



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Consolidated financial statements and independent auditor's report

**The Energy House Holding Company K.S.C.P. and its
Subsidiaries**

Kuwait

31 December 2025

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Independent Auditor's Report

To the Shareholders of
The Energy House Holding Company K.S.C.P.
Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Energy House Holding Company K.S.C.P. (“the Parent Company”) and its Subsidiaries, (collectively the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including international independence standards)* issued by the International Ethics Standards Board for Accountants (“IESBA Code”) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who issued an unqualified audit opinion on the consolidated financial statements on 4 March 2025.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as the key audit matters.

Independent Auditor's Report to the Shareholders of The Energy House Holding Company K.S.C.P. (continued)

Valuation of financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss (FVTPL) represent 26% of the Group's total assets. Financial assets at FVTPL represents investments in an unquoted private equity fund, classified within level 3 of the fair value hierarchy which do not have a quoted price in an active market and is fair valued using other valuation techniques. The Group recorded this investment based on the valuation performed by the management with the help of an external independent valuer. The valuation of this investment involves the exercise of judgment by the management and the use of assumptions and estimates. Given the size and management judgement involved in the valuation of financial assets at FVTPL, we determined this to be a key audit matter. The Group's disclosures about its financial assets at FVTPL are included in Notes 11 and 20 to the consolidated financial statements.

Our audit procedures included, among others, agreeing carrying value of this investment to the Group's external valuation prepared using valuation techniques, assessing and challenging the appropriateness of estimates, assumptions and valuation methodology and obtained supporting documentation and explanations to corroborate the valuations. We also assessed the adequacy and appropriateness of Group's presentation and disclosures in Notes 11 and 20.2 to the consolidated financial statements.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other accompanying information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

In preparing the consolidated financial statements, management is responsible for

Independent Auditor's Report to the Shareholders of The Energy House Holding Company K.S.C.P. (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Independent Auditor's Report to the Shareholders of The Energy House Holding Company K.S.C.P. (continued)

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

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

Report on Other Legal and Regulatory Requirements

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

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



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
31 March 2026

Consolidated statement of profit or loss

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Revenue			
Services revenue		1,101	1,559
Services costs		-	(184,461)
Gross profit / (loss)			
Other income	7	788,010	148,592
Gain on disposal of investment in an associate	8	729,818	-
Finance income		53,552	114,932
Unrealised gain on financial assets at fair value through profit or loss	11	-	21,080
Realised gain on financial assets at fair value through profit or loss	11	9,028	-
Staff costs		(519,530)	(332,648)
General and administrative expenses		(552,637)	(325,692)
Finance costs		(1,952)	(1,127)
Net foreign exchange (loss) / gain		(46,411)	10,192
Profit / (loss) before provisions for National Labour Support			
Tax and Zakat		460,979	(547,573)
Provision for NLST		(11,744)	-
Provision for Zakat		(4,698)	-
Profit / (loss) for the year			
Attributable to:			
Shareholders of the Parent Company		437,775	(530,927)
Non-controlling interests		6,762	(16,646)
444,537			
(547,573)			
Basic and diluted earnings / (loss) per share attributable to			
Shareholders of the Parent Company (Fils)	9	9.66	(11.71)

The notes set out on pages 10 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Profit/(loss) for the year		444,537	(547,573)
Other comprehensive income:			
<i>Items that will be reclassified to statement of profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations:			
- Reclassification to profit or loss on disposal of foreign associate	8	327,678	-
- Arising during the year		4,448	(5,275)
Total other comprehensive income/(loss)		332,126	(5,275)
Total comprehensive income / (loss) for the year		776,663	(552,848)
Total comprehensive income / (loss) for the year attributable to:			
Shareholders of the Parent Company		771,076	(536,508)
Non-controlling interests		5,587	(16,340)
		776,663	(552,848)

