5/2025 by the Board of Directors as a Committee that will continue throughout the current Board term of three years. The Board of Directors shall form the Audit Committee with no fewer than three members, at least one of whom shall be an independent member. Membership in the committee cannot be taken by the Board Chairman or any of the Board's Executive members. Moreover, the Committee member must possess the academic qualification and practical experience appropriate for the work of the Committee. Among the members of the Committee there must be at least one member with academic qualifications and/or practical experience in the fields of accounting and finance. The Committee has the right to seek assistance of external experts after the approval of the Board of Directors on that. The Board of Directors shall determine the term of membership of the Committee members, and the method of its work, as the term of membership in the Committee ends with the end of their membership in the Board of Directors. Furthermore, the Board of Directors had endorsed formation



Company's Governance Report for Year 2025

of the Audit Committee, and the Committee has held (4) meetings during year 2025. The table below illustrates formation of the Committee and details of the meetings:

Audit Committee Members Before the General Assembly Elections and the Formation of the Board and Its Committees on 8 May 2025

Member Name	Position	Category	1st (12/03/2025)	2nd (01/05/2025)	3rd (06/08/2025)	4th (04/11/2025)
Yaqoub Yousef Al-Saquer	Committee Chairman	Non-Executive	✓	✓	✓	✓
Dr. Abdulaziz Rashed Al-Rashed	Member	Non-Executive	✓	✓		
Waleed Abdullah Al-Roumi	Member	Non-Executive		✓	✓	✓
Yousef Bader Al-Kharafi	Member	Non-Executive / Independent	✓	✓		

Audit Committee Members After the General Assembly Elections and the Formation of the Board and Its Committees on 8 May 2025

Member Name	Position	Category	1st (12/03/2025)	2nd (01/05/2025)	3rd (06/08/2025)	4th (04/11/2025)
Yaqoub Yousef Al-Saquer	Committee Chairman	Non-Executive	✓	✓	✓	✓
Waleed Abdullah Al-Roumi	Member	Non-Executive		✓	✓	✓
Ziad Tareq Al-Mukhayzim	Member	Non-Executive			✓	✓
Salah Ahmed Al-Wuhaib	Member	Non-Executive / Independent			✓	✓

* The check mark (✓) indicates the attendance of the Chairman and committee members at the meeting.

- **Committee's Tasks:**

The Committee carries out its controlling role by means of supporting the Board of Directors in its responsibilities of representing the shareholders with respect to accuracy and integrity of the financial statements. The Committee also supervises the review of accounts and financial statements of the Company as well as the internal control. Moreover, it implements the policy of contracting with the external auditor, while ensuring the independence and integrity of this auditor as well as the efficiency of the Internal Control systems and extent of its efficacy according to the approved audit standards through the works conducted by the Internal Audit Unit of the Company. Moreover, the Committee ensures the extent of the Company's compliance to the rules of professional conduct, as well as guaranteeing implementation of the relevant laws, policies, systems and directives and endorsing them in accordance with the policies approved by the Board of Directors in this context.

- **Tasks and Achievements of the Audit Committee during year 2025:**

1- Discuss and approve the reports submitted by the Manager of Internal Audit Unit in accordance with the Audit Plan approved for year 2025.

- 2- Review the interim and annual financial statements and submit opinion and recommendation to the Board of Directors.
- 3- Meet regularly with the external auditor and discuss any pending matters and notes that came up during the audit phase.
- 4- Prepare and endorse the Audit Committee report in preparation for presenting it to the Company's shareholders while holding the General Assembly of the shareholders.
- 5- Ensure the independence of the Internal Audit Unit, and that all internal audit activities were safe from any interference in determining the scope of audit or completion of the audit work or reporting the results of the audit work to a Committee, in addition to evaluating the performance of the Manager of Internal Audit Unit.
- 6- Recommend to the Board of Directors the appointment and re-appointment of the Auditor.
- 7- Approve the audit plan for years 2026 that is submitted by the Manager of Internal Audit Unit.
- 8- Discuss developments on the previously submitted reports to ensure compliance of all departments to the approved recommendations.

2- Risk Management Committee

• Formation of the Committee:

The Risk Management Committee was formed on 8/5/2025 by the Board of Directors as a Committee that will continue throughout the current Board term of three years. The Board of Directors has formed the Risk Management Committee whose members must not be less than three, and at least one of its members must be independent. The Chairman of Board of Directors may not be a member of this committee. The Board of Directors determines the term of membership of the Committee members and the method of its work, where the term of membership in the Committee ends with the end of their membership in the Board of Directors. The Board of Directors had endorsed formation of the Risk Management Committee. The Committee has held four meetings during year 2025. The following table illustrates the formation of the Committee and the details of those meetings:

Member's Name	Capacity	Rank	First 06/08/2025	Second 12/10/2025	Third 28/10/2025	Fourth 04/11/2025
Khaled Abdullah Al-Rabiah	Chairman	Non-Executive	✓	✓	✓	✓
Dr. Rana Abdullah Al-Fares	Member	Non-Executive / Independent	✓	✓	✓	✓
Ziad Tariq Al-Mukhaizeem	Member	Non-Executive	✓	✓	✓	✓
Mishal Abdulmohsen Al-Rashed	Member	Executive	✓	✓	✓	✓

* Marking with the sign (✓) denotes attendance of the meeting by the Committee's chairman and Members.

• Committee's Tasks:

The Committee assumes the responsibility of assisting the Board of Directors in carrying out its

responsibilities towards Risk Management by preparing and reviewing the strategies and policies of managing the risks, before being endorsed by the Board, and ensuring its implementation and that it is consistent with the nature and size of the Company's activities. In addition to evaluating the systems and mechanisms of identifying, measuring and following up the types of risks the Company may be exposed to, in order to determine the deficiencies therein and rectify them in a timely manner, hence avoid any losses that may be exposed to, as well as submitting recommendations to the Board of Directors to take appropriate corrective measure.

It is worth mentioning that the Company has sought assistance from one of the consultancy offices to help identify the types and nature of risks the Company may be exposed to, and prepare a special register for that, and submit quarterly reports about them, so as to preserve the Company's assets and ensure continuity of practicing its activity in a positive manner.

• **Most Important Achievements of the Risk Management Committee during year 2025:**

- 1- Review the Risk Assessment Report submitted by the Consultancy Office.
- 2- Review and endorse the Risk Plan for year 2026.
- 3- Meeting periodically with the Consultancy Office and discuss any pending matters and notes.
- 4- Supervise and monitor the works of the Risk Management Unit.

3- Nominations and Remunerations Committee:

• **Formation of the Committee:**

The Nominations and Remunerations Committee was formed on 08/05/2025 by the Board of Directors, as a committee to serve for the duration of the current three-year Board term. The Committee comprises four non-executive members, of whom two are independent. The Board of Directors forms the Nominations and Remunerations Committee with a minimum of three members, at least one of whom must be an independent member. The committee chairman must be a non-executive member of the Board of Directors. The Board of Directors determines the term of membership of the Committee members as well as its method of work. The term of office for the Committee members ends upon the expiration of their membership on the Board of Directors. The Board of Directors had endorsed the formation of the Nominations and Remunerations Committee, which has held two meetings during 2025. The following table illustrates the Committee's formation and details of the meetings:

Nomination and Remuneration Committee Members Before the General Assembly Elections and the Formation of the Board and Its Committees on 8 May 2025

Member Name	Position	Category	1st (08/01/2025)	2nd (14/04/2025)
Rashed Abdulaziz Al-Rashed	Committee Chairman	Non-Executive	✓	
Abdullah Manea Al-Ajmi	Member	Non-Executive	✓	✓
Abdullah Mohammed Al-Saad	Member	Non-Executive / Independent	✓	✓
Yousef Badr Al-Kharafi	Member	Non-Executive / Independent	✓	✓

Nomination and Remuneration Committee Members After the General Assembly Elections and the Formation of the Board and Its Committees on 8 May 2025

Member Name	Position	Category	1st (08/01/2025)	2nd (14/04/2025)
Dr. Abdulaziz Rashed Al-Rashed	Committee Chairman	Non-Executive		
Abdullah Manea Al-Ajmi	Member	Non-Executive	✓	✓
Abdullah Mohammed Al-Saad	Member	Non-Executive / Independent	✓	✓
Salah Ahmed Al-Wuhaib	Member	Non-Executive / Independent		

* The check mark (✓) indicates the attendance of the Chairman and committee members at the meeting.

• Committee's Tasks:

The Committee assumes the responsibility of assisting the Board of Directors with respect to its responsibilities towards the nominations and remuneration of the members of Board of Directors and the Executive staff, reviewing the framework and plan of the remunerations plan applied at the Company, and preparing a detailed annual report on all remunerations granted to members of the Board of Directors and the Executive Management, whether as salaries, benefits, privileges or incentives. The Committee also assumes the responsibility of ensuring that the capacity of independence is not removed from the Board member who is independent, in addition to supervising evaluation of the members of the Board of Directors and the Executive Management.

• Most Important Achievements of the Nominations and Remunerations Committee during 2025:

- 1- Prepare an annual report on all remunerations and privileges granted to members of the Board of Directors and the Executive Management as well as the employees and submit a report to the Board of Directors for approval.
- 2- Supervise conducting the annual evaluation process of the members of the Board of Directors and the Executive Management.
- 3- Review and ensure that the capacity of independence is not removed from the Board member who is independent.

• Overview of the method of applying the requirements that enable the Board members to obtain accurate and timely information and data

The Company has provided the necessary mechanisms and tools to enable the Board members to obtain the required information and data in a timely manner. This has been achieved through developing the Company's Information Technology environment, establishing direct communication channels between the Board Secretary and its members, and providing high-quality and accurate meeting reports well in advance to allow for discussion and making appropriate decisions thereon.

Third Rule: Selecting qualified individuals for membership on the Board of Directors and the Executive Management

• Overview of applying the requirements for forming the Nominations and Remunerations Committee

The Nominations and Remunerations Committee was formed on 08/05/2025. The Board unanimously elected Dr. Abdulaziz Rashed Al-Rashed as Chairman of the Nominations and Remunerations Committee due to his



extensive skills, experience, and qualifications for this position. The Committee comprises four non-executive members, of whom two members are independent. The Committee has held two meetings during year 2025.

• **Report on the Remunerations Granted to Members of the Board of Directors and the Executive Management**

- Remunerations and Incentives Policy

The Company's approved remunerations policy aligns with its strategic objectives, aiming to attract, retain, and motivate all employees, particularly those with scientific, professional, and specialized skills. This contributes to enhanced risk management and sustainable profitability, while adhering to all relevant laws. The Nominations and Remunerations Committee operates within this policy and in accordance with applicable performance and annual evaluation criteria. It recommends remunerations to both the Board of Directors and the Executive Management, taking into account the Company's success in realizing its objectives and in accordance with Article (198) and Article (29) of the Articles of Association of Kuwait Cement Company. The Board of Directors is responsible for making the final decisions regarding approving such remunerations and incentives.

