



SHUAIBA
INDUSTRIAL CO. (K.P.S.C.)

2025

Annual Report





H.H. Sheikh
Meshal Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait



H.H. Sheikh
Sabah Khaled Al-Hamad Al-Sabah
Crown Prince of the State of Kuwait



SHUAIBA INDUSTRIAL CO. (K.P.S.C)

IT ALL STARTS



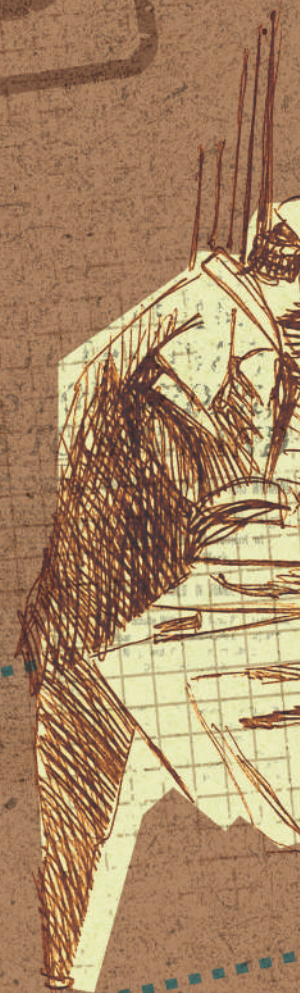
ARMISTICE SIGN
BERLIN SEIZED
NEW CHANCEL
TESTED KAISI

WITH A BAG



CONTENT

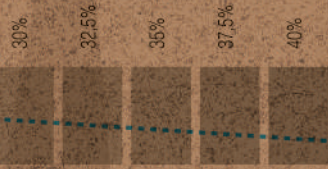
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2.5% 5% 7.5% 10% 12.5% 15% 17.5% 20% 22.5% 25% 27.5%



THE NEW YORK TIMES
 GLOBE AND MAIL
 GIVENCHY
 ARMIISTICE SIGNED. END OF THE WAR!
 BERLIN SIELED BY REVOLUTIONISTS;
 NEW CHANCELLOR BRIGS FOR ORDER;
 OUSTED BY ISRAELI BOMBS TO HOUSLAND

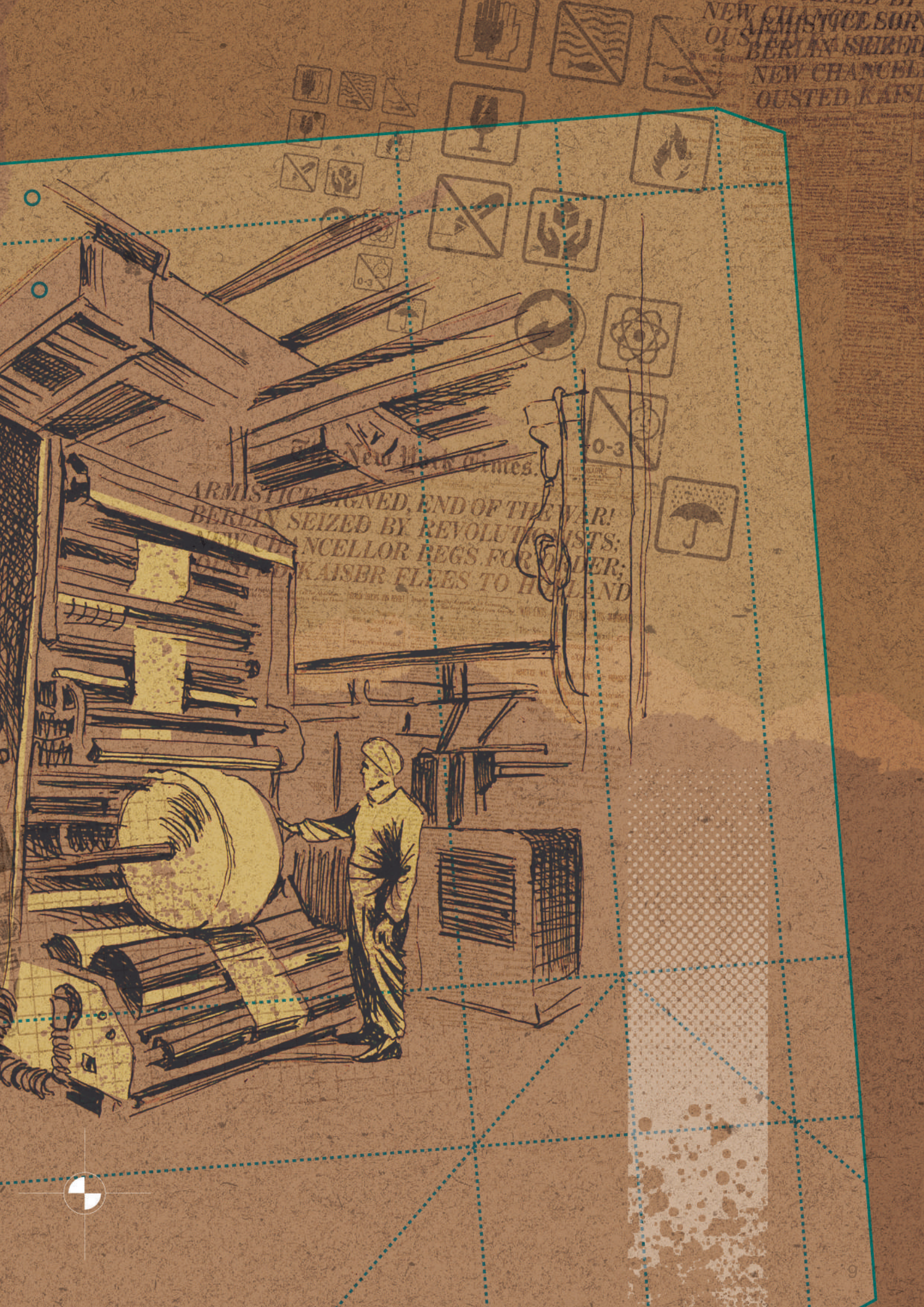


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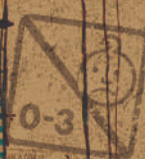
Shuaiba Industrial
Company (KPSC)

BASIC PROFILE





NEW ARMISTICE SIGNED
OUS BERLIN SEIZED
NEW CHANCELLOR
OUSTED KAISER



The New York Times
ARMISTICE SIGNED, END OF THE WAR!
BERLIN SEIZED BY REVOLUTIONARISTS;
NEW CHANCELLOR BEGS FOR ORDER;
OUSTED KAISER FLEES TO HOLLAND





Shuaiba Industrial Company (K.P.S.C)

PROFILE

Shuaiba Industrial Company K.P.S.C (SIC) is a public shareholding company incorporated in 1978 as Shuaiba Paper Products Company and is listed on the Boursa Kuwait with present capital of KD10,069,180 equivalent to USD33,231,620. SIC is a pioneering company in the field of producing multi-ply Kraft paper bags for packing cements and building material; with state-of-the-art production lines from Windmoller & Holcher, Germany.

In order to maintain the pioneering image of the company, SIC has been diversifying into new products and expanding to new coverage areas continuously. The company is continuously supplying its top class quality paper bags to highly satisfied customers to all parts of the globe due to its excellent track record in terms of quality, reliability & top class service with its own designing team and in house ink facility.