The notes set out on pages 10 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 Dec. 2025 KD	31 Dec. 2024 KD
Assets			
Non-current assets			
Property and equipment		2,735	156
Right-of-use assets	10	35,512	55,217
Financial assets at fair value through profit or loss	11	1,026,316	1,332,735
		1,064,563	1,388,108
Current assets			
Accounts receivable and other debit balances	12	139,294	157,961
Cash and cash equivalents	13	2,735,003	2,445,219
		2,874,297	2,603,180
Total assets		3,938,860	3,991,288
Equity and liabilities			
Equity			
Share capital	14	4,533,293	4,533,293
Other reserves	15	(700,997)	(700,997)
Foreign currency translation reserve		939,358	606,057
Accumulated losses		(1,462,773)	(1,900,548)
Equity attributable to equity holders of the Parent Company		3,308,881	2,537,805
Non-controlling interests		(169,122)	(174,709)
Total equity		3,139,759	2,363,096
Non-current liabilities			
Employees' end of service benefits		94,716	88,171
Lease liabilities	10	19,934	34,067
		114,650	122,238
Current liabilities			
Accounts payable and other liabilities	16	623,472	1,424,504
Due to shareholders		42,908	59,914
Lease liabilities	10	18,071	21,536
		684,451	1,505,954
Total liabilities		799,101	1,628,192
Total equity and liabilities		3,938,860	3,991,288



Yaqoub Yousef Ali Bander
Chairman



Hamad A. Al-Qahtani
Chief Executive Officer

The notes set out on pages 10 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital KD	Other reserves KD	Foreign currency translation reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests	Total KD
Balance as at 31 December 2024	4,533,293	(700,997)	606,057	(1,900,548)	2,537,805	(174,709)	2,363,096
Profit for the year	-	-	-	437,775	437,775	6,762	444,537
Other comprehensive income / (loss) for the year	-	-	333,301	-	333,301	(1,175)	332,126
Total comprehensive income for the year	-	-	333,301	437,775	771,076	5,587	776,663
Balance as at 31 December 2025	4,533,293	(700,997)	939,358	(1,462,773)	3,308,881	(169,122)	3,139,759
Balance as at 31 December 2023	4,533,293	(700,997)	611,638	(1,369,621)	3,074,313	(158,369)	2,915,944
Loss for the year	-	-	-	(530,927)	(530,927)	(16,646)	(547,573)
Other comprehensive (loss)/ income for the year	-	-	(5,581)	-	(5,581)	306	(5,275)
Total comprehensive loss for the year	-	-	(5,581)	(530,927)	(536,508)	(16,340)	(552,848)
Balance as at 31 December 2024	4,533,293	(700,997)	606,057	(1,900,548)	2,537,805	(174,709)	2,363,096

The notes set out on pages 10 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
OPERATING ACTIVITIES			
Profit / (loss) before provisions for National Labour Support Tax and Zakat		460,979	(547,573)
Adjustments:			
Profit from wakala deposits and other assets		(53,552)	(114,932)
Unrealised gain on financial assets at fair value through profit or loss			(21,080)
Realised gain on financial assets at fair value through profit or loss		(9,028)	-
Gain on disposal of investment in an associate		(729,818)	-
Reversal of accounts payable and other liabilities (included under other income)		(711,604)	(144,880)
Provision for employees' end of service benefits		21,362	5,987
Depreciation of property and equipment		429	169
Amortization of right-of-use assets		19,705	21,591
Finance costs		1,952	1,127
Net foreign exchange differences		46,411	(10,192)
		(953,164)	(809,783)
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(23,774)	112,520
Accounts payable and other liabilities		(105,870)	(65,140)
Cash used in operations		(1,082,808)	(762,403)
Employees' end of service benefits paid		(14,774)	(1,929)
Net cash used in operating activities		(1,097,582)	(764,332)
INVESTING ACTIVITIES			
Profit received from wakala deposits and other assets		49,582	129,189
Proceeds from redemption of investments in quoted fund		306,373	-
Proceeds from sale of an associate		1,057,496	-
Purchase of property and equipment		(3,048)	-
Net movement in restricted bank balances and deposits		-	4,177
Net cash from investing activities		1,410,403	133,366
FINANCING ACTIVITIES			
Distributions paid to shareholders on reduction of share capital		(17,006)	(24,717)
Payment of lease liabilities		(19,550)	(23,400)
Net cash used in financing activities		(36,556)	(48,117)
Increase / (decrease) in cash and cash equivalents		276,265	(679,083)
Cash and cash equivalents at beginning of the year		2,445,219	3,132,236
Effect of foreign currency translation		13,519	(7,934)
Cash and cash equivalents at end of the year		2,735,003	2,445,219

The notes set out on pages 10 to 39 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Incorporation and activities of the Parent Company

The Energy House Holding Company K.S.C.P. (the “Parent Company”) is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait under commercial registration no. 68770 dated 30 July 1996. The Company’s shares were listed on Boursa Kuwait on 23 May 2005.