- Remunerations of the Board Members

On 26/09/2021, the Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Appendix No. 2 (Structure of the Corporate Governance Report Form) in Chapter Two of the Governance Rules. The following table illustrates details of the Remunerations and Privileges granted to members of the Board of Directors (in Kuwaiti Dinar):

Remunerations and Privileges of Members of Board of Directors							
Total Number of Members	Remunerations and Privileges through Parent Company			Remunerations and Privileges through Subsidiary Companies			
	Fixed Remunerations and Privileges	Variable Remunerations and Privileges		Fixed Remunerations and Privileges		Variable Remunerations and Privileges	
	Health Insurance	Annual Bonus	Committees' Bonus	Health Insurance	Monthly Salaries (annual total)	Annual Bonus	Committees' Bonus
10	-	-	184,000	-	-	-	-

• **Remunerations of the Executive Management and the Finance Manager**

The following table illustrates, in accordance with the decision referred to above, details of the remunerations and privileges granted to the Executive Management and the Finance Manager (in Kuwaiti Dinar):

Total Number of Executive Posts	Remunerations and Privileges through Mother Company								Remunerations and Privileges through Subsidiary Companies						
	Fixed Remunerations and Privileges							Variable Remunerations and Privileges	Fixed Remunerations and Privileges						Variable Remunerations and Privileges
	Monthly Salaries (annual total)	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Others	Annual Bns	Monthly Salaries (annual total)	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Annual Bns
6	353,200	-	1,299	21,075	16,880	19,720	901	190,000	-	-	-	-	-	-	32,103

There were no material deviations or changes in applying the Remunerations Policy for year 2025 from the policy approved by the Board of Directors. Moreover, these remunerations are subject to the approval of the Shareholders' Ordinary General Assembly.

07/01/2026

**Nominations and Remunerations Committee
Kuwait Cement Company**

Fourth Rule: Ensuring Integrity of the Financial Statements

- **Written Undertakings by both the Board of Directors and the Executive Management Regarding the Accuracy and Integrity of the Prepared Financial Reports**

In accordance with corporate governance requirements, the Executive Management submitted a declaration and undertaking of its responsibilities to the Board of Directors, including a presentation of the Company's annual financial statements and reports, affirming the correctness, accuracy and completeness of the information and data contained therein and, in its attachments, and that they are presented accurately and fairly and in accordance with International Financial Reporting Standards. Following discussion and approval of the financial statements, the Board of Directors submitted a declaration and undertaking to the General Assembly of Shareholders regarding the financial reports, confirming its responsibility for the accuracy and integrity of all the Company's annual financial statements and reports.

- **Overview of applying the requirements for forming the Audit Committee**

The Audit Committee was formed on 08/05/2025, which comprises four Board members, of whom one member is independent. Formation of the Committee included members who are highly qualified and experienced in financial matters. The Committee meets quarterly with the Internal Auditor and the External Auditor. There has been no contradiction between the Audit Committee's recommendations and the Board of Directors' decisions.

- **In the event of contradiction between the Audit Committee's recommendations and the Board of Directors' decisions, a statement will be included detailing and explaining the recommendations and the reason(s) behind the Board's decision not to adhere to them**

In accordance with the powers and responsibilities stipulated in the Corporate Governance Rules, which pertain to the supervision, review, and follow-up of all the work of the Company's auditors and the activities of the internal audit, as well as the other tasks that promote a culture of compliance and ensure fairness and transparency of financial reporting, the Committee commits to ensuring effectiveness of the internal control systems in place. The Committee periodically submits any observations or recommendations related to its function to the Board of Directors. During 2025, there was no contradiction between the Audit Committee's recommendations and the decisions issued by the Company's Board of Directors.

- **Emphasizing the Independence and Impartiality of the External Auditor**

The Company's Ordinary General Assembly, held on 08/05/2025, approved appointment of the External Auditor - Mr. Faisal Saqer Al-Saqer, representing BDO Al-Nisf & Partners, for year 2025. He is a registered and accredited auditor on the list of the Capital Markets Authority and enjoys complete independence from the Company and its Board of Directors. The nomination as well as the appointment or reappointment of external auditors is the responsibility of the Audit Committee. The Audit Committee submits the external auditors names to the Board of Directors, which then recommends them to the General Assembly for approval.

Fifth Rule: Setting Proper Systems for Risk Management and Internal Control

- **Brief statement on applying the requirements for establishing an independent Risk Management Department/ Office/ Unit**

The Company has an independent Risk Management Unit that reports directly to the Risk Committee, which emanates from the Board of Directors. In line with the Company's commitment to complying with the instructions issued by the Capital Markets Authority, the Board of Directors issued Resolution No. 1264/6/2018 approving that the Risk Management Unit reports directly to the Risk Management Committee, pursuant to Resolution No. (124) of 2018 issued by the Capital Markets Authority (2022).

- **Overview of applying the requirements for forming the Risk Management Committee**

The Risk Committee was formed on 08/05/2025 and comprises four members of the Board of Directors, among them is one independent member. It is chaired by a non-executive member, and the Board Chairman cannot be a member of this Committee. The Board of Directors has determined that the term of membership for the Committee members is aligned with their term on the Board of Directors.

- **Summary of the Internal Monitoring and Control Systems**

- * The Company adopts a set of monitoring systems and control rules that cover all its activities and departments. These systems and rules help maintain integrity of the Company's financial position, accuracy of its data and operational efficiency across various domains. The Company's organizational structure reflects dual monitoring and control measures (Four Eyes Principles), including proper definition of powers and responsibilities, complete segregation of duties, avoidance of conflicts of interest, and dual review and control.
- * The Audit Committee reviews the work of the Internal Audit Unit within the Company and discusses its reports to ensure the soundness, efficiency, and effectiveness of internal monitoring and control systems.
- * The Company complies with Corporate Governance requirements (Book 15, Articles 6–9) and has appointed an independent consulting firm accredited by the Capital Markets Authority to review the Internal Control Systems (ICR) of the Company.

- **Brief statement on implementing the requirements for establishing an independent Internal Audit Department/ Office/ Unit**

The Company has an independent Internal Audit Department that reports directly to the Audit Committee. The Internal Audit Unit enjoys full technical independence and operates under the supervision of the Audit Committee. It provides assurance and consulting services aimed at adding value to the Company and enhancing its operations. The Audit Unit also contributes to achieving the Company's objectives by adopting a systematic approach to evaluating and improving the effectiveness of governance, risk management, and control processes. Additionally, an independent audit firm prepares a report every three years to review and evaluate quality performance of the internal audit, in accordance with the requirements of the Executive Regulations of the Capital Markets Authority.

Sixth Rule: Promoting Professional Conduct and Ethical Values

- **Summary of the Code of Conduct, including standards and guidelines for professional behavior and ethical values**

The Company has a Code of Professional Conduct and Ethical Values, and these rules and behavioral standards apply to all employees of the Company. The Company implements a comprehensive system

of professional conduct and ethics applicable to the Board of Directors, Executive Management, and employees. This system includes the general rules of professional ethics and covers a wide range of procedures and practices that align with the regulatory requirements, relevant legislations, and domestic norms, with the aim of reducing conflicts of interest.

The Board is committed to upholding the highest standards and values and seeks to ensure integrity in all company activities, including those of the Executive Management and employees. The Company's Code of Conduct clarifies the ethical standards that must be applied by all stakeholders during execution of the Company's operations. The Board of Directors is responsible for monitoring and managing any potential conflicts of interest that the Company may face, including the misuse of Company resources or abuse of powers and authority.

- **Summary of the Policies and Mechanisms to Mitigate Conflict of Interest**

The Company has a Related Party Transactions Policy that outlines guiding principles for conducting and managing transactions with related parties and cases of conflict of interest, whether such transactions occur between the Company, members of the Board of Directors, its subsidiaries, other related parties, or Executive Management and employees. This policy complies with regulatory standards and International Financial Reporting Standards (IFRS).

Seventh Rule: Accurate and Timely Disclosure and Transparency

- **Summary of implementing mechanisms for accurate and transparent presentation and disclosure, defining the aspects, domains, and characteristics of disclosure**

The Company has adopted a specific policy on disclosure and transparency that clearly includes general disclosure rules, procedures, and mechanisms. The Company is committed to providing accurate, complete, and up-to-date information to shareholders in accordance with legislative and regulatory requirements within the framework of transparency. Additionally, the Company is keen to implement comprehensive practices and procedures for disclosing material information, in addition to facilitating public access to disclosed information promptly and accurately.

- **Register of disclosures by Board members and Executive Management**

The Company has prepared a special register for disclosures by members of the Board of Directors and Executive Management, which is updated immediately upon any disclosure made by any member of the Board or the Executive Management. Shareholders have the right to review this register during official working hours free of charge.

- **Brief statement on compliance with the requirements for establishing an Investor Relations Unit**

In compliance with the instructions of the Capital Markets Authority and the Kuwait Stock Exchange, the Board of Directors has established a Shareholders Affairs Department (Investor Relations) to enable current and potential investors to review material decisions. The department operates with the necessary independence and is committed to providing data, information, and reports accurately and in a timely manner through approved means of disclosure.

• **Overview of the development of Information Technology infrastructure, and relying largely on it for disclosure processes**

The Company has developed its website in line with the requirements of the Capital Markets Authority and has dedicated a special section to Corporate Governance. All information, data, financial reports, disclosures, and others have been uploaded to the Company's website, and this information is updated immediately when available. This ensures that all up-to-date information is accessible to help shareholders and current and potential investors exercise their rights and evaluate the Company's performance. Moreover, Kuwait Stock Exchange has also allocated a page for the Company on its website, and the Company updates its data directly. The Company continues to disclose material information and general news promptly.

Eighth Rule: Respecting Shareholders' Rights

• **Summary of implementing the requirements for defining and protecting shareholders' general rights to ensure fairness and equality among all shareholders**

The Board of Directors approved the Stakeholders and Shareholders Relations and Rights Policy on 15/11/2016, updated on 20/03/2022. The policy stipulates that all shareholders enjoy equal, general, and clear rights, including but not limited to:

- * The right to dispose of shares, including ownership registration, transfer, or conversion.
- * The right to review and participate in decision-making related to amendments of the Company's Articles of Association and Memorandum of Incorporation, as well as decisions related to unusual transactions that may affect the Company's future or activities, such as mergers, sale of a significant portion of assets, or liquidation of subsidiaries.
- * The right to participate in meetings, provide comments, and make recommendations.
- * The right to express opinions regarding the appointment and election of Board members.
- * The right to monitor the Company's performance in general and the Board of Directors' activities in particular.
- * The right to receive dividends and to participate and vote in General Assembly meetings.
- * The right of shareholders to be treated equally and to be given the opportunity to rectify any misuse of their rights.
- * The right to request sufficient time prior to General Assembly meetings and to obtain all information related to the meeting agenda, especially the Board's reports, Auditor reports, and financial statements.
- * The right of shareholders holding 5% and more of the Company's capital to add items to the agenda of the General Assembly meeting.

• **Summary of establishing a special register maintained by the Clearing Agency as part of continuous monitoring requirements of shareholders' data**

Moreover, a special Company register is maintained with the Kuwait Clearing Company, in which shareholders' names, nationalities, domiciles, and number of shares owned are recorded. Any changes to the recorded data are noted in this register based on information received by the Company or the Kuwait

Clearing Company. Any concerned party may request the Company or the Clearing Company to provide data from this register.

In addition to the above policy, the Company's Articles of Association clarifies the above in line with the requirements of the Capital Markets Authority and regulatory bodies.

- **Brief on how to Encourage Shareholders to Participate and Vote in the Company's General Assemblies**

Kuwait Cement Company is committed to organizing general assembly meetings for shareholders in accordance with Corporate Governance rules, laws, and relevant regulations. The Company invites all shareholders to attend the general assembly (either by attending and voting through the electronic system or by physical attendance) through disclosures available on the Company's website on the Stock Exchange. These disclosures include the agenda, its items, as well as the time and place of the meeting in advance. This enables shareholders to attend, discuss all agenda items with the Board of Directors, and vote on them. Invitations are also published in daily Kuwaiti newspapers and on the Company's website. The Company ensures that shareholders are given the opportunity for effective participation in General Assembly meetings, to discuss all listed matters, and to exercise all their voting rights without any obstacles.