SIC Kuwait has current set up of three production divisions – Industrial Packaging; Consumer Packaging and Flexible Packaging, whereas our 100% owned company in Dubai- Shuaiba Industrial Company at Jebel Ali Free Zone- UAE is in operation for almost a decade with two production divisions the Industrial Packaging and Consumer Packaging. Apart from its operation in Kuwait and U.A.E.

The highest level of dedication and constant endeavors of the SIC Team for continuous improvement has been rewarded through its being accredited with ISO 9001 : 2015, BRCGS Packaging 'Grade AA' certification, SWA and Kuwait Quality Mark Certificate from Public Authority for Industry.

Being one of the most respected business names in this field, SIC has always maintained the highest quality of its products and services for continuous enhancement of its reputation as the best supplier in the region by being committed to deliver the best products, ensuring total customer satisfaction through excellent after-sales service and follow up, in the existing and ever increasing new markets.

OUR CERTIFICATIONS







Shuaiba Industrial Company KPSC

SUBSIDIARIES & ASSOCIATES

Shuaiba Industrial Company (JAFZA, UAE)

SIC-JAFZA, a new manufacturing plant for Industrial Packaging and Consumer Packaging) located at Jebel Ali Free Zone Authority, UAE and 100% owned by Shuaiba Industrial Company Kuwait. The plant has a new state-of-the-art production line from Windmoeller and Holsher (W&H) Germany with an installed capacity of 90 million bags per annum.

The Commercial operation started in year 2012. With a combined effort by the Board and Management, practical steps have been initiated to expand the company's business in Kuwait and UAE by adding new machineries to supply the huge demand of Consumer Packaging in the region.

For more information on Shuaiba Industrial Company, JAFZA-Plant, visit: (<http://www.sic-uae.com>).



ADVANCED TECH INTERNATIONAL AGENCIES

ADVANCE TECHNOLOGIES INTERNATIONAL AGENCIES (ATIA) TRADING DIVISION

ATIA is a trading arm of Shuaiba Industrial Company KPSC and its goal is to supply different products related to paper, printing and packaging industry within Kuwait and GCC region. The main products are office paper, photocopy paper, printing paper, coated and uncoated art paper of various grammage

SIC PRODUCTION DIVISIONS AND ITS PRODUCTS:

Industrial Packaging Division

SIC's flagship business, the Industrial Packaging Division (IPD) has been its core business. IPD has been the Company's leading division and the major contributor to the overall growth of the Company.

IPD's major concentration is on the manufacturing of sacks for packing cement. However, it also produces sacks for packing of other powders like Gypsum, Lime, Chemicals, Building Materials, Coffee, Cocoa, Cattle-Feed, Mortar etc.

The installed capacity of this division, with its two production lines from Germany, is 90 million bags per annum. Valve and open mouth type multi-wall paper sacks are made with capacities to hold from 10 Kg to 50 Kg of a product and are made out of 2, 3 or 4 plies of paper with an option of having 1 ply of polyethylene. The printing option on the bags is for up to 4 spot colors. With its flexibility and capabilities, customized bags for Industrial needs as per customers demand are produced as per the highest standards.

Hard work and commitment have paved the way for the success of this division that has been supplying millions & millions of top quality bags to valued customers across the world. The presence of well-equipped machinery and a proactive team are the forte of IPD as it has been achieving outstanding performance results over the years.



CONSUMER PACKAGING DIVISION



Consumer Packaging Division (CPD) produces bags from wide range of paper quality up to 2 plies, and printing up to 6 colors. The Markets served are fast food outlets, restaurants, flour mills, coffee roasters, bakeries, café, fashion houses and other retailers. We are dedicated to provide superior value to our customers, high quality products, competitive price, and on-time delivery. For food industries, we ensure that our packaging meets the Hazard Analysis Critical Control Points (HACCP) requirements and fulfills the FDA standard. Our food safety program includes employee training, auditing, sanitation practices, pest control, supplier compliance, product traceability.

We are British Retail Consortium Global Standard (BRCGS) & ISO 9001:2015 certified company for Kuwait and Dubai facilities. In addition to this, as part of continuous improvement, we are certified for Social Workplace Accountability (SWA) Audit, as a part of international requirements.

Materials in use within the consumer packaging division are limited to food grade paper, inks and adhesives, sourced mainly from Europe and USA.

Synergies with the existing business, especially in the area of technology, trained work-force and experienced management, S.I.C's S-Pac (Consumer Packaging Division) is supported by the latest high technology machines from Europe.

SIC's Consumer Packaging Division dominates 80% market share in Kuwait, supplying all types of consumer packaging products to major brands in the MENA region, Pakistan; Jordon and Lebanon.

Product Range:

- Block Bottom bags
- Satchel bags
- Flat bags
- Twisted cord handle bags
- Flat Handle bags
- Burger / Sandwich Wraps
- Wrapping Rolls

OUR CERTIFICATIONS



FLEXIBLE PACKAGING DIVISION (FPD)



Technological innovation, sustainability concerns and attractive economics are among the reasons for the phenomenal growth of flexible packaging. Shuaiba Industrial Company (SIC) is among the most innovative provider of flexible packaging in Kuwait. We cater for a variety of packaging needs for food and beverage, pharmaceutical and medical, home and personal-care, dairy and confectionery packaging and other products. We deliver premium packaging with a friendly, competent and reliable service at a competitive price to our customers.

The demand for flexible packaging at SIC has greatly developed, particularly in single-layer packs, printed laminated films, pouches, sealable pouches, stand-up pouches by guaranteeing extended product life along with high visual appealing. Added to it, we have the Aluminum lids for containers. SIC is now measured as one-stop-shop for all tailor made packaging solutions. Our excellent quality of unprinted, printed and laminated films have already made SIC's name in the market. SIC works closely with the customers to create attractive and customized Flexible Packaging Material.

FPD's product range is increasing over a period of time by adding diversified products. Due to this reason, we have added more new customers to our folder. Our market share is increasing in local market as well are catering to the neighboring country.

Flexible Packaging Products:

- Printed laminates in roll form (using BOPP, PET, PE, CPP, Metalized, Pearlized films) applicable for food Ingredients, chips & snacks, confectionary items, sweets and bakery

FLEXIBLE PACKAGING DIVISION (FPD)



products, grains and nuts, hygiene, detergent products and for various other Industries.

- Wrap around labels
- Aluminum Lids
- Various types of Pouches - Zipper pouch, Center seal pouch, Stand-up pouch etc.
- Other customized flexible products that may require by the customer

SIC's Flexible Packaging Division is BRC certified and complying with the BRC Food Safety Standards and are following the ISO quality management principles.

Hard work and dedication are the primary achievement for the progressive growth and success of this division.



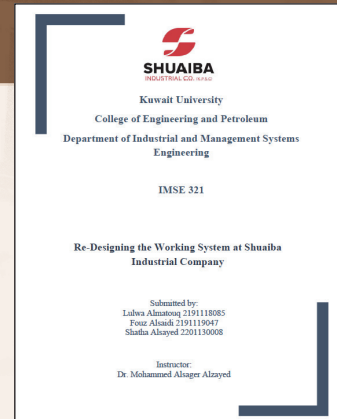
COMMUNITY SERVICES

BNK Padel Tournament Sponsorship:

Demonstrating our support for local initiatives, we proudly sponsored the BNK Padel Tournament, fostering community engagement and promoting sports within the region.