The Parent Company’s principal activities are, as follows:

- Ownership of shares of Kuwaiti or foreign shareholding companies or companies with limited liability, or establishing, managing, lending and sponsoring such companies;
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20%;
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such as rights for the benefit of the Company inside or outside the State of Kuwait;
- Owning properties and real-estates to promote its activities in permissible limits according to the law; and
- Utilising available financial surplus of the Company by investing them in portfolios managed by specialized companies.

The Group carries out its activities as per Islamic Sharia’s.

The Parent Company’s head office is located at Al-Enmaa Tower, Mirqab, 14th floor, Kuwait City and its registered postal address is P.O. Box 21909, Safat 13080, State of Kuwait.

The financial statements for the year ended 31 December 2025 were authorised for issue by the board of directors of the Parent Company on 31 March 2026 and are subject to the approval of the General Assembly of the shareholders.

2 Statement of compliance with IFRS Accounting Standards and going concern assumptions

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

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies

3.1 New and amended IFRS Accounting Standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 21 Amendments – Lack of exchangeability	1 January 2025

IAS 21 Amendments – Lack of exchangeability

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

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

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

3.2 IASB Standards issued but not yet effective

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

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

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

Notes to the consolidated financial statements (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

Annual Improvements to IFRS Accounting Standards – volume 11

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

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

4 Material accounting policies

4.1 Basis of preparation

The consolidated financial statements of the Group have been prepared under historical cost convention except for investments at fair value through profit or loss, which have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars (KD).

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

4.2 Basis of consolidation

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.2 Basis of consolidation (continued)

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

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

4.3 Business combinations

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

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

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

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

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

4.4 Climate-related matters

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.5 Revenue recognition

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

The Company follows a 5-step process:

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

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts, if any, as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable, if any, in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Service revenue

Service revenue is recognised when the outcome of the transaction can be estimated reliably by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Profit and similar income

Profit and similar income is reported on an accrual basis using the effective profit method.

4.6 Operating expenses

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

4.7 Finance costs

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.8 Taxation

4.8.1 *Kuwait Foundation for the Advancement of Sciences (KFAS)*

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

4.8.2 *National Labour Support Tax (NLST)*

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

4.8.3 *Zakat*

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

Under the NLST and Zakat regulations, no carry forward of losses to the future years or any carry back to prior years is permitted.

4.8.4 *Taxation on foreign operations*

Certain subsidiaries are subject to taxes on income in various foreign jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax. Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate.

4.9 Segment reporting

The Group has two operating segments: energy and other operations. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services. Each of these operating segments is managed separately as each requires different approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

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

4.10 Property and equipment

Property and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.10 Property and equipment (continued)

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of Property and equipment. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

The following useful lives are applied:

- | | |
|--------------------------------------------|------------|
| • Leasehold properties and buildings | 20 years |
| • Furniture, fixtures and office equipment | 2-7 years |
| • Motor vehicles and equipment | 4-10 years |

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

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

4.11 Leased assets

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.11 Leased assets (continued)

The Group as a lessee (continued)

Right-of-use asset

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

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

Lease liability

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

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

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group as a lessor

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.12 Impairment testing of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

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

4.13 Financial instruments

4.13.1 Recognition, initial measurement and derecognition

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

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

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset or
 - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.2 Classification of financial assets

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

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

The classification is determined by both:

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

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

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

4.13.3 Subsequent measurement of financial assets

a) Financial assets at amortised cost

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

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

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

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

- *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, balances with banks and other financial institutions and short term deposits due within three months which are subject to an insignificant risk of changes in value.

- *Accounts receivable and other debit balances*

Accounts receivable and other debit balances are stated at original invoice amount less allowance for any uncollectible amounts.

Receivables which are not categorised under any of the above are classified as "other assets".

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.3 Classification of financial assets (continued)

b) Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The category also contains investments in equity shares.

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

The Group's financial assets at FVTPL comprise investment in unquoted private equity fund

4.13.4 Impairment of financial assets

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.13 Financial instruments (continued)

4.13.4 Impairment of financial assets (continued)

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

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

4.13.5 Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include accounts payable and other liabilities.

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

- **Financial liabilities at amortised cost**

These are stated using effective profit rate method. Accounts payable and other liabilities are classified as financial liabilities other than at FVTPL.

Accounts payable and other liabilities

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

Lease liabilities

For accounting policy relating to measurement of lease liabilities, refer to 'Leases' accounting policy.