Ninth Rule: Recognizing the Role of Stakeholders

- **Brief on Systems and Policies that Ensure Protection and Recognition of Stakeholders' Rights**

The Company has developed policies and procedures that ensure the protection and recognition of stakeholders' rights and allow them to obtain compensation in case any of their rights are violated. This is in accordance with applicable laws such as the Private Sector Labor Law, the Companies Law and its Executive Bylaw, in addition to contracts concluded between both parties and any additional commitments made by the Company toward stakeholders. The stakeholders' rights include, but are not limited to, the following:

- * The right to be treated fairly and equitably.
- * The right to compensation in case of any violation of their rights.
- * The right to obtain relevant Company information necessary for stakeholders.
- * Notifying stakeholders about the Company's whistleblowing program and ensuring they are adequately protected in accordance with whistleblowing policy requirements.

- **Brief on How Stakeholders are Encouraged to Participate in Monitoring the Company's various Activities**

The Company works to provide the best working conditions for its employees, build relationships based on trust and respect, and involve them in decision-making related to improving their work and discussing their suggestions. The Company policies also require employees to report any violations, and a mechanism has been established for reporting and protecting whistleblowers acting in good faith, even if the report later proves to be incorrect.

The Company adopts a whistleblowing policy and a complaints policy to ensure stakeholders' rights and enhance their confidence in the Company.

The Company also strives to build constructive relationships with clients and suppliers based on mutual trust and respect, and to fulfill all contractual obligations in good faith. The Company welcomes any complaints submitted by stakeholders, studies them, and responds accordingly.

Tenth Rule: Enhancing and Improving Performance

- **Summary of Implementing Mechanisms that Enable the Board Members and Executive Management to Receive Ongoing Training Programs and Courses**

Kuwait Cement Company ensures that all members of the Board of Directors and Executive Management receive the necessary training courses to enhance skills, knowledge, and work efficiency. During 2025, a training program was organized for all Board members and Executive Management on operational and environmental challenges in the cement industry. At the end of the program, participants received attendance certificates accredited by the program provider, Human-Focus.

- **Brief on How the Performance of the Board of Directors as a whole and each of its members and of the Executive Management is Evaluated**

A clear and comprehensive mechanism has been established to conduct an annual evaluation of the Board of Directors as a whole, the performance of each of its committees, and the performance of each member of both the Board and the Executive Management. This evaluation is based on objective criteria that measure performance in a fair and impartial manner. The evaluation process is carried out by the Nominations and Remunerations Committee.

- **Brief on the Board of Directors' efforts to establish Institutional Value among employees, by achieving the strategic goals and improving performance levels**

On 15/11/2016, the Board of Directors of Kuwait Cement Company adopted rules and a code of professional conduct aimed at creating institutional value, based on the principle that the Company's reputation depends on the behavior of the Board members, Executive Management, and employees. Everyone must play a role in maintaining the Company's reputation by adhering to the highest ethical standards. The Board of Directors is responsible for establishing ethical standards and values, while all Executive Management members and employees are required to implement this code as part of their duties and ethical responsibility and report any violations to the Board.

To further strengthen institutional values, the Company has developed the Integrated Report as an effective tool to achieve its strategic objectives, contributing to sound decision-making and safeguarding shareholders' interests in line with Corporate Governance rules.

Eleventh Rule: Emphasizing the Importance of Social Responsibility

- **Summary of Establishing a Policy to Balance the Company's Objectives with Community Goals**

The Company has developed a policy to ensure its contribution to community development by adopting

a sustainable business model that produces value. Kuwait Cement Company is committed to its social responsibility and seeks to enhance its positive role in serving Kuwaiti society through various initiatives that demonstrate its commitment to sustainable development.

*** Refuse-Derived Fuel Project (RDF)**

Based on the Company's social responsibility to adopt sustainable solutions, Kuwait Cement Company continues its efforts to accelerate the implementation of the project to convert municipal solid waste into Refuse-Derived Fuel (RDF), which is used as an alternative to fossil fuels in clinker production kilns. The project is progressing ahead of its scheduled timeline due to its importance as a vital development initiative that supports the country's direction toward reducing environmental burden and achieving environmental and economic sustainability.

The design and planning phase has been completed, along with obtaining all necessary licenses and approvals from the relevant authorities. Approximately 95% of the construction phase has been completed, and the production lines have been installed. The electrical cable routing from the main station to the project site has been approved by Kuwait Municipality in preparation for excavation work and connection of electrical power.

Several coordination meetings have also been held with Kuwait Municipality and the Ministry of Electricity, Water and Renewable Energy to establish appropriate mechanisms to accelerate the procedures for supplying electricity to the project site.

Approval has also been obtained from the Public Authority for Industry for Kuwait Cement Company's request to classify the project as an industrial facility in order to obtain the industrial license.

Trial operation of the project is expected to begin in 2026, and it will be among the largest recycling plants in the Middle East.

The project contributes to reducing environmental impact by decreasing the landfilling of municipal solid waste, conserving natural resources, and protecting groundwater. In addition, it provides an environmentally friendly alternative fuel (RDF) derived from waste, processes more than 20% of the country's municipal solid waste and reduces reliance on fossil fuels. This contributes to lowering carbon emissions and achieving environmental, economic, and social benefits.

The project also helps reduce the costs borne by the State for waste disposal and represents a qualitative leap toward achieving sustainable development, strengthening Kuwait's role in adopting global innovative environmental solutions.

Through these steps, the Company aims to support national efforts to achieve sustainability and reduce negative environmental impact, thereby contributing to citizens' well-being and improving quality of life in the country.

*** Green (Sustainable) Buildings**

At the end of 2022, Kuwait Cement Company obtained the Environmental Product Declaration (EPD) certificate from The International EPD System (EPD International AB, Stockholm, Sweden), in accordance with ISO 14025 and EN 15804:2012+A2:2019 standards. This certification covers Ordinary Portland

Cement (OPC Type 1), Sulphate-Resistant Portland Cement (SRC Type 5), and Ground Granulated Blast Furnace Slag (GGBFS) produced at the Company's plants in the East Shuaiba Industrial Area.

Kuwait Cement Company is the first industrial company in Kuwait to obtain these accredited certifications, which are valid for five years and are updated periodically. This achievement confirms the Company's commitment to measuring and reducing the environmental impact of its products and reporting these impacts with high transparency. The submitted data is verified by an independent third-party auditor accredited by the issuing organization to ensure accuracy in all aspects of environmental performance. The study results are compiled and evaluated through the portal of EPD system.

It is worth noting that obtaining these certifications represents an officially documented international environmental accreditation for the Company's advanced products, which contribute to reducing environmental impact. It also confirms the cement plant's commitment to providing products suitable for use in green (sustainable) buildings. These environmentally friendly products help achieve lower carbon emissions in buildings and contribute to creating a clean, pollution-free environment, an objective sought by many developed countries.

Undoubtedly, obtaining these certifications supports the Company's ongoing efforts in sustainable urban development, efficient use and conservation of energy in materials and construction, and the development of cement-based building materials suited to Kuwait's environmental conditions, in alignment with Kuwait Vision 2035. The Company is committed to keeping pace with advancements and innovations in the cement industry, prioritizing environmental safety, adhering to pollution reduction standards, and positioning itself as an environmentally friendly industrial company.

*** Quality Mark and ISO 9001:2015 Certification for Quality Control**

Kuwait Cement Company is considered the only national Company that is capable of manufacture cement through all phases in the State of Kuwait, as it has taken upon itself to meet the needs of all citizens, government projects and others. For this purpose, the Company has worked diligently to maintain the provision of a product of international efficiency and quality.

In order to enhance confidence and ensure the standard specifications of quality control, the Company is working to renew the quality mark issued by the Public Authority for Industry on its cement products. Moreover, the ISO 9001:2015 Certificate of Quality Control it obtained in year 2012 is being updated by one of an independent institution, namely DNV-GL, which conducts field visits to follow-up and test the work mechanisms and examine the infrastructure and the technical processes. Furthermore, the Company follows strict procedures in applying all international standards in the domains of its operations, and it conforms to internationally approved standards, relying on the use of the latest technological means and the best and finest types of raw materials needed for cement production. In addition to establishing a special culture that would contribute to set the appropriate work system and developing it in a way that is compatible with the Company's strategy on the environmental level by giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength and stability of specifications, thus awarding it the merit of excellence and leadership over the past fifty years, under the slogan (Quality Means Kuwaiti Cement), and approval by the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as a national product.

Kuwait Quality Mark Logo



Quality Management System Logo

ISO 9001:2015



It is worth noting that it was previously mentioned in the Governance Report of 2022, as part of the Company’s contribution to Social Responsibility and preservation of environment, that the Company has obtained an Environmental Conformity Certificate through The International Environmental Product Declaration (EPD) System, Stockholm - Sweden, for the Company’s products according to ISO 14025 Certificate and the EN15804 2012 + A2:2019 Certificate for both Ordinary Portland Cement (OPC Type 1) and the Sulphate-Resistant Cement No. 5 (SRC Type V), and the substance named Ground Granulated Blast Furnace Slag (GGBS) produced at the Company’s plants located in the Eastern Industrial Shuaiba district.

Environmental Conformity Certificate for the Ordinary Portland Cement



Environmental Conformity Certificate for the Sulphate-Resistant Cement Type V



Environmental Conformity Certificate for the Ground Granulated Blast Furnace Slag (GGBS)



Kuwait Cement Company is considered the first industrial Company in Kuwait to obtain these accredited certificates for a period of five years that are updated successively, which is considered an official documented international environmental accreditation for its advanced products that reduce impact on environment and confirms your plant's commitment to providing its cement products for use in sustainable green buildings. These environmentally friendly products help achieving the lowest percentage of carbon gas emissions in the buildings and contribute to reaching a healthy environment free of pollution. There is no doubt that the Company's attainment of these certificates confirms its keenness to keep pace with developments and innovations in the cement industry and its interest towards safety of the urban environment, as well as following the standards of reducing environmental pollution, and being one of the environment friendly industrial companies.

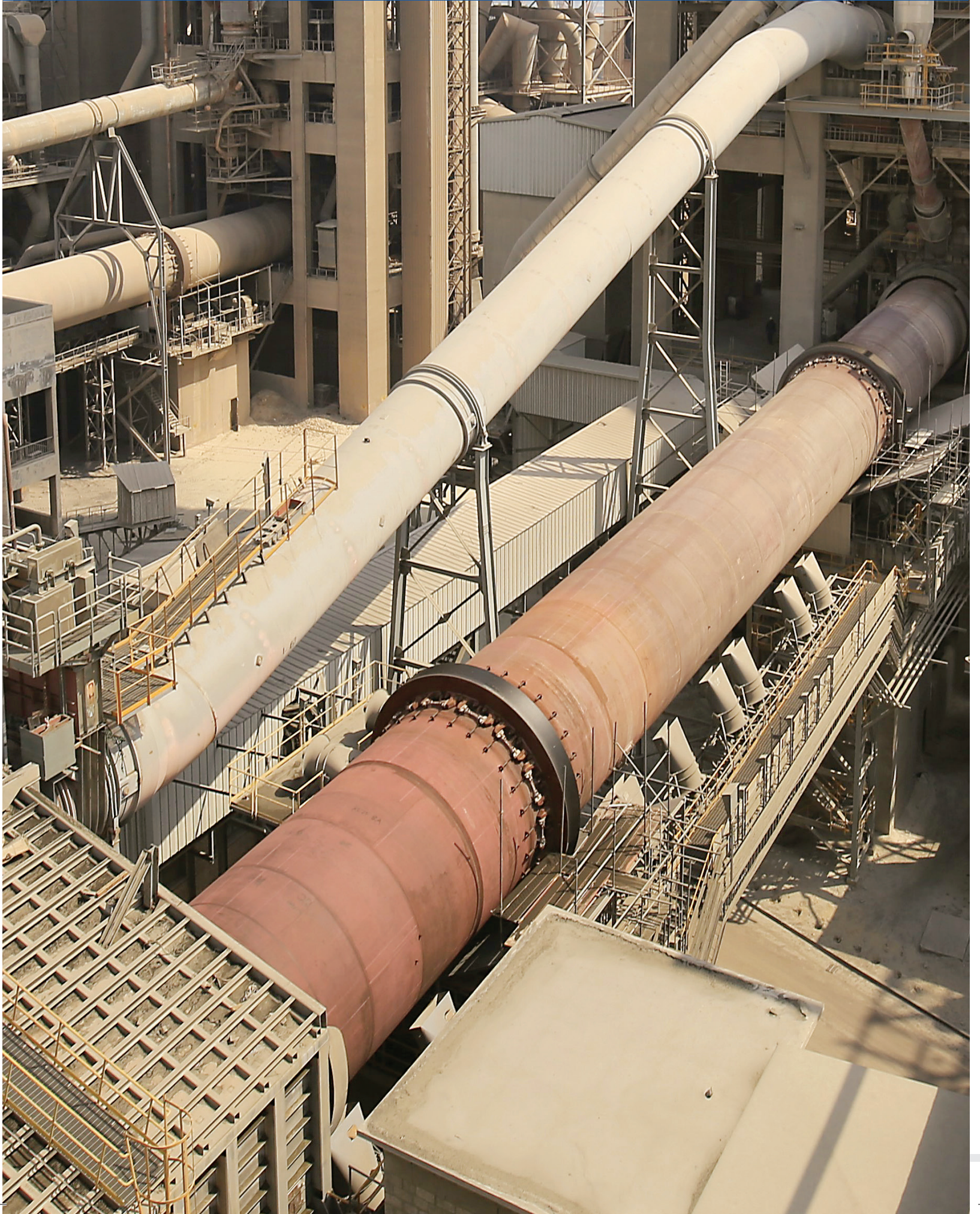
* Training Programs for National Staff in the Company