Kuwait University Collaboration

SIC participated in the job fair organized by Kuwait University to underscore its dedication to identifying and nurturing the next generation of leaders. This opened the opportunity for SIC to welcome two field trips from the College of Engineering, one being from the Institute of Industrial and Systems Engineers, and the American Society of heating, Refrigerating and Air-Conditioning Engineers. In addition, SIC ran an internship program with the College of Engineering.



CERTIFICATE OF REGISTRATION

Intertek Certification Ltd (UKAS 014) certifies that having conducted an audit **for the Scope of Activities:** Flexographic printing and conversion of printed and unprinted paper into bags, paper food wraps and paper wrapping roll for food, fast food and retail food packaging applications.

with the Exclusions from Scope: None

in the Product Categories: 07 - Print processes, 02 - Paper making and conversion
at

Shuaiba Industrial CO. (K.S.C.)

BRCGS Site Code: 3037172

Site Address: Sabhan Industrial Area, Block 3, Street 31,
Plot 150, PO Box:10088, Shuaiba, 65451, Kuwait

has achieved Grade: A+

and meets the Requirements set out in the

GLOBAL STANDARD for PACKAGING MATERIALS ISSUE 6: AUGUST 2019

Audit Programme: Unannounced



Auditor Number:

21317

Certificate Number:

0138978

Dates of Audit:

04-05 Oct 2023

Certificate Issue Date:

31 Oct 2023

Re-audit Due Date:

(An.): 27 Oct 2024 to 24 Nov 2024

(Unan.): 24 Jul 2024 to 24 Nov 2024

Certificate Expiry Date:

05 Jan 2025



intertek



014

Calin Moldovean

President Business Assurance

Intertek Certification Limited, 10A Victory
Park, Victory Road, Derby DE24 8ZF, United
Kingdom

Intertek Certification Limited is a
UKAS accredited body under
schedule of accreditation no. 014.



SHUAIBA INDUSTRIAL CO. (K.P.S.C)

CHAIRMAN'S MESSAGE

In the name of Allah, the Most Gracious, the Most Merciful

Dear Shareholders,

Peace, mercy, and blessings of Allah be upon you.

On my own behalf and on behalf of my fellow members of the Board of Directors and the Executive Management, I am pleased to welcome you to the General Assembly meeting of the company. I thank you for your attendance and appreciate your interest, and I am pleased to present to you the annual report for the fiscal year ending 31 December 2025.

Dear Shareholders,

The financial results achieved by the company during 2025 demonstrate the strength of its financial position, the quality of its investments, and the efficiency of its operations. The company is committed to move forward in achieving its objectives through steady and well-considered steps aimed at maximizing shareholder value and profit growth. The year 2025 was a continuation of the sound approach the company has been following, thanks to Allah and the efforts of the esteemed members of the Board of Directors, the Executive Management, and all company employees.

We summarize for you the achievements during the year ending 31 December 2025.

The year 2025 witnessed a good performance for the company by achieving a best rate in the total operating profit, as the company's consolidated sales amounted to 13,318,913 KD, compared to sales amounting to 13,244,587 KD for the previous year.

The total operating profit for the current period amounted to KD 1,900,633, compared to KD 2,204,117, in the light of intense competition both within and outside Kuwait and the gradual increase in global material prices.

The company's consolidated net profit for the fiscal year ending 31 December 2025, reached KD 711,052, compared to KD 1,164,887 for the same period of the previous year.

Despite the general economic slowdown witnessed last year at the regional level due to political unrest and its impact on the 2025 financial results, Shuaiba Industrial Company exerted every effort to maintain its achievements.

Also, the earnings per share for the fiscal year ending 31/12/2025, amounted to 7.17 fils per share, compared to 11.74 fils per share for the previous year.

Note that the book value per share is 184 fils for 2025, compared to 190 fils per share for the previous year.



The total assets had reached KD 23,524,353, compared to KD 25,768,046 for the same period of the previous year.

The shareholders' equity had reached KD 18,283,693, compared to KD 18,823,135 for the same period of the previous year.

The company produced and manufactured 21,514 tons this year. On other side, exports continue to represent 52% of the company's total sales for 2025, a matter that management is keen to strengthen by maintaining its market share despite intense competition.

Thus, during 2025, the management focused on marketing its small bag production lines (primarily in the food sector) in Kuwait and the GCC countries, while also proactively entering other markets.

Dear Shareholders,

The Board of Directors has decided to recommend to the General Assembly the approval of a dividend distribution to shareholders registered in the company's records at the end of the entitlement date, which is 15 working days. The dividends will be distributed to shareholders 5 working days later, after deducting treasury shares. Note that this recommendation is subject to the approval of the relevant authorities and the company's General Assembly, and is structured as follows:

With a percentage of (7%) of the nominal value of the share, i.e., (7 fils per share), equivalent to KD 694,664.369 (Six Hundred and Ninety Four Thousand and Six Hundred and Sixty Four Kuwaiti Dinars and 369 fils).

In conclusion, my fellow Board members and I extend our sincere thanks and appreciation to everyone who has contributed to the development of the company's performance, including the executive management and all employees. The company, its clients, suppliers, and all those who contributed to the company's achievements in 2025, ask Allah Almighty to always live up to the expectations of our esteemed shareholders. We look forward to a more positive, growing, and prosperous 2026.

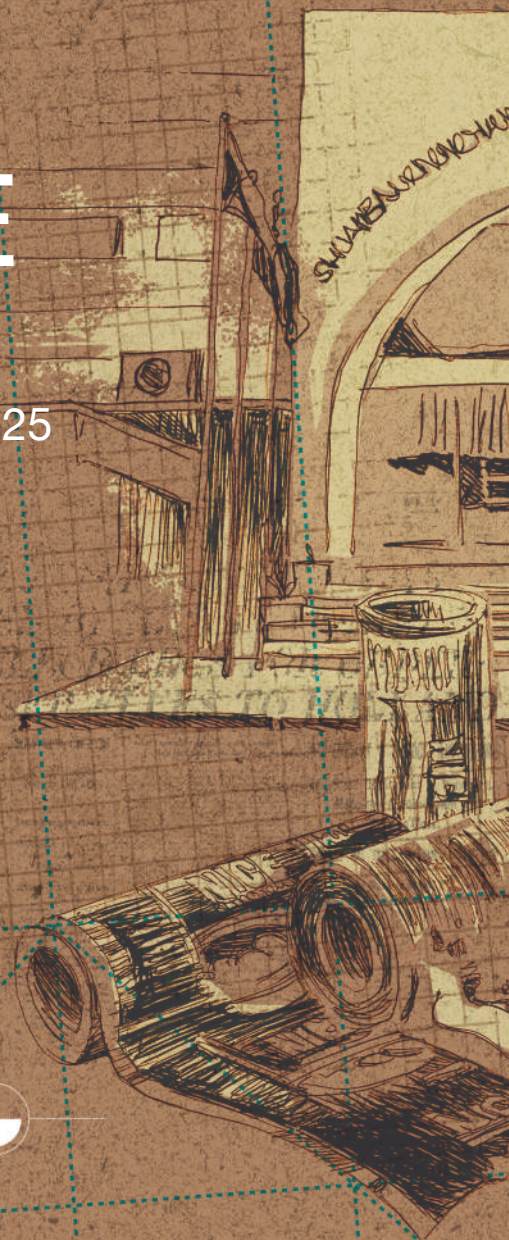
Saleh Omran Abdullah Kanaan
Chairman of Board of Directors