4.14 Amortised cost of financial instruments

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

4.15 Trade and settlement date accounting

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

4.16 Offsetting of financial instruments

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.17 Investments in associates

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

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

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

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

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

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

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

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

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

4.18 Fair value of financial instruments

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

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.19 Equity, reserves and dividend payments

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

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the Companies' Law No. 1 of 2016 and the Parent Company's Memorandum of Incorporation and articles of association, as amended.

Accumulated losses include all current and prior period retained profits and accumulated losses.

All transactions with owners of the Group are recorded separately within equity.

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

4.20 Provisions, contingent assets and contingent liabilities

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

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

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

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

4.21 Foreign currency translation

4.21.1 Functional and presentation currency

The consolidated financial statements are presented in currency Kuwait Dinar (KD), which is also the functional currency of the parent company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

4.21.2 Foreign currency transactions and balances

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

Notes to the consolidated financial statements (continued)

4 Material accounting policies (continued)

4.21 Foreign currency translation (continued)

4.21.3 Foreign operations

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

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

4.22 Provision for employees' end of service benefits

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

With respect to its Kuwaiti national employees, in addition to the end of service benefits, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries.

4.23 Related party transactions

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

4.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement, comprise cash on hand, bank balances and term deposits with banks whose original maturities do not exceed a period of three months and which are subject to an insignificant risk of changes in value.

5 Material management judgements and estimation uncertainty

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

Notes to the consolidated financial statements (continued)

5 Material management judgements and estimation uncertainty (continued)

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

5.1 Significant management judgments

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

5.1.1 Business model assessment

The Group classifies financial assets after performing the business model test (please see accounting policy for financial instruments sections in note 4.13.1). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Control assessment

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

5.2 Estimation uncertainty

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

5.2.1 Impairment of financial assets

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

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

5.2.2 Fair value of financial instruments

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

Notes to the consolidated financial statements (continued)

6 Investment in subsidiaries

The details of the consolidated subsidiary are as follows:

Subsidiary	Country of registration and place of business	Ownership		Principal activity
		31 Dec. 2025	31 Dec. 2024	
Nordic Intervention Services L.L.C.	UAE	100%	100%	Energy services
Nordic Energy F.Z.C.	UAE	92.50%	92.50%	Energy services
AREF Energy International Ltd *	Cayman Island	100%	100%	Financial Services

* The financial statements of the AREF Energy International have been consolidated based on management accounts as at 31 December 2025.

7 Other income

During the year, the Group reversed payables amounting to KD 465,372 relating to long-outstanding balances. Based on management's assessment, and in the absence of any claims, these balances are no longer considered payable and have therefore been recognized in the consolidated statement of profit or loss. In addition, other income includes an amount of KD 120,185 in respect of the reversal of employee-related accruals and an amount of KD 126,047 relating to accrued base fees for a fund that was liquidated in prior years.

8 Gain on disposal of investment in an associate

During the year, the Group received an amount of KD 1,057,496 (USD 3,415,704) on exiting from their investment in associate, Kitara OFIL Limited, which was fully impaired in earlier years, thereby recognizing a gain of KD 729,818 in the consolidated statement of profit or loss, after recycling the foreign currency translation reserve balance related to the associate amounting to KD 327,678. Further, an amount of KD 207,558 has been paid in the current period as a success fee to key management personnel for facilitating the disposal of the associate (Note 19).

9 Basic and diluted earnings / (loss) per share attributable to the shareholders of the Parent Company

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

	Year ended 31 Dec. 2025	Year ended 31 Dec. 2024
Profit / (loss) for the year (KD)	437,775	(530,927)
Weighted average number of shares outstanding during the year	45,332,930	45,332,930
Basic and diluted earnings / (loss) per share attributable to shareholders of the Parent Company (Fils)	9.66	(11.71)

Notes to the consolidated financial statements (continued)

10 Leases

Set out below, are the carrying value of the Group's right of use assets and lease liabilities and the movement during the year

	Right of use assets KD	Lease liabilities KD
At 1 January 2025	55,217	55,603
Amortisation expenses	(19,705)	-
Finance costs	-	1,952
Paid during the year	-	(19,550)
At 31 December 2025	35,512	38,005
At 1 January 2024	14,227	15,295
Amortisation expenses	(21,591)	-
Addition	62,581	62,581
Finance costs	-	1,127
Paid during the year	-	(23,400)
At 31 December 2024	55,217	55,603

Parent Company's right of use assets mainly related to long term lease contracts for one office. This contract is for period of 5 years.