Kuwait Cement Company is keen on training national staff by providing opportunities for students from Kuwaiti Universities and Applied Education Institutes in various engineering specialties, as well as training in different fields both technically and administratively to gain practical and scientific experience. During 2025, the Company also supported some engineering students by providing the cement materials necessary for their graduation projects, thus enabling them to translate theoretical concepts into practical applications.

Additionally, the Company provided educational and awareness support to students regarding the stages of cement manufacturing and its various uses in construction and building, which enhanced their scientific and practical skills and supported their professional qualification

Dr. Abdulaziz Rashed Al-Rashed
Chairman of Board of Directors

Rotary Kiln for second line of Clinker Production





Board of Directors' Acknowledgment and Undertaking Regarding The Consolidated Financial Statements of Kuwait Cement Company for Year 2025

The Board of Directors of Kuwait Cement Company (K.S.C.P.) acknowledges its responsibility for the integrity and fairness of all the Company's consolidated annual financial statements and reports, which include the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements as at 31 December 2025. The Board further confirms that these statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the Capital Markets Authority, and that the Company maintains proper accounting records and supporting documentation. The Board is also responsible for establishing and maintaining an effective system of internal control within the Company.

The Board of Directors assumes responsibility in the event it is proven that the consolidated financial statements and reports do not fairly present the Company's true consolidated financial position, results of operations, and cash flows.

The Board also confirms that the executive management has provided the Company's auditor with all necessary data, records, documents, and information required to audit the consolidated financial statements, and has granted full access to all documents and information deemed necessary by the auditor to perform its duties. The Board further affirms that the consolidated financial statements present fairly and clearly the Company's true consolidated financial position, results of operations, and cash flows.

Moreover, the Board of Directors confirms the accuracy, completeness, and reliability of the information and data contained in the Company's consolidated financial statements, reports, and their attachments, and that they are presented fairly and properly, in accordance with the International Financial Reporting Standards (IFRS) as approved by the Capital Markets Authority.

Dr. Abdulaziz Rashed Al-Rashed
Chairman of Board of Directors

Rotary kiln for first line of clinker production







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Independent Auditor's Report
The Shareholders of
Kuwait Cement Company - K.P.S.C.
State of Kuwait
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kuwait Cement Company - K.S.C. (Public) "Parent Company" and its subsidiaries (together referred to as the "Group") which includes the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which include material accounting policy information.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements included in our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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 professional opinion thereon, and we do not provide a separate opinion on these matters. Below is the details of material audit matters that we have determined and how we addressed each of these audit matters in our audit.

Impairment of property, plant and equipment

Property, plant and equipment are carried in the consolidated statement of financial position at KD 130,257,489 as at 31 December 2025, which represents a significant part of the total assets of the Group.



The impairment test carried by the management of the Group is significant to our audit because the assessment of the recoverable amount requires the management to make significant judgements and estimates. Management used the value in use method to assess the recoverable amount. The determination of the value in use requires that significant estimates and assumptions be made concerning future cash flows, growth rates, future business prospects and associated discount rates. Accordingly, we consider this as a key audit matter. The adopted audit procedures include obtaining the impairment study and reviewing the appropriateness of valuation model and reasonableness of the adopted key assumptions that have been made. In addition, assessing the adequacy of disclosures as stated in Note 5 to the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's annual report for the financial year ended 31 December 2025, other than the consolidated financial statements and the auditors' report thereon. We have not obtained the Group's annual report which also includes the report of Board of Directors, prior to the date of auditor's report. We expect to obtain these reports after the date of auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to peruse the other information and, in doing so, consider whether the other information is not materially identical 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, we conclude that the other information includes a material misstatement; we will be required to disclose that fact in our report. We have nothing to disclose in this regard. Our opinion on the consolidated financial statements does not include the other information, and we do not express any form of assurance conclusion thereon.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Accounting Standards as issued by ISAB, 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, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and adopting the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is 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 be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those 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 the Group's 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 framework, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the related transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among 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 considered as a material audit matter. We disclosed these matters in our auditor's report unless local laws or regulations preclude 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 information given in the Parent Company's Board of Directors' report relating to these consolidated financial statements are in accordance therewith. We further report that we obtained the information that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of association, as amended, have occurred during the financial year ended 31 December 2025 that might have a material effect on the Group's business or its consolidated financial position.

We further report that, during the course of our audit, nothing has come to our attention indicating any material violations of the provisions of Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and the Organization of Securities Activity and its Executive Regulations, as amended, during the year ended 31 December 2025, which might have materially affected the Group's business or its consolidated financial position.

Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners
Kuwait: 3 March 2026


Consolidated statement of financial position as at 31 December 2025

(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Assets			
Non-current assets			
Property, plant and equipment	5	130,257,489	125,492,079
Intangible assets		10	10
Investment properties	6	770,641	770,641
Investment in associates	7	19,202,739	18,206,065
Financial assets at fair value through other comprehensive income	8	138,155,562	112,506,573
Right-of-use assets	9	6,986,421	1,994,902
Total non-current assets		295,372,862	258,970,270
Currents assets			
Inventory	10	19,286,894	19,857,849
Accounts receivable and other debit balances	11	16,373,404	17,050,148
Financial assets at fair value through profit or loss		6,069,442	593,892
Cash and cash equivalents	12	6,704,724	8,259,336
Total current assets		48,434,464	45,761,225
Total assets		343,807,326	304,731,495
Equity and liabilities			
Equity			
Capital	13	73,330,387	73,330,387
Share premium		26,675,810	26,675,810
Treasury shares	14	(13,546,935)	(13,546,935)
Profits on sale of treasury shares		441,409	441,409
Statutory reserve	15	48,270,703	48,270,703
Voluntary reserve	16	42,048,346	42,048,346
General reserve		18,930,128	18,930,128
Investments revaluation reserve		35,291,814	8,483,375
Group's share in associates' reserves		219,858	(25,883)
Foreign currency translation reserve		107,854	107,854
Retained earnings		10,243,732	6,781,207
Equity attributable to shareholders of the Parent Company		242,013,106	211,496,401
Non-controlling interests		221,077	192,487
Total equity		242,234,183	211,688,888
Liabilities			
Non-current liabilities			
Loans, bank facilities and Murabaha	17	53,995,360	48,354,648
Provision for employees' end of service indemnity		4,367,758	4,244,403
Lease liabilities	9	5,649,660	942,279
Total non-current liabilities		64,012,778	53,541,330
Current liabilities			
Loans, bank facilities and Murabaha	17	14,307,200	14,467,000
Accounts payable and other credit balances	18	22,712,235	24,511,655
Lease liabilities	9	540,930	522,622
Total current liabilities		37,560,365	39,501,277
Total liabilities		101,573,143	93,042,607
Total equity and liabilities		343,807,326	304,731,495

The accompanying notes form an integral part of the consolidated financial statements.


Dr. Abdulaziz Rashed Al-Rashed
 Chairman


Mishaal Abdulmohsen Al-Rashed
 Vice Chairman and CEO

**Consolidated statement of income for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinars)*

	Note	2025	2024
Sales		77,305,226	68,412,594
Cost of sales	19	<u>(69,757,167)</u>	<u>(61,550,378)</u>
Gross profit		7,548,059	6,862,216
Selling, general and administrative expenses		(3,751,620)	(3,569,534)
Net income from other activities	20	<u>532,502</u>	<u>305,512</u>
Operating profit		4,328,941	3,598,194
Provision for expected credit losses no longer required / (charged)	11	125,799	(180,252)
Finance charges		(3,326,178)	(3,421,122)
Interest income		68,723	56,861
Net investment income	21	5,005,548	2,545,621
Group's share in associates' business results	7	<u>1,112,603</u>	<u>674,773</u>
Net profit for the year before deductions		7,315,436	3,274,075
Contribution to Kuwait Foundation for the Advancement of Sciences	24	(56,578)	(23,383)
National Labour Support Tax		(91,559)	(36,259)
Zakat		<u>(14,176)</u>	<u>(5,420)</u>
Net profit for the year		<u>7,153,123</u>	<u>3,209,013</u>
Attributable to:			
The Parent Company's Shareholders		7,147,924	3,205,910
Non-controlling interests		5,199	3,103
Net profit for the year		<u>7,153,123</u>	<u>3,209,013</u>
Basic and diluted earnings per share (fils)	22	<u>10.03</u>	<u>4.50</u>

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of income and other comprehensive income for the year ended 31 December 2025
(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Net profit for the year		7,153,123	3,209,013
Other comprehensive income items:			
<u>Items that may be reclassified subsequently to the consolidated statement of income:</u>			
Group's share of associates' reserves	7	245,741	92,127
<u>Items that may not be subsequently reclassified to the consolidated statement of income:</u>			
Changes in fair value of financial assets at fair value through other comprehensive income		27,403,078	17,427,455
Total other comprehensive income for the year		27,648,819	17,519,582
Total comprehensive income for the year		34,801,942	20,728,595
Attributable to:			
The Parent Company's Shareholders		34,774,439	20,710,405
Non-controlling interests		27,503	18,190
Total comprehensive income for the year		34,801,942	20,728,595

The accompanying notes form an integral part of the consolidated financial statements.