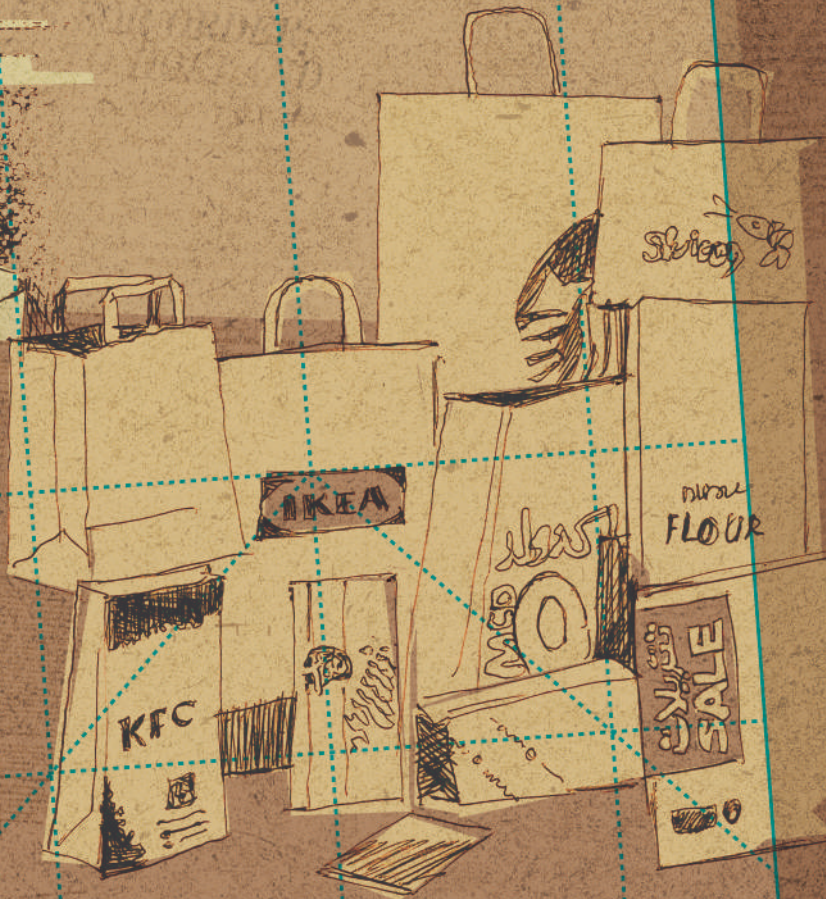
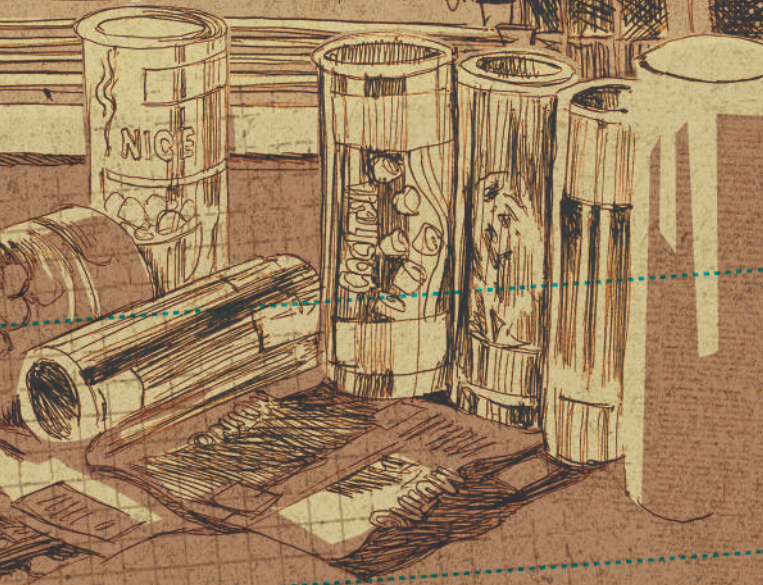
SHUAIBA INDUSTRIAL CO. (K.P.S.C) and its subsidiary
State of Kuwait

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025



ARMISTICE SIGNED, END OF THE WAR
BERLIN SEIZED BY REVOLUTIONISTS
NEW CHANCELLOR BEGS FOR ORDERS
OUSTED KAISER FLEES TO HOLLAND



IEWAR!

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Introduction

Shuaiba Industrial Company is committed to implementing a comprehensive corporate governance framework as a fundamental pillar for operational sustainability and the enhancement of investor confidence. This report aims to clarify the practices and controls adopted by the Company during the year, taking into account the Capital Markets Authority the regulatory requirements

The Company adopts the following principles within its general governance framework, reflecting its culture to comply with prevailing laws and legislation, as well as international practices and recommendations related to governance affairs.

General Principles of the Governance Framework



General Corporate Governance Framework

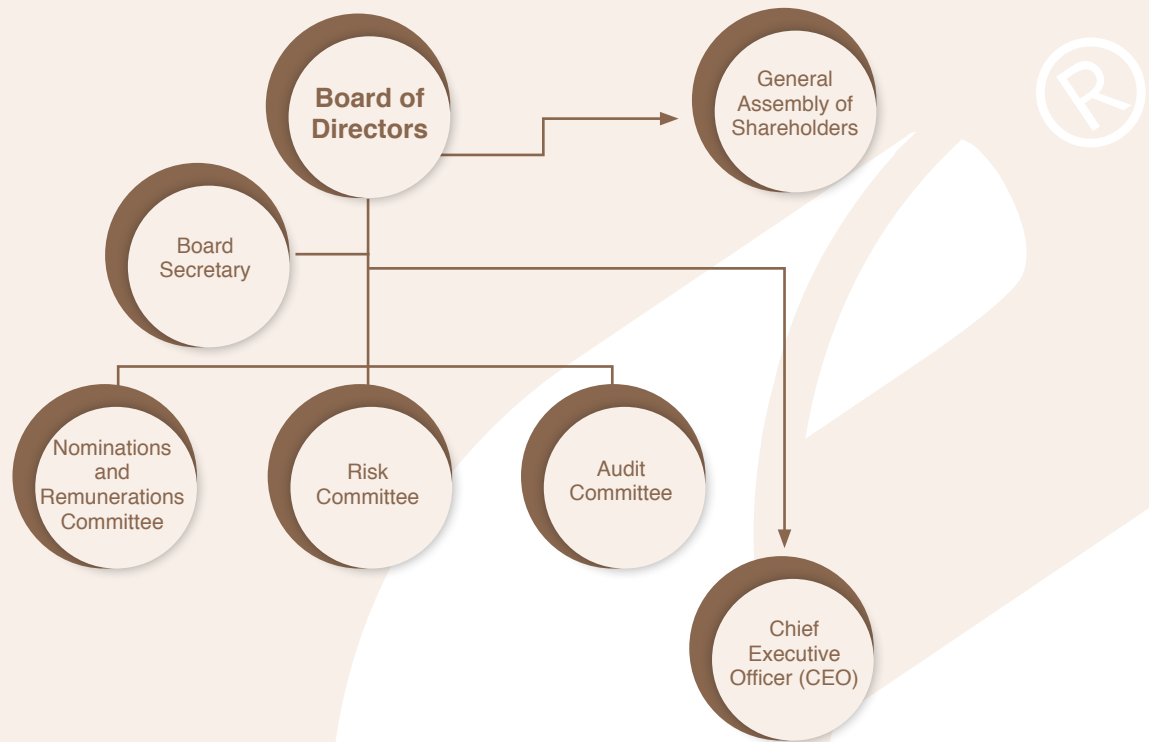
The Company adopts a governance system that includes a set of policies and procedures regulating the relationship between the Board of Directors, Executive Management, and stakeholders. This framework relies on the principles of transparency, accountability, integrity, and the protection of shareholders' rights, in addition to the adoption of clear decision-making models.