The lease liabilities are classified in consolidated statement of financial position as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Non-current portion	19,934	34,067
Current portion	18,071	21,536
	38,005	55,603

11 Financial assets at fair value through profit or loss

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Investments in unquoted private equity fund *	1,026,316	1,035,390
Investments in quoted fund **	-	297,345
	1,026,316	1,332,735

During the year, the Group engaged the services of an independent licensed valuator to assess the fair value of the investments in unquoted private equity fund, 'Al Taqa Fund LP' held through its subsidiary, 'AREF Energy International Ltd.'.

* Fair value hierarchy for determining the fair value of the financial instruments and the valuation techniques are detailed in Note 20.

**During the year, the Group fully redeemed its investment in the quoted fund for total cash proceeds of KD 306,373, resulting in a realized gain of KD 9,028 recognized in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

12 Accounts receivable and other assets

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade receivables	231,004	233,046
Less: Provision for expected credit losses (a)	(167,099)	(168,576)
	63,905	64,470
Advances and prepayments	38,163	47,241
Other receivables	37,226	46,250
	139,294	157,961

a) Movements in the provision for expected credit losses of the trade receivables is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balance at the beginning of the year	168,576	167,865
Foreign currencies translation adjustments	(1,477)	711
Balance at the end of the year	167,099	168,576

b) As at 31 December, the aging analysis of the gross trade receivables is as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
Neither past due nor impaired	-	-
Past due but not impaired	63,905	64,470
Past due and impaired	167,099	168,576
Total trade receivables	231,004	233,046

Trade receivables are non-interest bearing and are generally on credit terms of 30-180 days. It is not the practice of the Group to obtain collateral over receivables.

13 Cash and cash equivalents

	31 Dec. 2025 KD	31 Dec. 2024 KD
Cash on hand	1,994	3,683
Bank balances	133,009	916,536
Wakala deposits*	2,600,000	1,525,000
	2,735,003	2,445,219

*Wakala deposits with local banks carry expected profit rates ranging from 3.9% to 4.5% per annum and have original maturities of less than three months.

Notes to the consolidated financial statements (continued)

14 Share capital

The share capital of the Parent Company comprises of 45,332,930 authorised, issued and fully paid up shares of 100 fils each paid in cash (31 December 2024: 45,332,930 shares of 100 fils each).

15 Reserves

a) Statutory reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST and Zakat provisions and directors' remuneration is to be transferred to statutory reserve. No transfer is required in a year when losses are made or where cumulative losses exist. The Parent Company may resolve to discontinue such annual transfer when the reserve equals or exceeds 50% of the paid-up share capital.

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

No transfer has been made to the statutory reserve, as the Group has accumulated losses that have not yet been fully recovered.

b) Voluntary reserve

The Parent Company's Articles of Association, as amended require that 10% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST and Zakat provisions and directors' remuneration is to be transferred to voluntary reserve. There are no restrictions on distribution of voluntary reserve.

No transfer has been made to the voluntary reserve, as the Group has accumulated losses that have not yet been fully recovered.

c) Other reserves

Other reserves comprise of amounts credited to equity on acquisitions of non-controlling interests which are accounted for as transactions with shareholders in their capacity as owners.

16 Accounts payable and other liabilities

	31 Dec. 2025 KD	31 Dec. 2024 KD
Trade payables (Refer note 7)	338,674	895,090
Accrued expenses (Refer note 7)	247,846	408,886
Other payables	36,952	120,528
	623,472	1,424,504

17 Annual General Assembly

The board of directors of the Parent Company proposed not to distribute any dividend for the year ended 31 December 2025. This proposal is subject to the approval of the Parent Company's shareholders at the Annual General Assembly.

The ordinary General Assembly of the shareholders of the Parent Company held on 24 April 2025 approved the consolidated financial statements for the year ended 31 December 2024 and the directors' proposals to not distribute dividends for the year ended 31 December 2024.

Notes to the consolidated financial statements (continued)

18 Segmental reporting

The Group's operating segments are determined based on the reports reviewed by the Chief Executive Officer for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operating segments meet the criteria for reportable segments and are as follows:

Energy	- Exploration, drilling, development and production of oil and gas, alternate and renewable sources of energy, licensing and other activities related to the energy sector; and
Others	-Investment and other related services.