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

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company											Non-controlling interests	Total equity	
	Capital	Share premium	Treasury shares	Profits on sale of treasury shares	Statutory reserve	Voluntary reserve	Reserve General	Investments revaluation reserve	Group's share in associates' reserves	Foreign currency translation reserve	Retained earnings			Total
Balance as at 1 January 2024	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(8,871,062)	(118,010)	107,854	3,497,258	190,765,888	170,155	190,936,043
Net profit for the year	-	-	-	-	-	-	-	-	-	-	3,205,910	3,205,910	3,103	3,209,013
Other comprehensive income for the year	-	-	-	-	-	-	-	17,412,368	92,127	-	-	17,504,495	15,087	17,519,582
Total comprehensive income for the year	-	-	-	-	-	-	-	17,412,368	92,127	-	-	17,504,495	15,087	17,519,582
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(57,931)	-	-	57,931	-	4,131	4,131
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	11	11
Balance as at 31 December 2024	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	8,483,375	(25,883)	107,854	6,781,207	211,496,401	192,487	211,688,888
Net profit for the year	-	-	-	-	-	-	-	-	-	-	7,147,924	7,147,924	5,199	7,153,123
Other comprehensive income for the year	-	-	-	-	-	-	-	27,380,774	245,741	-	-	27,626,515	22,304	27,648,819
Total comprehensive income for the year	-	-	-	-	-	-	-	27,380,774	245,741	-	-	27,626,515	22,304	27,648,819
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(572,335)	-	-	572,335	-	1,087	1,087
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Cash dividends (Note 25)	-	-	-	-	-	-	-	-	-	-	(4,277,842)	(4,277,842)	-	(4,277,842)
Balance as at 31 December 2025	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	35,291,814	219,858	107,854	10,243,732	242,013,106	221,077	242,234,183

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinars)

	2025	2024
Cash flows from operating activities:		
Net profit for the year before deductions	7,315,436	3,274,075
Adjustments:		
Depreciation and amortization	2,905,511	3,628,519
Provision for expected credit losses (no longer required) / charged	(125,799)	180,252
Gains on sale of property, plant and equipment	(88,529)	(964)
Finance charges	3,326,178	3,421,122
Interest income	(68,723)	(56,861)
Net investment income	(5,182,608)	(2,682,378)
Group's share in associates' business results	(1,112,603)	(674,773)
Provision for employees' end of service indemnity	123,355	415,981
Net operating profit before working capital changes	7,092,218	7,504,973
Inventory	630,355	(2,355,350)
Accounts receivable and other debit balances	802,543	(1,575,950)
Accounts payable and other credit balances	(1,980,452)	2,305,821
Net cash generated from operating activities	6,544,664	5,879,494
Cash flows from investing activities:		
Paid for the acquisition of property, plant and equipment	(7,304,211)	(2,438,673)
Proceeds from sale of property, plant and equipment	220,544	23,412
Paid for purchase of financial assets at fair value through other comprehensive income	(3,535,029)	(1,118,358)
Proceeds from sale of financial assets at fair value through other comprehensive income	5,290,205	4,046,584
Paid for purchase of financial assets at fair value through profit or loss	(12,472,531)	(1,854,440)
Proceeds from sale of financial assets at fair value through profit or loss	7,836,782	1,254,722
Dividend income received	4,724,585	3,069,982
Term deposits	-	2,000,000
Interest income received	68,723	56,861
Net cash (used in) / generated from investing activities	(5,170,932)	5,040,090
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	16,861,248	6,000,000
Paid for loans, bank facilities and murabaha	(11,380,336)	(15,430,085)
Finance charges paid	(3,311,314)	(3,408,314)
Lease liabilities paid	(838,819)	(825,476)
Dividends paid	(4,259,123)	(11,885)
Net change in non-controlling interests	-	11
Net cash used in financing activities	(2,928,344)	(13,675,749)
Net decrease in cash and cash equivalents	(1,554,612)	(2,756,165)
Cash and cash equivalents at the beginning of the year	8,259,336	11,015,501
Cash and cash equivalents at end of the year (Note 12)	6,704,724	8,259,336

The accompanying notes form an integral part of the consolidated financial statements.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activity

Kuwait Cement Company - Kuwait Public Shareholding Company - “the Parent Company” incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company’s shares were listed on Kuwait Stock Exchange on 29 September 1984. Pursuant to the Extraordinary General Assembly held on 22 October 2023, some articles of the Articles of Association were amended, the latest of which was noted in the Commercial Register under No. 1532 dated 26 November 2023.

The Parent Company’s objectives are as follows:

- 1- Production of cement of all kinds.
- 2- Production of refractory bricks, blocks and tiles (including refractory cement).
- 3- Production of bulk, hollow cement blocks and bricks.
- 4- Production of cement block.
- 5- Production of kinds of concrete or cement.
- 6- Production of asbestos cement or cellulosic fiber cement.
- 7- Production of building materials produced from plant materials and agglomerated with cement.
- 8- Aggregate crusher.
- 9- Chemical stores.
- 10- Extract sand and refilling (quarries).
- 11- Transportation of solid and liquid waste.
- 12- Collection of non-hazardous waste.
- 13- Collection of hazardous waste.
- 14- Treating and disposing of non-hazardous waste.
- 15- Treating and disposing of hazardous waste.
- 16- Recycling used tires.
- 17- Import of aggregate.
- 18- Wholesale of cement, gypsum and the like.
- 19- Wholesale of sand and aggregate.
- 20- Retail sale of building materials and scrap.
- 21- Storage in warehouses.
- 22- Investing the financial surplus in portfolios managed by specialized companies and entities.
- 23- Sale and purchase of shares and bonds for the interest of the Company.
- 24- Owning the real estate and movables necessary to carry out its work within the limits permitted by law.
- 25- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them.
- 26- Production of agglomerated cement (clinker).
- 27- Importing chemicals.

The Company may have interests or participate in any suitable way with entities and companies conducting similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may as well acquire such entities or affiliate them, and participate in incorporation of real estate companies. The Company may practice the above activities inside the State of Kuwait and abroad either in its own name or by proxy. The Company may practice similar, supplementary, necessary or related business to the mentioned objectives.

The Parent Company’s headquarters is located at Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2025 were authorized for issue by the Parent Company’s Board of Directors on 3 March 2026, and it is subject to the approval of the shareholders' general assembly. The Annual General Assembly of the Parent Company’s Shareholders has the power to amend these consolidated financial statements after their issuance.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Application of new and revised international financial reporting standards (“IFRSs”)

a) New standards, interpretations, and amendments effective from 1 January 2025

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous year except for the changes resulting from the application of certain new and amended International Financial Reporting Standards beginning on or after 1 January 2025 (unless otherwise stated) as follows:

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify 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 had no material impact on the Group’s consolidated financial statements.

b) New standards, interpretations and amendments issued but not yet effective

The International Accounting Standards Board (“IASB”) has issued a number of standards, amendments to standards and interpretations that are effective in future accounting periods and which the Group has decided not to apply early.

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of income into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all the effects that the amendments may have on the consolidated financial statements and the notes to the consolidated financial statements.

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- a) Clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- c) Adding new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), and
- d) make updates to the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Amendments are effective for annual periods starting on or after 1 January 2026.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Application of new and revised international financial reporting standards (“IFRSs”) (Continued)

b) New standards, interpretations and amendments issued but not yet effective (Continued)

Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures (continued)

The Group is currently working to identify all the effects that the amendments may have on the consolidated financial statements and the notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to choose to apply its reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, the Company must, at the end of the reporting period, be a subsidiary as defined in IFRS 10, not be subject to public accountability, and be a parent company (ultimate or direct) that prepares consolidated financial statements that are available for public use and comply with IFRS. IFRS 19 will be effective for financial reporting periods beginning on or after 1 January 2027 with early application permitted.

The Group does not expect to be eligible to apply IFRS 19.

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and Companies’ Law No. 1 of 2016 and its Executive Regulations, as amended.

3.2 Basis of preparation

The consolidated financial statements are prepared on basis of historical cost except for financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, which are carried at fair value. These consolidated financial statements are presented in Kuwaiti Dinars (“KD”), which is the Parent Company’s functional and presentation currency once the consolidated financial statements are prepared.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain estimates, assumptions and judgments in applying the Group’s accounting policies. The areas where material judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its following subsidiaries (together referred to as “the Group”).

<u>Name of the Company</u>	<u>Activity Principal</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership (%)</u>	
			<u>2025</u>	<u>2024</u>
Shuwaikh Cement Company - K.S.C.C	Industrial	State of Kuwait	99.250	99.250
Amwaj Real Estate Company - K.S.C.C	Real Estate	State of Kuwait	96.000	96.000
Kuwait Cement Ready-mix Company - K.S.C.C	Industrial	State of Kuwait	99.844	99.844

The Group consolidated its subsidiaries based on the audited financial statements as at 31 December 2025.

The subsidiaries' total assets amounted to KD 24,527,692 as at 31 December 2025 (2024: KD 30,487,968) and their net losses amounted to KD 800,163 for the year ended 31 December 2025 (2024: net losses amounted to KD 179,853).

The consolidated financial statements incorporate the financial statements of the Parent Company and subsidiaries controlled by the Parent Company. Control is achieved when the Parent Company has: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control over subsidiary. Specifically, revenues and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or the consolidated other comprehensive income from the date the Company gains control over the subsidiary until the date when Company ceases to control.

Profit or loss and each item of income and other comprehensive income items are distributed to the shareholders of the Company and to the non-controlling interests. Comprehensive income of subsidiaries is attributed to the shareholders of the Company or to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of controlling and non-controlling interests are adjusted to reflect changes in their interest in subsidiaries. The difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and is available to the Company's shareholders.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Subsidiaries (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is stated in the consolidated statement of income and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest and
- The carrying value of assets before disposal (including goodwill), the liabilities of the subsidiary as well as non-controlling interests.

All amounts previously recognised in consolidated statement of other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary. The fair value of any investment retained in the “former” subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 9, or the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed in a business combination are initially recognised at fair value, except deferred tax assets and liabilities, equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured by the excess of the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest over the net value of the assets acquired and identifiable liabilities incurred as at the acquisition date. If the net value of assets acquired and liabilities incurred exceeds the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest, such excess is recognized directly in the consolidated statement of income as profit.

The non-controlling interest in acquired subsidiary is measured by the proportion of the non-controlling interest in the identifiable net assets of the acquiree or at the fair value of that interest. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts recognized in the consolidated statement of other comprehensive income relating to previous interests prior to the acquisition date are transferred to the consolidated statement of income as if the interest had been disposed of in its entirety.

Goodwill

Goodwill arising on an acquisition of subsidiaries is carried at cost as established at the date of acquisition less impairment losses, if any.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Goodwill (Continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses if any. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has 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.

Depreciation of property, plant and equipment is calculated using the straight-line basis over its expected useful life, except for furnace equipment (listed under machinery and equipment), for which depreciation is calculated using the production units method as follows:

	<u>Useful life</u>
Buildings	5 - 50 years
Machinery and equipment (except for furnace equipment)	7 - 50 years
Motor vehicles, computers & furniture	1-7 years

The asset's residual values, useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Should the estimated useful lives of a property, plant and equipment be changed, such lives are changed at beginning of the financial year of change without retroactivity.

The carrying amount of property, plant and equipment is reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment in this carrying value. If any such indication exists, an impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

The recoverable amount of asset is the greater of their fair value less costs to sell or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Profits or losses on disposals are determined by the difference between net sale proceeds and net carrying amount of the asset and is recognised in the consolidated statement of income.

Work in progress is included in property, plant and equipment in the consolidated statement of financial position until they are completed and ready for their intended use, at that time, they are reclassified under similar assets and the depreciation commences.

3.5 Intangible assets

Intangible assets with definite life, which are separately acquired, are carried at cost less accumulated amortization and impairment losses if any. Amortization is charged on a straight-line basis over the estimated useful lives.

The useful life and amortization methods are reviewed at the end of each financial year. Changes in estimations are accounted for as at the beginning of the financial year in which the change occurred.

Intangible assets with infinite life, which are separately acquired, are carried at cost less impairment losses if any.

Intangible assets are removed on disposal or when it is proved that there will not be any future benefit resulting from use of these assets. The profit or loss resulting from disposal are measured by the difference between the net proceeds and carrying value of the disposed asset and are then recorded in the consolidated statement of income.