Main Pillars of the Governance Structure

- **Governance Structure:** Defines the distribution of rights and duties among the various parties involved in management, such as the Board of Directors, Executive Management, and Shareholders.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025



- **Board of Directors and its Committees:** The Board of Directors holds the primary responsibility for protecting the rights of stakeholders and establishes specialized committees to oversee the implementation of best practices and ensure regulatory effectiveness.
- **Shareholder Rights:** The rules ensure the fair and equal treatment of all shareholders, regardless of the size of their shareholding, and encourage them to participate in General Assembly meetings and exercise their right to vote.
- **Stakeholder Rights:** The framework extends to protect the rights of all stakeholders, including employees, customers, and the community, through clear policies for social and professional responsibility.
- **Transparency and Disclosure:** The Company is committed to the accurate and timely disclosure of material information related to its financial position, performance, and governance, in a manner that ensures fairness and transparency
- **Risk Management and Internal Control:** A comprehensive framework has been established to organize risk management and internal control systems through policies and procedures governing strategic, financial, operational, and information technology (IT) risks, in addition to detailed policies and procedures for all company departments. This also includes independent policies for the internal audit function and the independent review of internal control systems.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Rules included in the report, in compliance with the CMA Corporate Governance Regulations

FIRST RULE

Building a Balanced Board Composition

The Board of Directors consists of five members, one of whom is executive while the others are non-executive, possessing the necessary expertise in strategic, industrial, and financial fields. The Board complies with the Capital Markets Authority (CMA) requirements regarding its composition, independence, and supervisory powers. Furthermore, the Board operates through periodic meetings to review performance and make strategic decisions

The Board of Directors is responsible for approving the strategy and overseeing its implementation by the Executive Management. Additionally, the Board establishes number of specialized committees to provide necessary support and assistance.

Overview of the Board of Directors Composition

Name	Position	Committee Membership	Member Classification (Executive / Non-Executive / Independent / Board Secretary)	Qualifications & Experiences	Election-Appointment Date
MR. SALEH OMRAN KANAAN	Chairman		Non-executive	Holds a Diploma in Applied Technology (Chemistry) from the Kuwait Institute for Applied Technology, with over 34 years of experience in the industrial sector. Additionally, he has held several management positions in various companies, such as Gulf Cable & Electrical Industries and Siraj Holding Group	20/04/2024
Mr. BADER MOHAMMED ALQATTAN	Vice Chairman and Chief Executive Officer (CEO)		Executive	Holds a Bachelor's degree in Mechanical Engineering from Kuwait University and a Master of Business Administration (MBA). Mr. Bader possesses extensive experience in the industrial sector and has held several management positions in various companies, including (Gulf Cable & Electrical Industries, First Investment, Danah Al Safat, and AL-Sahel Investment & Development).	20/04/2024

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Name	Position	Committee Membership	Member Classification (Executive / Non-Executive / Independent / Board Secretary)	Qualifications & Experiences	Election-Appointment Date
Mr. ADEL YOUSEF ALSAQABI	Board Member	<ul style="list-style-type: none"> - Chairman of the Audit Committee - Member of the Nomination and Remuneration Committee - Member of the Risk Management Committee 	Non-executive	Holds a Bachelor's degree in Business Administration (Finance) from Kuwait University (1988). He was appointed as the (CEO) of Shuaiba Industrial Company in September 2013 and has held several management positions in various companies, including (Al-Safwa Group Holding, Al-Safat Holding, Al-Ahliya Investment, Kuwaiti Medical Services, Al-Asriya Printing, National Petroleum Services, and Danah Al-Safat Foodstuff.	20/04/2024
Mr. WAEL YOUSEF ALSAQABI	Board Member	<ul style="list-style-type: none"> - Chairman of the Nomination and Remuneration Committee - Member of the Audit Committee - Member of the Risk Management Committee 	Independent	Holds a Bachelor's degree in Commerce (Accounting) from Kuwait University. He currently serves as the Deputy General Manager at the Central Air-Conditioning Industries Company and has held several management positions in various companies, including the National Cleaning Company, Safat Industries, and the International Aluminum Company.	20/04/2024
Mr. ABDULLAH HAMAD ALTARKEET	Board Member	<ul style="list-style-type: none"> - Chairman of the Risk Management Committee. - Member of the Nominations and Remuneration Committee. - Member of the Audit Committee. 	Non-executive	Holds a Master of Business Administration from the London School of Economics and a Bachelor of Science in Management and Political Science from Kuwait University. He serves as Chairman of the Board of Directors of the Union of Investment Companies, Chairman of the Board of Directors of Al Safat Investment Company, and Executive Director of Investment at Gulf Cables and Electrical Industries Company. He also serves as a Board Member at (Kuwait Clearing Company - National Consumer Holding Company).	20/04/2024

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Secretary of the Board of Directors: **ABDULWAHAB MOHAMMED ABDULRAHMAN.**

Holds professional certifications equivalent to a master's degree and a mini-master's degree. He has also attended numerous training courses in the fields of governance and regulatory compliance.

Secretary of the Council and Council Committees of the Year 2007

Holds a Bachelor of Commerce degree in Accounting (1995) and has over twenty years of experience in public accounting.

Overview of the Company's board meetings

Board meetings during 2025

Member name	MEETING NO 1-2025 ON 9 MARCH 2025	MEETING NO 2-2025 ON 7 MAY 2025	MEETING NO 3-2025 ON 13 AUGUST 2025	MEETING NO 4-2025 ON 6 NOVEMBER 2025	MEETING NO 5-2025 ON 20 NOVEMBER 2025	MEETING NO 6-2025 ON 25 DECEMBER 2025	Number of meetings
Chairman of the Board Mr. SALEH OMRAN KANAAN	√	√	√	√	√	√	6
Vice Chairman and CEO Mr. BADER MOHAMMED ALQATTAN	√	√	√	√	√	√	6
Mr. ADEL YOUSEF ALSAQABI	√	√	√	√	√	√	6
Mr. WAEL YOUSEF ALSAQABI	√	√	√	√	√	√	6
Mr. ABDULLAH HAMAD ALTARKEET	√	√	√	√	√	√	6

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Summary of the implementation of requirements for recording, formatting, and retaining the minutes of the Company's Board of Directors meetings

The Board Secretariat is responsible for managing and coordinating Board and Committee meetings through an annual organizational agenda. Meetings are convened via formal invitations issued by the Board Secretary in coordination with the Chairman. Furthermore, the Secretariat, in collaboration with the Executive Management, presents Board and Committee reporting packages. The Secretariat is also responsible for drafting meeting minutes and coordinating all issued resolutions.