In addition, the segments income and results are reported based on the geographic locations in which the Group operates

	Energy KD	Other KD	Total KD
31 December 2025			
Segment income	1,101	-	1,101
Segment results	(576,161)	1,020,698	444,537
<i>Other disclosures:</i>			
Finance costs	-	(1,952)	(1,952)
Unrealised gain on financial assets at fair value through profit or loss	9,028	-	9,028
Segment assets	196,016	3,742,844	3,938,860
Segment liabilities	456,119	342,982	799,101
31 December 2024			
Segment income	1,559	-	1,559
Segment results	(658,778)	111,205	(547,573)
<i>Other disclosures:</i>			
Finance costs	-	(1,127)	(1,127)
Unrealised gain on financial assets at fair value through profit or loss	11,380	9,700	21,080
Segment assets	450,215	3,541,073	3,991,288
Segment liabilities	1,030,397	597,795	1,628,192

Geographical segments

The geographical analysis is as follows:

	Segment income		Segment results	
	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Kuwait	-	-	227,645	(336,202)
MENA	1,101	1,559	90,845	(221,040)
Outside MENA	-	-	126,047	9,669
	1,101	1,559	444,537	(547,573)

Notes to the consolidated financial statements (continued)

19 Related party balances and transactions

Related parties represent subsidiaries, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of balances and transactions between the Group and its other related parties are disclosed below.

	31 Dec. 2025 KD	31 Dec. 2024 KD
Balances included in the consolidated statement of financial position:		
Cash and cash equivalents	-	681,231
Due to shareholders*	42,908	59,914

*Due to shareholders represents amount payable to shareholders on account of capital reduction in previous years.

	Year ended 31 Dec. 2025 KD	Year ended 31 Dec. 2024 KD
Transactions included in the consolidated statement of profit or loss and other comprehensive income:		
Finance income	4,336	26,196
Success fee paid to key management personnel – (Note 8)	207,558	-
Key management compensation:		
Salaries and other short-term benefits	114,921	128,726
Other long-term benefits	10,647	11,280
	125,568	140,006

* A success fee of KD207,558 paid to a key management personnel, for facilitating the disposal of an associate (Note 8), included under staff costs in the consolidated statement of profit or loss and was fully settled during the year.

20 Fair value measurement

20.1 Fair value hierarchy

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

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Notes to the consolidated financial statements (continued)

20 Fair value measurement (continued)

20.1 Fair value hierarchy (continued)

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

20.2 Fair value measurement of financial instruments

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

	31 Dec. 2025 KD	31 Dec. 2024 KD
Financial assets:		
<i>At amortised cost:</i>		
Accounts receivable and other debit balances	139,294	157,961
Cash and cash equivalents	2,735,003	2,445,219
<i>At fair value:</i>		
Financial assets at fair value through profit or loss	1,026,316	1,332,735
	3,900,613	3,935,915
Financial liabilities:		
<i>At amortised cost:</i>		
Accounts payable and other liabilities	623,472	1,424,504
Due to shareholders	42,908	59,914
Lease liabilities	38,005	55,603
	704,385	1,540,021

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

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

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

Notes to the consolidated financial statements (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2025:				
Financial assets at FVTPL:				
Investments in unquoted private equity fund	-	-	1,026,316	1,026,316
	-	-	1,026,316	1,026,316
31 December 2024 :				
Financial assets at FVTPL:				
Investments in unquoted private equity fund	-	-	1,035,390	1,035,390
Investments in quoted fund	-	297,345	-	297,345
	-	297,345	1,035,390	1,332,735

There have been no transfers between level 1 and 2 during the reporting period.

Measurement at fair value

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

Investments in unquoted private equity fund

The consolidated financial statements include investments in unquoted - securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

Level 3 fair value measurements

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

	(Financial assets at FVTPL)	
	31 Dec. 2025 KD	31 Dec. 2024 KD
Opening balance	1,035,390	1,021,330
Unrealised gain recognised in the consolidated statement of profit or loss	-	9,700
Foreign currency translation adjustment	(9,074)	4,360
Closing balance	1,026,316	1,035,390

Gains or losses recognized in the consolidated statement of profit or loss and other comprehensive income for the period are included in change in fair value of financial assets at fair value through profit or loss.

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

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

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies

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

The Parent Company's board of directors sets out policies for reducing each of the risks discussed below.