3.6 Investment properties

Property that is held for long-term rental terms or for capital appreciation or both, and that is not occupied by the Group, is classified as investment properties. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are initially measured at cost, including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment properties are recorded at cost less accumulated depreciation and impairment, if any. Land is not depreciated. Building is depreciated using the straight line basis over its estimated useful lives of 10-20 years.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the disposal of investment property are determined as the difference between the carrying amount and the net disposal proceeds. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.6 Investment properties (Continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in the use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

3.7 Investment in associates

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates is accounted for using the equity method.

The Group calculated its investments share in the associates based on financial statements as at 30 September 2025, with making the amendments related to any material transactions made during the period from 1 October to 31 December 2025 (if any).

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the Group's share of the business results of the associate.

Any change in statement of 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, 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 its associates are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of results of an associate is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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

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



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.8 Impairment of tangible and intangible assets other than goodwill

The tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered impairment in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The net recoverable amount is determined at the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the year in which they arise. When an impairment is written back, the impairment is reversed to the extent of net carrying amount of the asset if no impairment was recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3.9 Financial instruments

A financial asset or liability is recognised when the Group becomes a party to the contractual provisions of such instrument.

All regular way purchases and sales of financial assets are recognized using trade date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of income and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by laws or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified at fair value through profit or loss. Transaction costs for financial assets carried as financial assets at fair value through profit or loss are recorded in the consolidated statement of income.

Financial assets

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except for equity instruments and derivatives.

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. 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 Group'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).

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Business model assessment (Continued)

The expected frequency, value and timing of sales are also material 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.

Contractual cash flow assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, the Group assesses whether the financial instrument's 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 and 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 basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. 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.

Financial assets are classified into following categories under IFRS 9:

- Amortized cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

Amortized cost

The Group classifies its financial assets at amortized cost if the following conditions are met, and are not designated at fair value through profit or loss:

- 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.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses, if any. Interest income, foreign exchange gains/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.

Fair value through other comprehensive income

Equity instruments carried at fair value through other comprehensive income

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at fair value through other comprehensive income if 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.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Fair value through other comprehensive income (Continued)

Equity instruments carried at fair value through other comprehensive income (Continued)

Equity instruments carried at fair value through other comprehensive income are subsequently measured at their fair value. Changes in fair value including foreign exchange gains and losses are recognised in other comprehensive income. Dividends are recognized in consolidated 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 other comprehensive income. Equity instruments carried at fair value through other comprehensive income

Not subject to impairment testing. Upon disposal, cumulative gains or losses are reclassified from other comprehensive income to retained earnings in the consolidated statement of changes in equity.

Fair value through profit or loss

Financial assets whose business model is to acquire or sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI), are classified at fair value through profit or loss.

In addition to the above, on initial recognition, the Group may irrevocably classify financial assets that do not meet the requirements to be measured at amortized cost or at fair value through other comprehensive income as carried at fair value through profit or loss. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of income. Interest income and dividends are recognised in the consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Impairment of financial assets

The Group applied the simplified approach and measure the loss allowance for receivables balances at an amount equal to lifetime ECLs. The expected credit losses on receivables balances are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off receivables balances when there is information indicating that the debtor is in financial difficulties and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in cash and bank balances. The Group uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or fair value through consolidated statement of income.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not classified under the following items, are subsequently measured at amortized cost using the effective interest method:

- 1) Contingent cash consideration in a business combination;
- 2) Held for trading;
- 3) Classified at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains or expenses" item in the consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.10 Inventories

Inventories are held at lower of cost and net realisable value. Raw materials cost is determined on a weighted average cost basis. The cost of finished goods and goods in process includes direct materials, direct labor and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling prices less all the estimated costs to make the sale.

3.11 Employees' end of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Regarding non-Kuwaiti employees in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. This liability is un-funded and is computed based on amount payable that would arise on involuntary termination of all employees on the consolidated financial statements date. The management expects this method to produce a reliable approximation of the present value of the Group's liability.

3.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.13 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, profits are credited to a separate account in equity "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, reserves, and then share premium respectively. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in share premium, reserves, retained earnings and treasury shares reserve respectively. 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.

Where any Group's company purchases the Parent Company's equity capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

3.14 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars ("KD").

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.14 Foreign currency (Continued)

Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated financial statements date.

Foreign exchange profits and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Group's companies

The results and financial position of all the Group's companies that have a functional currency different from the presentation currency (except those companies that operate in countries with high inflation rate) are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated financial statements;
- Income and expenses for each consolidated statement of income are translated at average exchange rate.
- All resulting exchange differences are recognised as a separate component of the statement of equity.

3.15 Revenue recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or over time. Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

Group's revenue streams arise from the following activities:

Sale of goods

Revenue from sale of goods is recognized at point in time, when the entity satisfies the performance obligation, and when the control over the goods is transferred to the customer. Control is transferred at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods, which have been previously purchased by the customer, are shipped to the specific location and the risks of obsolescence and loss are transferred to the customer. This represents the point in time at which the right to collect outstanding receivables becomes unconditional, i.e. such amounts are due directly when the purchase is made.

Dividends income

Dividends income is recognized when the Group's right to receive payment is established.

Interest income

Interest income are recognized on time proportion basis using the effective interest method.

Leases

Rental income on operating leases is recognised over the term of the lease on a straight-line basis.

Other income

Other income are recognized at point in time or over time, once such service is rendered or upon completing the service according to its nature.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Government grants

The government grants are recognized when there is a reasonable assurance that the grant will be received and all accompanied conditions will be fulfilled. When the grant relates to an expense item, it is deducted from the related expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate. When the grant relates to an asset, it is recognized as revenues at equal amounts over the expected useful life of the related asset.

When the Group receives grants from non-cash assets, the asset and grant are recognized at the nominal values and are released yearly in equal installments on the profits or losses over the expected useful life of the asset based on the depreciation pattern of the related asset's features.

3.18 Accounting for leases

When the Group is the lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability at the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be paid by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with short term leases and leases of low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

Whenever the Group incurs an obligation for costs to remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent measurement

Generally, in order for reclassification to be made, the Group, after the commencement date, measures the right-of-use asset at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the lessor shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

When the Group is the lessor

Leases in which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease.

All other leases are classified as operating leases.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

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

When a lease includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the lease to each component.

3.19 Contribution to Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences “KFAS” is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting the contribution to KFAS, NLST, Zakat provision and directors' remuneration, and after excluding the Parent Company's share from profits of the Kuwaiti shareholding subsidiaries and associates, and transfer to statutory reserve account.

3.20 National Labor Support Tax

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before deduction of contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after excluding the share of the Parent Company in the profits of the associates and cash dividends received from companies listed in Boursa Kuwait in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 of 2006 and their executive regulations.

3.21 Contribution to Zakat

Zakat contribution is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting KFAS, NLST, Zakat provision and directors' remuneration, and after excluding the Parent Company's share from profits of the Kuwaiti shareholding subsidiaries and associates, also Zakat share paid by the Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies. This is in accordance with Law No. 46 of 2006 and Ministerial Order No. 58 of 2007 and its implementing executive rules.

3.22 Dividends

The Group recognizes cash and non-cash dividends to the Shareholders of the Parent Company as liabilities when such dividends are finally approved, and when decision on such dividends is no longer at the discretion of the Group. Such dividends are approved when they are agreed upon by the Annual General Assembly of the Parent Company's Shareholders, whereby the value of such dividends is recognized in equity.

The non-cash dividends are measured at fair value of assets that will be distributed, along with recognizing result of the re-measurement at fair value directly in equity. When distributing such non-cash dividends, the difference between the carrying value of that liability and the carrying value of the distributed assets is recognized in the consolidated statement of income.

Dividends approved after the consolidated financial statements date are disclosed as events subsequent to the consolidated statement of financial position date.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management

Financial risk

The activities of the Group expose it to a set of financial risks, which are market risk, which include (foreign currency risk and risks of change in fair value resulting from the change in interest rates, and risks of fluctuations in cash flows resulting from the change in interest rates, and price risk) in addition to credit risk and liquidity risk.

The Group's management for these financial risks is concentrated in the continuous evaluation of market conditions and trends and the management's assessment of the changes to long and short-term market factors.

a) Market risk

Market risk, comprising of foreign exchange risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will be affected as a result of changes in foreign currency exchange rates.

The Group is exposed to foreign currency risk resulting primarily from dealing with financial instruments in US Dollar. The foreign currency risk results from future transactions and from the assets and liabilities denominated with different currency other than the functional currency. The Group has set policies to manage foreign currency risk represented in close monitoring of the change in currency rate, in addition to monitoring the effect of such changes on the financial position of the Group. Also, the use of hedging instruments to cover for the exchange rate risk of some foreign currencies over the year.

The Group is not significantly exposed to foreign currency risk.

Price risk

The Group is exposed to price risk through its investments classified in the consolidated financial statements as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group manages this risk by diversifying its investments on the basis of pre-determined asset allocation across various categories, continuous appraisal of market conditions and trends and management's estimate of long term changes in fair value. In addition, the Group keeps its investments at specialised investment companies which manage these investments.

The Group monitors the management of the investment portfolios through monthly periodic reports provided by the portfolio managers of these portfolios and takes the necessary actions when required to minimise the expected market risk of these investments.

The table below indicates the impact of the decrease in the Kuwait Stock Exchange "KSE" index on the consolidated statement of income and the consolidated statement of other comprehensive income. This analysis is based on the assumption that the KSE changes by $\pm 5\%$ with all other variables held constant.

	Effect on the consolidated statement of income and the consolidated statement of other comprehensive income.	
	2025	2024
Financial assets at fair value through other comprehensive income	5,864,675	4,696,616
Financial assets at fair value through profit or loss	161,040	29,695



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (continued)

a) Market Risk (continued)

Cash flow and fair value fluctuation risk resulting from the change in interest rate

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 rate.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are independent of interest rate risks.

The Group's interest rate risk arises from long-term borrowings. The Group has floating and fixed interest bearing loans.

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to the risk of fluctuations in cash flows resulting from the change in interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Available scenarios are considered by the Group, taken into consideration the ability for refinancing and renewal of existing and alternative borrowings.

b) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of the debit balances on an ongoing basis. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks. Furthermore: Debit balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is insignificant.

Cash and cash equivalents

The Group's cash and cash equivalents measured at amortized cost are considered to have a low credit risk and the loss allowance is calculated based on the 12 months expected loss. Cash at banks and cash in portfolios are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the ECLs, trade receivables have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due.

Expected loss rates are based on the payment model for revenue or customer ageing. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the outstanding amount. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the period of consolidated financial statements.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk (Continued)

Trade receivables (Continued)

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

Set out below is the information about the credit risk exposure on trade receivables and other receivables:

	2025		
	Gross carrying amount at default	Average expected credit losses rate	Lifetime ECLs
<u>Ageing of receivables</u>			
Less than 30 days	6,247,238	1.94%	121,160
30 to 60 days	3,997,130	6.10%	243,686
61 to 90 days	2,423,707	17.62%	427,138
91 to 180 days	2,860,756	70.42%	2,014,609
More than 180 days	4,708,437	84.75%	3,990,558
	<u>20,237,268</u>		<u>6,797,151</u>
<u>Ageing of receivables</u>			
Less than 30 days	5,551,750	1.41%	78,228
30 to 60 days	2,575,375	3.60%	92,645
61 to 90 days	1,616,027	6.29%	101,603
91 to 180 days	3,447,626	37.92%	1,307,219
More than 180 days	8,131,195	65.71%	5,343,255
	<u>21,321,973</u>		<u>6,922,950</u>

c) Liquidity risk

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

The ultimate responsibility of managing the liquidity risk is kept with the board of directors. The Group manages the liquidity by keeping appropriate reserves and obtaining bank credit facilities. As well as it continuously monitors the expected and actual cash flows and a comparison of maturity dates of financial assets and liabilities.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

c) Liquidity risk (Continued)

The following are the maturity dates of financial liabilities as at 31 December:

	2025			Total
	Within one year	More than one up to three years	More than three years	
Loans, bank facilities and Murabaha	14,307,200	42,673,760	11,321,600	68,302,560
Payables and other credit balances (excluding advance payments)	19,206,411	-	-	19,206,411
Lease liabilities	540,930	1,139,369	4,510,291	6,190,590

	2024			Total
	Within one year	More than one up to three years	More than three years	
Loans, bank facilities and Murabaha	14,467,000	42,531,560	5,823,088	62,821,648
Payables and other credit balances (excluding advance payments)	19,137,853	-	-	19,137,853
Lease liabilities	522,622	942,279	-	1,464,901

3.24 Capital risks

The Group manages its capital to ensure that the Group's companies will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (loans, bank facilities and Murabaha offset by cash and cash equivalents) and equity. The Group aims to keep gearing ratio to total capital ranging from 20% to 30% determined as the proportion of net debt to total capital.