Independent Director's Declaration of compliance with independence criteria – Attached

SECOND RULE

Proper Definition of Roles and Responsibilities

An overview of the Company's policy for defining the roles, responsibilities, and duties of the Board of Directors and Executive Management, as well as the authorities and powers delegated to the Executive Management:

Delegation of Authorities and Powers to the Executive Management	Defining the Roles, Responsibilities, and Duties of the Executive Management	Defining the Roles, Responsibilities, and Duties of the Board of Directors
These are defined pursuant to the Delegation of Financial and Administrative Authority Matrix, which is based on the Risk Management Framework and approved by the Board of Directors.	These are defined through the job descriptions for the Executive Management, approved by the Board of Directors, and aligned with the Company's operational framework	These are defined pursuant to the Board of Directors Charter, approved by the Board and in compliance with applicable laws and regulations

Board of Directors' Achievements During the Year:

- Reviewing and approving the strategic plan and any subsequent amendments.
- Reviewing and approving the Company's estimated budget.
- Discussing periodic management reports regarding the Company's business progress submitted by the Executive Management.
- Reviewing and approving the Company's Integrated Report.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

- Discussing and approving Risk Management reports.
 - Reviewing and approving the interim and annual audited financial statements.
 - Discussing strategic decisions related to financing and the Company's liquidity management.
 - Recommending the appointment of the External Auditor to the General Assembly.
 - Discussing and approving the General Assembly agenda and recommending dividend distributions.
 - Ratifying the minutes and recommendations of the Board Committees.
 - Discussing and approving the Annual Governance Report.
- **Overview of the implementation of Board requirements for establishing specialized, independent committees:**

The Company has established several Board-level committees to ensure effective oversight. These include the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee.

Committees' Roles and Responsibilities:

♦ **Audit Committee:**

- Overseeing the Company's internal and external audit functions.
- Reviewing and approving the annual internal audit plan.
- Reviewing and discussing internal audit reports, recommendations, and the follow-up timeline for implementation.
- Discussing the evaluation of the Company's internal control systems and submitting relevant recommendations to the Board of Directors.
- Reviewing the Company's quarterly and annual financial statements.
- Reviewing reports issued by regulatory authorities and ensuring that the necessary corrective actions are taken.
- Approving **the appointment** of the Internal Auditor and conducting an annual performance evaluation.

♦ **Risk Management Committee:**

- Discussing and reviewing risk management strategies and policies prior to their approval by the Board of Directors.
- Ensuring the availability of resources, competencies, and systems necessary for managing the Company's quantitative and qualitative risks.
- Verifying the independence of Risk Management personnel from the Company's business activities and Executive Management.
- Reviewing and discussing periodic risk management reports and procedures related to risk mitigation and treatment.
- Coordinating with the Internal Audit and Compliance functions to ensure alignment on an integrated Enterprise Risk Management (ERM) framework.
- Reviewing and evaluating Business Continuity Plans (BCP) and Disaster Recovery (DR) plans.
- Reviewing technological and cybersecurity risk reports.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

♦ **Nomination and Remuneration Committee**

- Developing nomination and remuneration policies in preparation for presentation and approval by the Board of Directors.
- Defining performance evaluation criteria for the Board of Directors and its committees.
- Reviewing the performance evaluation criteria for the Company's executive management.
- Determining the various remuneration tiers, including fixed and variable remuneration.
- Reviewing and verifying the fulfillment of independence requirements for independent Board members.
- Defining the roles and responsibilities for independent, non-executive, and executive Board members.
- Reviewing and approving the Annual Remuneration Report and submitting it to the Board of Directors.

♦ **Executive Management:**

- Executive Management selection is based on their expertise and leadership competencies. Their performance is subject to periodic evaluation and monitoring by the Nomination and Remuneration Committee and the Board of Directors, ensuring alignment with the long-term interests of the Company and its shareholders.
- Executive Management is committed to implementing the strategies approved by the Board of Directors, in addition to managing day-to-day operations and ensuring compliance with applicable laws and regulations.
- The Company's Executive Management is responsible for day-to-day management and the achievement of strategic objectives, operating under the formal delegation and direct supervision of the Board of Directors. Their role focuses on translating high-level strategies set by the Board into effective, actionable operational plans.