The Group uses derivative financial instruments to manage exposures to foreign currency risks and however, there are no derivatives at the reporting date.

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

21.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a monetary financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk primarily arising from exposure to the US Dollar.

Foreign currency exposure risks are managed by dealing in forward contracts within approved limits. However, as at 31 December 2025 the Group does not have forward contracts (31 December 2024: Nil).

The Group's significant net exposures to foreign currency denominated monetary assets less monetary liabilities at the financial position date, translated into Kuwaiti Dinar, at the closing rate are as follows:

	31 Dec. 2025 KD	31 Dec. 2024 KD
US Dollar	733,417	878,918
Omani Riyal	(18,191)	(294,320)

A reasonably possible movement of Kuwaiti Dinar against the above mentioned foreign currency is considered as 5% (2024: 5%), with all other variables held constant.

There has been no change during the year in the methods and assumption used in preparing the sensitivity analysis.

If the Kuwaiti Dinar had strengthened or weakened against the foreign currencies assuming the above sensitivity 5% (2024: 5%), then this would have the following impact on the loss for the year. There is no impact on the Group's equity.

	Profit / (loss) for the year	
	31 Dec. 2025 KD	31 Dec. 2024 KD
US Dollar	36,671	43,946
Omani Riyal	(910)	(14,716)

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.1 Market risk (continued)

b) Profit rate risk

Profit rate risks arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk principally on its short-term deposits which carries interest at commercial rates. However, a reasonable possible change in interest rates would not have a significant impact on the Group's consolidated financial statements.

The Group manages interest rate risk by placing deposits for short periods and monitoring interest rates.

c) Equity price risk

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

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

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

If equity prices had been 5% (2024: 5%) higher/lower, the effect on the profit/(loss) for the years ended 31 December 2025 and 2024 would have been as follows:

	Increase		Decrease	
	31 Dec. 2025 KD 5%	31 Dec. 2024 KD 5%	31 Dec. 2025 KD 5%	31 Dec. 2024 KD 5%
Investments at fair value through profit or loss	51,316	66,637	51,316	66,637

21.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages this risk through credit policy and exposure to credit risk is monitored on an ongoing basis.

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

	31 Dec. 2024 KD	31 Dec. 2023 KD
Cash and cash equivalents (excluding cash on hand)	2,733,009	2,441,536
Accounts receivable and other debit balances (excluding advances and prepayments)	101,131	110,720
	2,834,140	2,552,256

Notes to the consolidated financial statements (continued)

21 Risk management objectives and policies (continued)

21.2 Credit risk (continued)

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

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

21.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, the Group's management monitors liquidity on a regular basis. The table below summarises the maturity profile of the Group's liabilities based on contractual repayment arrangements. The contractual maturities of liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date.

The maturity profile of financial liabilities at 31 December 2025 and 2024 based on undiscounted cash flows is as follows:

	Less than 3 months KD	3-12 months KD	More than 12 months KD	Total KD
At 31 December 2025				
Accounts payable and other liabilities	43,942	409,840	169,690	623,472
Due to shareholders	42,908	-	-	42,908
Lease liabilities	4,800	14,400	35,200	54,400
	91,650	424,240	204,890	720,780
At 31 December 2024				
Accounts payable and other liabilities	134,454	1,070,195	219,855	1,424,504
Due to shareholders	59,914	-	-	59,914
Lease liabilities	5,850	17,550	58,500	81,900
	200,218	1,087,745	278,355	1,566,318

22 Capital risk management

The Group defines capital as total shareholders' equity as shown in the consolidated statement of financial position. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the Group's approach to capital management during the year as compared to the previous year and the Group is not subject to externally imposed capital requirements.

As at 31 December 2025 and 31 December 2024, the Group does not have any external borrowings.

Notes to the consolidated financial statements (continued)

23 Legal cases

a) Saudi Arabia Joint Operations:

A subsidiary of the Group was involved in ongoing dispute with their joint operations partner for breach of the terms and conditions of the profit-sharing agreement. Further, the joint operations partner had also filed a notice of breach against the subsidiary relating to the ownership of the equipment involved in the joint operations. These cases were under arbitration with the London Court of International Arbitration (LCIA).