The following shows the net debt to total capital as at 31 December:

	2025	2024
Loans, bank facilities and Murabaha	68,302,560	62,821,648
Less: Cash and cash equivalents	(6,704,724)	(8,259,336)
Net debts	61,597,836	54,562,312
Total equity attributable to shareholders of the Parent Company	242,013,106	211,496,401
Total capital	303,610,942	266,058,713
Net debt to total capital ratio (%)	20.29%	20.51%

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Material accounting policies (Continued)

3.25 Fair value estimation

The fair values of financial assets and liabilities are estimated as follows:

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Valuation techniques based on observable inputs other than quoted prices of financial instruments.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined:

Financial assets	Fair value As at 31 December		Fair value level	Valuation techniques and key inputs	Material unobservable inputs	Relationship of unobservable inputs to fair value
	2025	2024				
<i>Financial assets at fair value through other comprehensive income:</i>						
Quoted securities	117,293,492	93,932,326	First	Last bid price	None	None
Funds and portfolios	14,318,025	11,296,014	Second	Net asset value	None	None
Unquoted equity securities	6,544,045	7,278,233		Three	Based on the revised NBV or on the basis of the last transaction	Liquidity discount
<i>Financial assets at fair value through profit or loss:</i>						
Quoted securities	4,795,942	593,892	First	Last bid price	None	None
Unquoted equity securities	1,273,500	-	Three	Based on the revised NBV or on the basis of the last transaction	Liquidity discount	The higher the discount rate, the lower the value

The fair value of the other financial assets and liabilities approximate their carrying amounts as at the date of the consolidated financial statements.

4. Material accounting judgments and estimation uncertainty

In the application of the Group's accounting policies, the management are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects both current and future periods. The following are the estimates concerning the future, that may result in a significant risk of causing significant adjustments to the assets and liabilities within the next financial years.

Accounting judgements

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

Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and the policy of revenue recognition disclosed in Note No. (3.15) require significant judgments.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

4. Material accounting judgments and estimation uncertainty (Continued)

Accounting judgements (Continued)

Classification of investments in equity instruments - IFRS 9

On acquisition of an investment, the Group decides whether it should be classified as “at fair value through profit or loss” or “at fair value through other comprehensive income”. The Group follows the requirements of IFRS 9 on classifying its investments.

Determining the lease term with renewal and termination options - when the Group is the 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.

Under certain leases, the Group has the option to lease the assets for additional periods. The Group uses judgments to assess whether the option will be reasonably certain practiced. That is, it considers all the relevant factors that provide an economic incentive to exercise the renewal option. Subsequent to the commencement of lease, the Group revalues the lease term if there is a significant event or change in circumstances that falls within the scope of Group's control and affects its ability to exercise (or not exercise) the renewal option (such as a change in the business strategy).

Discounting of lease payments

The lease payments are discounted using the incremental borrowing rate (“IBR”). At initial adoption of IFRS 16 “Leases”, the management has applied judgments and estimates to determine the incremental borrowing rate.

Estimation uncertainty

The key assumptions concerning the future and key sources of estimation uncertainty at the consolidated financial statements date that have a significant risk of causing a material adjustment to the accounts of assets and liabilities in the consolidated financial statements within the next year are discussed below: the Group's estimates and assumptions are based on indicators available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets to determine whether there is any objective evidence that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation for property, plant and equipment. Group's management increased the depreciation charge where the useful lives are lower than previously estimated lives. The Group eliminates or writes down obsolete or non-strategic assets which have been disposed or sold.

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

4. Material accounting judgments and estimation uncertainty (Continued)

Estimation uncertainty (Continued)

Fair value measurement and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate. Information regarding the required valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in (Note 3.25).

Impairment of financial assets

The Group assesses whether the credit risk associated with financial assets and other items has increased substantially since the initial recognition in order to determine whether the expected credit loss for the 12-month period or expected credit loss over the lifetime of the financial instrument should be recognized (Note 3.23).

Contingent liabilities

Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events that are not included in full within control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.



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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Property, plant and equipment

	Land and buildings	Machinery and equipment	Motor vehicles, computers & furniture	Projects in Progress	Total
Cost:					
As at 1 January 2024	58,550,179	210,940,334	17,485,644	80,641	287,056,798
Additions	63,725	144,463	132,693	2,097,792	2,438,673
Transfers	32,679	-	-	(32,679)	-
Disposals	-	(7,274)	(61,615)	-	(68,889)
As at 31 December 2024	58,646,583	211,077,523	17,556,722	2,145,754	289,426,582
Additions	148,014	224,697	61,315	6,870,185	7,304,211
Transfers	45,623	-	-	(45,623)	-
Disposals	(5,080)	(30,852)	(620,407)	-	(656,339)
As at 31 December 2025	58,835,140	211,271,368	16,997,630	8,970,316	296,074,454
Accumulated depreciation:					
As at 1 January 2024	35,008,450	114,771,634	11,071,066	-	160,851,150
Charged for the year	850,000	1,478,343	801,451	-	3,129,794
Disposals	-	(7,259)	(39,182)	-	(46,441)
As at 31 December 2024	35,858,450	116,242,718	11,833,335	-	163,934,503
Charged for the year	835,751	1,283,219	287,816	-	2,406,786
Disposals	(5,075)	(30,653)	(488,596)	-	(524,324)
As at 31 December 2025	36,689,126	117,495,284	11,632,555	-	165,816,965
Net carrying value:					
As at 31 December 2025	22,146,014	93,776,084	5,365,075	8,970,316	130,257,489
As at 31 December 2024	22,788,133	94,834,805	5,723,387	2,145,754	125,492,079

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Property, plant and equipment (Continued)

Certain property, plant and equipment are located on a land leased from the State Properties under leases for a term of five years ending 2029 and 2030.

Depreciation has been charged to the consolidated statement of income as follows:

	<u>2025</u>	<u>2024</u>
Cost of sales	2,389,919	3,110,928
Selling, general and administrative expenses	<u>16,867</u>	<u>18,866</u>
	<u>2,406,786</u>	<u>3,129,794</u>

The Group has studied the impairment of property, plant and equipment based on the value in use method. Value in use represents the present value of future cash flows. The Group's management concluded, based on the study, that the recoverable amount exceeds the carrying value of those assets as at 31 December 2025. The following assumptions were used when determining the value in use:

<u>Basic assumption</u>	<u>The basis used to determine the value for the basic assumption</u>
The period of covering financial budgets	5 years
Long-term growth rate	2.7% per annum
Discount Rate	5.23% - 7.13% per annum

6. Investment properties

	<u>2025</u>	<u>2024</u>
<u>Cost:</u>		
As at 1 January and 31 December	<u>1,989,744</u>	<u>1,989,744</u>
<u>Accumulated depreciation:</u>		
As at 1 January and 31 December	<u>1,219,103</u>	<u>1,219,103</u>
Carrying amount	<u><u>770,641</u></u>	<u><u>770,641</u></u>

The fair value of investment properties based on the second level of fair value measurement as at 31 December 2025 was: KD 4,095,000 (2024: KD 4,165,850).

An evaluation by independent valuers licensed by official authorities that is not related to the Group was relied upon. Fair value of investment properties classified based on comparable market prices.

There have been no transfers between levels during the year.

**Notes to the consolidated financial statements for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinar unless otherwise mentioned)***7. Investment in associates**

<u>Name of the associate</u>	<u>Country of Incorporation</u>	<u>Voting capital and ownership interest %</u>	<u>Carrying amount</u>	
			<u>2025</u>	<u>2024</u>
Kuwait Rocks Co. K.S.C.C. (Under Liquidation)	State of Kuwait	30.00	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	19,202,739	18,206,065
			<u>19,202,739</u>	<u>18,206,065</u>

The movement on investment in associates is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	18,206,065	17,800,835
Group's share in associates' business results	1,112,603	674,773
Group's share of associates' reserves	245,741	92,127
Group's share from the transfer to the retained earnings	20,108	20,108
Dividends received	(381,778)	(381,778)
	<u>19,202,739</u>	<u>18,206,065</u>

Summarized financial information in respect of the significant associates is as follows:

<u>Contracting and Marine Services Company:</u>	<u>2025</u>	<u>2024</u>
Assets	578,134,511	555,142,776
Liabilities	470,451,770	452,472,579
Non-controlling interests	50,176,250	48,148,446
Revenues	189,471,986	155,063,046
Net profit for the period attributable to shareholders of the Parent Company	3,331,914	2,020,744
Other comprehensive income items for the period	796,136	336,112
Total comprehensive income	4,128,050	2,356,856

8. Financial assets at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Quoted securities	117,293,492	93,932,326
Unquoted equity securities	6,544,045	7,278,233
Funds and portfolios	14,318,025	11,296,014
	<u>138,155,562</u>	<u>112,506,573</u>

The quoted securities include financial assets of KD 75,828,732 as at 31 December 2025 in the shares of National Industries Group Holding - K.P.S.C., which is one of the major shareholders in the Group (2024: KD 59,899,748).

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

8. Financial assets at fair value through other comprehensive income (Continued)

An analysis of the Group's financial assets at fair value through other comprehensive income along with currencies as at 31 December:

	<u>2025</u>	<u>2024</u>
KD	121,159,604	97,585,881
USD	13,717,479	11,553,853
EUR	1,781,245	1,767,324
GBP	1,202,484	1,192,085
UAE Dirham	294,750	407,430
	<u>138,155,562</u>	<u>112,506,573</u>

The fair value of financial assets at fair value through other comprehensive income was determined based on valuation levels - Note (3.25).

9. Leases

The Group as a lessee

The Group leases plot of lands. Leases typically run for a period of five years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

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

	<u>2025</u>	<u>2024</u>
<u>Cost:</u>		
As at 1 January	4,987,252	4,987,252
Additions	5,490,244	-
As at 31 December	<u>10,477,496</u>	<u>4,987,252</u>
<u>Accumulated amortization:</u>		
As at 1 January	(2,992,350)	(2,493,625)
Charged for the year	(498,725)	(498,725)
As at 31 December	<u>(3,491,075)</u>	<u>(2,992,350)</u>
Net carrying amount as at 31 December	<u>6,986,421</u>	<u>1,994,902</u>

Below are the amounts recognised in consolidated statement of income:

	<u>2025</u>	<u>2024</u>
Amortization expenses of right-of-use assets	498,725	498,725
Lease liabilities finance charges	74,264	91,936
Expenses relating to short-term leases (sales cost)	1,405,598	717,108
Expenses relating to short-term leases (selling, general and administrative expenses)	52,549	39,634
	<u>2,031,136</u>	<u>1,347,403</u>

**Notes to the consolidated financial statements for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinar unless otherwise mentioned)***9. Leases (Continued)****The Group as a lessee (Continued)****Lease liabilities**

Lease liabilities are grouped in the consolidated statement of financial position as follows:

	<u>2025</u>	<u>2024</u>
Lease liabilities - non-current portion	5,649,660	942,279
Lease liabilities - current portion	540,930	522,622
	<u>6,190,590</u>	<u>1,464,901</u>

Movement in lease liabilities during the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	1,464,901	2,198,441
Additions	5,490,244	-
Lease liabilities paid	(838,819)	(825,476)
Lease liabilities finance charges	74,264	91,936
	<u>6,190,590</u>	<u>1,464,901</u>

10. Inventory

	<u>2025</u>	<u>2024</u>
Raw materials	15,776,934	17,377,187
Finished goods	712,935	525,643
Spare parts	2,797,025	1,955,019
	<u>19,286,894</u>	<u>19,857,849</u>

11. Accounts receivable and other debit balances

	<u>2025</u>	<u>2024</u>
Receivables against unconditional bank guarantees	1,384,761	668,524
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	557,492	1,730,779
Related parties (Note 26)	798,066	306,507
Other trade receivables	15,704,741	16,880,585
Total trade receivables	18,445,060	19,586,395
Other receivables	1,792,208	1,735,578
Advance payments to suppliers	1,367,939	1,029,503
	<u>21,605,207</u>	<u>22,351,476</u>
Provision for expected credit losses	(6,797,151)	(6,922,950)
	<u>14,808,056</u>	<u>15,428,526</u>
Prepaid expenses	593,394	584,543
Notes receivables	971,954	1,037,079
	<u>16,373,404</u>	<u>17,050,148</u>

- The average credit period granted to trade receivables is 60-90 days. No interest is charged on trade debit balances.
- The fair value of guarantees received by the Group from receivables was KD 2,760,380 as at 31 December 2025 (2024: KD 1,975,854).
- The ECLs have been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.23).

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

11. Accounts receivable and other debit balances (Continued)

Movement in provision for expected credit losses account is as follows:

	2025	2024
Balance at the beginning of the year	6,922,950	6,742,698
Provision no longer required / charged during the year	(125,799)	180,252
	<u>6,797,151</u>	<u>6,922,950</u>

12. Cash and cash equivalents

	2025	2024
Cash on hand and at banks	4,351,297	4,238,435
Cash at investment portfolios	2,353,427	3,788,401
Term deposits	-	232,500
	<u>6,704,724</u>	<u>8,259,336</u>

13. Capital

The authorized, issued and fully paid up capital is KD 73,330,387 divided into 733,303,870 shares, each of a nominal value of 100 fils. All shares are cash shares.

14. Treasury shares

	2025	2024
Number of shares (share)	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77
Cost (KD)	13,546,935	13,546,935
Market value (KD)	8,640,335	4,614,955

The Parent Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

15. Statutory reserve

In accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the statutory reserve. The Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the paid up capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up capital in years when profit is not sufficient for the payment of such dividend. The transfer to the statutory reserve account has been stopped due to the reserve balance exceeding 50% of the capital of the Parent Company.

16. Voluntary reserve

In accordance with the requirements of the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the voluntary reserve. There are no restrictions on distribution of this reserve. Transfer to voluntary reserve has been discontinued in accordance with decision of the General Assembly of Shareholders.

**Notes to the consolidated financial statements for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinar unless otherwise mentioned)***17. Loans, bank facilities and Murabaha**

Non-current portion	2025	2024
Loans	27,064,800	20,848,000
Murabaha	26,930,560	27,506,648
	<u>53,995,360</u>	<u>48,354,648</u>
Current portion		
Loans	3,007,200	5,328,000
Murabaha	11,300,000	9,139,000
	<u>14,307,200</u>	<u>14,467,000</u>
Total loans, bank facilities and murabaha	<u>68,302,560</u>	<u>62,821,648</u>

The average effective annual interest rate on loans, bank facilities and murabaha was 4.5% per annum as at 31 December 2025 (2024: 4.75% per annum).

18. Accounts payable and other credit balances

	2025	2024
Trade payables	14,895,112	14,425,735
Accrued interest and expenses	2,287,271	2,686,651
Notes payables	408,230	973,802
Advance payments from customers	3,505,824	5,373,802
Dividends payable	939,224	920,505
Accrued KFAS (Note 24)	79,961	23,383
Accrued NLST	91,559	36,259
Accrued Zakat	14,176	5,420
Retention	478,095	22,000
Others	12,783	44,098
	<u>22,712,235</u>	<u>24,511,655</u>

19. Cost of sales

	2025	2024
Cost of raw materials	56,528,192	50,513,566
Maintenance and spare parts	6,113,659	4,483,072
Salaries and benefits	4,748,060	4,192,789
Depreciations and amortizations	517,341	1,046,825
Rents	1,266,098	569,587
Others	583,817	744,539
	<u>69,757,167</u>	<u>61,550,378</u>

20. Net income from other activities

	2025	2024
Net income from investment properties	106,721	80,516
Net profits from exchange differences	183,617	93,724
Other income	242,164	131,272
	<u>532,502</u>	<u>305,512</u>

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

21. Net investment income

	<u>2025</u>	<u>2024</u>
<i>Financial assets at fair value through statement of other comprehensive income</i>		
Cash dividends	4,248,089	2,688,204
Portfolio management expenses	(177,060)	(136,757)
	<u>4,071,029</u>	<u>2,551,447</u>
<i>Financial assets at fair value through profit or loss</i>		
<i>Unrealized gain / (loss) from change in the fair value</i>	323,881	(35,542)
Realized gain from sale	515,920	29,716
Cash dividends	94,718	-
	<u>934,519</u>	<u>(5,826)</u>
	<u>5,005,548</u>	<u>2,545,621</u>

22. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to Shareholders of the Parent Company for the year by the weighted average of the number of the existing ordinary shares determined based on number of existing shares of issued capital during the year, taking into account treasury shares. The calculation of basic and diluted earnings per share is as follows:

	<u>2025</u>	<u>2024</u>
Net profit for the year attributable to the Shareholders of the Parent Company (KD)	7,147,924	3,205,910
Weighted average number of outstanding shares during the year (share)	712,973,670	712,973,670
Basic and diluted earnings per share (fils)	<u>10.03</u>	<u>4.50</u>

23. Staff costs

Staff costs include wages, salaries, leave, end of service's indemnity and other benefits for the Group's staff. Staff costs amounted to KD 7,544,353 for the year ended 31 December 2025 (2024: KD 6,838,531).

24. Contribution to Kuwait Foundation for the Advancement of Sciences

The contribution to KFAS is calculated at 1% of the Company's profit before contribution to KFAS, Zakat and Board of Directors' remuneration after deducting the transferred amount to the statutory reserve account.

Movement in Accrued KFAS is as follows:

	<u>2025</u>	<u>2024</u>
Accrued KFAS at the beginning of the year	23,383	5,433
Charged during the year	56,578	23,383
Paid during the year	-	(5,433)
Accrued KFAS at the end of the year (Note 18)	<u>79,961</u>	<u>23,383</u>

**Notes to the consolidated financial statements for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinar unless otherwise mentioned)***25. General Assembly of the Parent Company's Shareholders**

On 3 March 2026, the Board of Directors of the Parent Company proposed distributing cash dividends at the rate of 7% of the paid-up capital after deducting treasury shares for the year ended 31 December 2025. Also, not to distribute the Board of Directors remunerations for the year ended 31 December 2025.

The Parent Company's Shareholders General Assembly held on 8 May 2025 approved the consolidated financial statements for the year ended 31 December 2024. It also approved cash dividends of 6 fils per share of the paid capital after deducting treasury shares to the concerned shareholders as set out in the schedule approved by the Shareholders' General Assembly. It also approved not to distribute any remuneration to the members of the Board of Directors for the year ended 31 December 2024.

26. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the Company has representatives in their board. In the normal course of business, subject to approval of the Group's management, transactions were made with such parties during the year ended 31 December 2025. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this Note.

Following is a summary of significant related party transactions and outstanding balances:

	<u>2025</u>	<u>2024</u>
Balances included in consolidated statement of financial position:		
Accounts receivable and other debit balances (Note 11)	798,066	306,507
Provision for employees' end of service indemnity	723,307	737,254
Transactions included in the consolidated statement of income:		
Sales	1,214,491	840,401
Committees' fees	184,000	184,000
Executive management salaries and benefits	627,477	560,546

All transactions with related parties are subject to the approval of the Shareholders' General Assembly.

27. Contingent liabilities and capital commitments

	<u>2025</u>	<u>2024</u>
Contingent liabilities		
Letters of guarantee	2,674,516	2,707,511
Capital commitments		
Letters of Credit	1,905,261	27,132
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	3,395,737	2,491,641
Property, plant and equipment	129,517	736,041

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

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

27. Contingent liabilities and capital commitments (Continued)

There is a dispute between the Parent Company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while Parent Company's management has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the previous period, a judgment was issued for the release of all the Parent Company's financial obligations towards the supplier. The dispute with the supplier has not been resolved yet and the Parent Company's management believes that the provisions provided are sufficient against all the obligations that might result from this dispute.

28. Segment financial information

Information about the Group's business segments is set out below in accordance with IFRS 8 "Operating Segments". The IFRS 8 requires operating segments to be identified on the basis of internal reports relating to components of the Group that are reviewed on a regular basis by the "executive management" who are the chief operating decision makers in order to allocate resources to the segment and assess its performance. The Group executive manager is known as the main decision maker for the Group's operations.

- The Group's management has defined its business in two main business units: the manufacturing sector, which includes the production and sale of cement and ready-mixed concrete, and the investment sector. This business is the basis on which the Group reports its major segment information and provides it to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The sector involves sale of cement and ready-mixed concrete, and the investments sector includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investments in associates and investment properties. The above segments are the basis on which the Group reports its segment information. Transactions between sectors are conducted at estimated market prices on an arm's length basis and are eliminated on consolidation.

Financial information about business segments for the year ended 31 December is as follows:

	2025		
	Manufacturing sector	Investment sector	Total
Segments revenues	77,547,390	6,224,872	83,772,262
Gross segments profit	4,348,019	6,224,872	10,572,891
Segments assets	177,255,515	166,551,811	343,807,326
	2024		
	Manufacturing sector	Investment sector	Total
Segments revenues	68,543,866	3,300,910	71,844,776
Gross segments profit	3,337,426	3,300,910	6,638,336
Segments assets	168,865,923	135,865,572	304,731,495

**Notes to the consolidated financial statements for the year ended 31 December 2025***(All amounts are in Kuwaiti Dinar unless otherwise mentioned)***28. Segment financial Information (Continued)**

	<u>2025</u>	<u>2024</u>
Adjustments:		
Gross segments profit	10,572,891	6,638,336
Finance charges	(3,326,178)	(3,421,122)
Interest income	68,723	56,861
Net segments profit before deductions	<u>7,315,436</u>	<u>3,274,075</u>

Geographical segments:

Financial information about geographical segments for the year ended 31 December is set out below:

	<u>2025</u>		
	<u>Revenues</u>	<u>Assets</u>	<u>Liabilities</u>
Inside the State of Kuwait	81,640,673	322,276,436	99,529,127
Outside the State of Kuwait	2,131,589	21,530,890	2,044,016
	<u>83,772,262</u>	<u>343,807,326</u>	<u>101,573,143</u>
	<u>2024</u>		
	<u>Revenues</u>	<u>Assets</u>	<u>Liabilities</u>
Inside the State of Kuwait	71,585,127	285,083,206	91,930,767
Outside the State of Kuwait	259,649	19,648,289	1,111,840
	<u>71,844,776</u>	<u>304,731,495</u>	<u>93,042,607</u>

Side view for Cement Plant located at Eastern Shuaiba Industrial Area