On 1 September 2021, the LCIA issued a final verdict whereby it ordered the joint operations partner to pay the subsidiary an amount of USD 1,004,418 along with simple interest at the rate of 2.24% p.a. from the date of the verdict. Further, it ordered the subsidiary to pay USD 188,336 along with simple interest at the rate of 2.24% p.a. to the joint operations partner and also confirmed that the ownership of the equipment involved in the joint operations resides with the joint operations partner.

During early 2025, execution proceedings were filed by the joint operations partner for enforcement of the arbitration award issued by the LCIA, seeking to oblige the subsidiary to pay the awarded amount of USD 188,336 along with simple interest at a rate of 2.24% per annum, and to return certain equipment or pay its value amounting to USD 10 million. The subsidiary also filed a counter-application to oblige the joint operations partner to pay the awarded amount of USD 1,004,418 along with simple interest at a rate of 2.24% per annum.

Subsequently, the court made a set-off between the respective awarded amounts, resulting in a remaining balance of USD 816,082 in addition to the difference in interest, payable by the joint operations partner. No payments have been made to date. The court also rejected the joint operations partner's request to oblige the subsidiary to return the equipment.

In August 2025, the joint operations partner initiated legal proceedings before the Ras Al Khaimah (RAK) Courts seeking the return of certain equipment or, alternatively, compensation amounting to USD 10 million, in addition to USD 10 million in damages for alleged delay.

At a case management hearing held on 15 September 2025, the joint operations partner applied to amend its claim to include a further USD 54.3 million in alleged loss of profits.

The Court dismissed the joint operations partner's claim, declaring it inadmissible on the basis of the arbitration clause contained in the PSA. However, the joint operations partner filed an appeal on 4 December 2025, and the Judgment for the appeal was issued during December 2025, dismissing the claim as inadmissible due to the existence of an arbitration clause in the PSA.

The joint operations partner subsequently appealed before the Court of Cassation. On 24 February 2026, the Court of Cassation dismissed the joint operations partner's appeal also.

b) Operations of Oman branch;

The Nordic Energy F.Z.C ("the Subsidiary") entered into a equipment rental contract agreement with a counterparty on 10 December 2017 for renting a machine designated for the oil well drilling services. On 2nd May 2024, Counterparty filed a case in Dubai court against the Subsidiary's Oman branch, and Hamad Ali Al-Qahtani to terminate the equipment rental contract and claimed an amount of AED 844,676 towards the value of the machine.

Notes to the consolidated financial statements (continued)

23 Legal cases (continued)

b) Operations of Oman branch; (continued)

Counterparty also claimed an amount of USD 1,743,000 towards rental allowance due for the period from 14th December 2017 to 24th April 2024. Counterparty also claimed an amount of AED 20 million towards loss of profits and moral damages resulting from violating the terms of the contract. The court ordered The Counterparty to submit the original purchase order which was denied by the Subsidiary.

On 19th August 2025, the Court confirmed the forgery of the disputed document (Purchase Order) and ordered forwarding all the documents to the Dubai Public Prosecution for criminal proceedings. In the same ruling, the Court appointed a two-member expert committee comprising an Accounting Expert and a Mechanical Engineering Expert.

The hearings were subsequently adjourned several times to allow the expert committee to complete its work. As at the reporting date, the matter was subject to ongoing litigation and the outcome was uncertain. Based on legal advice received at that time, management assessed that an outflow of economic resources was not probable and accordingly no provision has been recognized.

Subsequent to the reporting date, on 5 March 2026, a first instance judgment was issued terminating the lease agreement and ordering the Subsidiary to pay amounts totalling USD 1,798,750 (equivalent to KD 549,338) to the counterparty. The judgment is not final and remains subject to appeal.

After consultation with the legal counsel, management is of the view that first-instance judgment contains several weaknesses and legal inconsistencies, which the legal council will strongly highlight before the Court of Appeal. Management believes that the likelihood of the judgment being reversed in favour of the subsidiary, is high. Management is preparing to file an appeal and vigorously defend its position. However, the ultimate outcome cannot be reliably determined at present, and Managements believes this subsequent event does not require any adjustment to the consolidated financial statements.

24 Capital commitments

	31 Dec. 2025 KD	31 Dec. 2024 KD
Commitment towards contribution of fund (held as financial assets through profit or loss)	-	440,759
	-	440,759

25 Subsequent events

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

Based on information available up to the date of the issuance of these consolidated financial statements, the Group's operations continue uninterrupted and management has not identified any material financial impact on the Group's financial statements. However, the situation remains evolving and the Group continues to monitor the situation.

Also refer Note 23b.

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