Summary of Board Committees' Activities During the Year

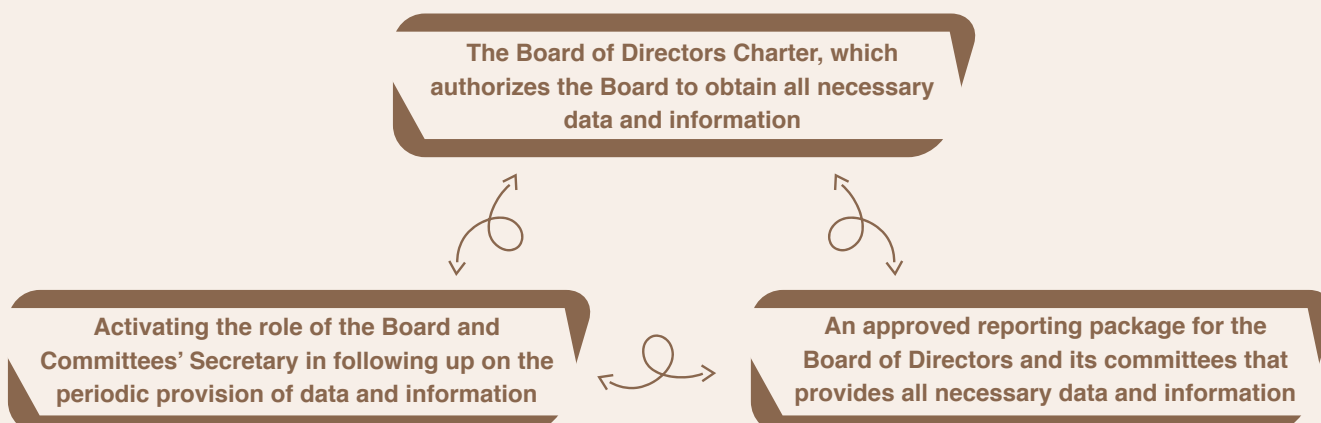
Committee Name and Date of Formation	Members	Meetings	Duties Performed by the Committee
<p>Audit Committee It was formed on April 20, 2024, and its term of membership is the same as the term of membership of the Board of Directors.</p>	<p>Mr. Adel Yousef Al-Saqabi (Committee Chairman)</p> <p>Mr. Wael Yousef Al-Saqabi (Member)</p> <p>Mr. Abdullah Hamad Al-Terkeet (Member)</p>	<p>- Meeting No. (1/2025): March 6, 2025</p> <p>- Meeting No. (2/2025): May 5, 2025</p> <p>- Meeting No. (3/2025): June 30, 2025</p> <p>- Meeting No. (4/2025): August 10, 2025</p> <p>- Meeting No. (5/2025): November 13, 2025</p> <p>- Meeting No. (6/2025): December 21, 2025</p>	<ol style="list-style-type: none"> 1. Discussing the quarterly and annual financial statements. 2. Discussing the internal audit reports. 3. Reviewing external audit proposals and recommending the appointment of an external auditor. 4. Reviewing proposals and appointing an external Shari'ah supervisor. 5. Reviewing proposals and selecting a firm for outsourced internal audit support services. 6. Discussing the Capital Markets Authority (CMA) requirements-Rule Five: "Establishing Sound Risk Management and Internal Control Systems," Article (5-5). 7. Discussing and approving the internal audit plan. 8. Discussing aspects related to internal control systems and compliance.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Committee Name and Date of Formation	Members	Meetings	Duties Performed by the Committee
<p>Risk management committee It was formed on April 20, 2024, and its term of membership is the same as the term of membership of the Board of Directors.</p>	<p>Mr. Adel Yousef Al-Saqabi (Committee Chairman)</p> <p>Mr. Wael Yousef Al-Saqabi (Member)</p> <p>Mr. Abdullah Hamad Al-Terkeet (Member)</p>	<p>- Meeting No. (1/2025): March 4, 2025</p> <p>- Meeting No. (2/2025): May 4, 2025</p> <p>- Meeting No. (3/2025): August 3, 2025</p> <p>- Meeting No. (4/2025): November 2, 2025</p>	<ol style="list-style-type: none"> 1. Discussing the Risk Management Report for the financial period ended September 30, 2024. 2. Discussing the Risk Management Report for the period from October 31, 2024, to December 31, 2024. 3. Discussing the Risk Management Report for the period from January 1, 2025, to March 31, 2025. 4. Discussing the Risk Management Report for the period ended June 30, 2025. 5. Reviewing and discussing proposals from consultancy firms specialized in risk management.
<p>Nomination and Remuneration Committee It was formed on April 20, 2024, and its term of membership is the same as the term of membership of the Board of Directors</p>	<p>Mr. Adel Yousef Al-Saqabi (Committee Chairman)</p> <p>Mr. Wael Yousef Al-Saqabi (Member)</p> <p>Mr. Abdullah Hamad Al-Terkeet (Member)</p>	<p>- Meeting No. (1/2025) on March 5, 2025</p>	<ol style="list-style-type: none"> 1. Discussing the executive management's plan regarding employee and CEO remunerations. 2. Discussing the performance evaluation of the Board of Directors and its committees, as well as training and development aspects. 3. Discussing the Board of Directors' membership remuneration for the financial year ended December 31, 2024.

A Brief Summary of How Requirements are Applied to Enable Board Members to Obtain Information and Data Accurately and Timely



CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Third rule

Selecting qualified individuals for membership on the Board of Directors and the Executive Management.

- **An overview of the implementation of the requirements for forming the Nomination and Remuneration Committee**

The Board of Directors has established a committee consisting of three members (two non-executive members and one independent member). The Nomination and Remuneration Committee is responsible for preparing a detailed annual report on all aspects related to the nominations of the company's executive management, as well as discussing the annual report concerning the remunerations granted to the members of the Board of Directors and the Executive Management.

- **Remuneration Report for Members of the Board of Directors, Executive Management, and Managers**
- **Summary of the Remuneration and Incentive Policy for Board Members, Executive Management, and Managers**

The Company is keen on adopting fair and transparent remuneration policies based on performance and the achievement of strategic objectives. This policy covers the remunerations of Board members, Senior executives, and Company employees.

The Company follows a clear and specific policy regarding the remunerations of Board members and Executive Management within the framework of implementing sound corporate governance rules. Regarding Board remunerations, they are determined annually in compliance with the requirements of the Kuwaiti Companies Law and are approved by the General Assembly; the company also allocates a specific amount for committee memberships.

Executive Management remunerations are determined based on performance evaluation and the classification of administrative and supervisory positions within the company, where performance is measured through quantitative and qualitative key performance indicators (KPIs).

The Company prepares a report encompassing all types of remunerations—whether cash amounts or other benefits and perks—regardless of their nature or designation. This annual remuneration report is then presented to the General Assembly of shareholders for approval. Furthermore, the company is committed to standards of accuracy and transparency when preparing the remuneration report to ensure comprehensive disclosure of all remunerations.

Remuneration and Benefits Data for the Year 2025:

Details of Remuneration Categories and Types for Board Members

Remuneration and Benefits for Board Members							
Remuneration and Benefits via Subsidiaries				Remuneration and Benefits via the Parent company			Total Number of Members
Variable Remuneration and Benefits (KWD)		Fixed Remuneration and Benefits (KWD)		Variable Remuneration and Benefits (KWD)		Fixed Remuneration and Benefits (KWD)	
Committee Remuneration	Annual Remuneration	Total Monthly Salaries during the Year	Health Insurance	Annual Remuneration	Annual Remuneration	Health Insurance	
0	0	0	0	37,000	0,000	0	5

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Details of Remuneration Categories and Types for Executive Management

Total Remunerations and Benefits granted to five senior executives who received the highest remunerations, plus the CEO and CFO, or those acting on their behalf if they are not among them.														
Remunerations and Benefits via Subsidiaries							Remuneration and Benefits via Parent company							
Variable Remuneration and benefits (KD)	Fixed Remuneration and benefits (KD)						Variable Remuneration and benefits (KD)	Fixed Remuneration and benefits (KD)						Total number of executive positions
Annual Remuneration	Education Allowance	Transportation Allowance	Housing Allowance	Annual Tickets	Health Insurance	Total Monthly salaries during the year	Annual Remuneration	Education Allowance	Transportation Allowance	Housing Allowance	Annual Tickets	Health Insurance	Total Monthly salaries during the year	
0	0	0	0	0	0	0	45,500	0	0	0	666	4,050	221,400	

Any material deviations from the Remuneration Policy approved by the Board of Directors

There are no deviations from the Remuneration Policy approved by the Board of Directors.

Forth rule

Ensuring the Integrity of Financial Reporting

The Company adopts a set of policies and internal control systems that ensure the integrity of financial reporting through accounting and disclosure policies, in addition to the role of the independent external auditor in verifying the integrity and fairness of the financial statements. Furthermore, the management is keen on obtaining representations and undertakings from the Board members, the CEO, and the CFO of the Company.

- **Written undertakings by both the Board of Directors and Executive Management regarding the soundness and integrity of financial reports**, prepared as per the representation and undertaking forms for Board members and Executive Management (Appendix No. 1).

- **Brief on the implementation of Audit Committee formation requirements**

The Board of Directors has formed the Audit Committee as a sub-committee of the Board. The Committee consists of three members: one independent member and two non-executive members. The Committee operates with full independence and reports directly to the Board of Directors. Furthermore, an annual self-assessment is conducted for the Committee to review its composition and required expertise, which is further reinforced through periodic training and development for the Committee members

- **Conflicts between Audit Committee recommendations and Board of Directors decisions.**

There are no conflicts.



CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Fifth rule

Establishment of Sound Risk Management and Internal Control Systems

- **Brief Statement on the Risk Management Unit and the Risk Management Committee**

Risk Management Unit (RMU)

An independent unit that reports to the Board of Directors through the Risk Management Committee. It adopts an integrated methodology for identifying and measuring the risk levels facing the Company and provides periodic reports to the Risk Management Committee.

Risk Management Committee (RMC)

An independent committee emanating from the Board of Directors, comprising three members (one independent member and two non-executive members). The Committee's operations are governed by a charter that defines its roles, responsibilities, and authorities.

- **Summary of Internal Control and Oversight Systems**

The Company takes several steps to manage the risks associated with its business operations, including:

- **Risk Identification and Assessment:** The Company identifies and analyzes the various types of risks it may be exposed to and evaluates them on an ongoing basis, such as financial, operational, and legal risks.
- **Risk Measurement and Monitoring:** Risk levels are continuously measured and monitored to ensure they remain within acceptable limits, with corrective actions taken whenever necessary.
- **Defining Risk Response Strategies:** The Company develops plans and procedures to address various risks, establishing mechanisms to report key risks to senior management.
- **Promoting a Risk Management Culture:** The Company strives to foster a culture of risk awareness among all employees by providing adequate resources, systems, and necessary training.

- **Policies and Procedures**

In addition to the organizational policies and procedures of the Company's departments, the Company has adopted a suite of approved policies aimed at fostering a culture of compliance and transparency, and managing the professional conduct of its employees.

- **The key details of these policies are as follows:**

- **Conflict of Interest Policy:** The Company has established a detailed manual to prevent and prohibit any actual or potential conflict between the personal interests of Board members, Executive Management, and employees, and their official responsibilities. This manual defines the methods and procedures required to handle any conflicts of interest that may arise.
- **Disclosure of Material Information Policy:** The Company is committed to the accurate and timely disclosure of all material information that may impact investor decisions, ensuring transparency and credibility within the market.
- **Shareholders and Stakeholders Rights Policy:** The Company ensures that all shareholders are treated fairly and equitably, protecting their rights to participate, vote, and access information. It also recognizes the rights of other stakeholders—such as employees, customers, and the community—and strives to maintain a balance between these diverse interests.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

- **Risk Management Policy:** The Company implements strategies and procedures to assess, manage, and monitor various risks facing its operations, including financial, operational, and legal risks.
- **Code of Professional and Ethical Conduct:** This code emphasizes the Company's organizational values, such as integrity, honesty, equality, transparency, accountability, and professionalism. It outlines the ethical expectations and behaviors required of all employees when dealing with shareholders, customers, and suppliers.

• Regulatory Controls of the Governance System

- **Financial, Administrative, and Operational Authorities Matrix:** The Board of Directors establishes a precise authority matrix that outlines decision-making levels and the respective responsibilities for each level, including Executive Management, Committees, and the Board of Directors itself.
- **Internal Audit Unit:** The Company maintains an independent Internal Audit Unit that reports directly to the Board of Directors. It ensures the adequacy of internal control systems, the integrity and accuracy of financial information, and the efficiency of operational processes.
- **Whistleblowing Mechanism:** The Company provides secure and protected channels for reporting any violations or illegal/unethical practices without fear of retaliation, fostering a work environment built on integrity.
- **Periodic Policy Review:** Governance policies and procedures are regularly reviewed and updated by the Governance Committee and the Board of Directors to ensure alignment with local laws (specifically Capital Markets Authority regulations) and international best practices.

The internal control system is based on a Three Lines of Defense methodology, which includes: Operational Management, Risk & Compliance, and Internal Audit. The Company periodically assesses risks and updates mitigation plans in line with the nature of its industrial activities.

Shuaiba Industrial Company works on effectively activating integrated internal control and risk management systems as a core component of its governance framework. This aims to safeguard the Company's assets, ensure the accuracy of financial information, maintain compliance with laws and regulations, and enhance operational efficiency.

• Compliance with Laws and Regulatory Requirements

"The Company adheres to all regulatory requirements issued by the Capital Markets Authority (CMA) and other regulatory bodies. Compliance efforts include continuous reviews of policies and procedures, alongside internal assessments to ensure adherence. Furthermore, the Company takes several measures to ensure full compliance with the laws and regulatory requirements in the State of Kuwait by implementing a robust governance framework that encompasses all aspects of its operational, administrative, and financial activities.

• Environmental Compliance and Industrial Safety

The Company complies with the environmental standards and industrial safety requirements mandated by the Public Authority for Industry (PAI) and the Environment Public Authority (EPA) in Kuwait. This includes:

- **Maintaining Occupational Health and Safety (OHS) Standards:** Ensuring strict adherence to safety protocols across all industrial facilities.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

- **Implementing Environmental Standards:** Protecting the environment from any potential damage resulting from industrial activities.
- **Engaging Certified Consultancy Firms:** Contracting with accredited consultants when necessary to ensure the remediation of any environmental violations and to guarantee continuous compliance with the law.

- **Brief Statement on Implementing the Requirements for Establishing the Internal Audit Unit**

An independent Internal Audit Department reports directly to the Audit Committee, a sub-committee of the Board of Directors. This department evaluates the effectiveness of internal control systems and oversight procedures, ensures the Company's compliance with applicable laws and policies, and provides necessary recommendations for their enhancement.

The Internal Audit function operates independently in accordance with a risk-based annual audit plan approved by the Audit Committee. It reviews operational and financial processes and submits recommendations to strengthen internal control efficiency and improve overall performance.

Furthermore, the Internal Audit function undergoes an independent assessment by external experts to measure the efficiency and effectiveness of audit activities and provide improvement recommendations in this regard.

- **External Audit**

The General Assembly approves the appointment of an independent External Auditor, accredited by the Capital Markets Authority (CMA), to conduct the annual audit of the financial statements. This audit ensures the integrity and accuracy of the published financial data.

The External Auditor examines and reviews the annual financial statements and interim (quarterly) financial reports, in accordance with International Standards on Auditing (ISA) and International Financial Reporting Standards (IFRS).

Sixth rule

Promoting Professional Conduct and Ethical Values

- **Summary of the Code of Conduct: Professional Standards and Ethical Values**

The Company adopts a Code of Professional Conduct approved by the Board of Directors, which fosters a culture of integrity and institutional excellence among its employees. The Company promotes a corporate culture rooted in integrity, responsibility, and commitment, while striving to provide a work environment that encourages development and capacity building. This ensures the sustainability of the Company's success by instilling a robust institutional culture based on a set of core values and principles that guide the conduct of both employees and management, ultimately enhancing the confidence of investors and stakeholders.

- **Conflict of Interest Policy and Mechanisms**

Related Parties

The Company adopts a clear policy for dealing with Related Parties to ensure transparency and prevent

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Conflicts of Interest. All related party transactions are reviewed by the Audit Committee to ensure compliance with professional standards.

The Company manages its dealings with related parties through a precise and defined governance framework that ensures transparency and equality, aimed at protecting the interests of the Company and its shareholders.

The key procedures include:

- **Strict Oversight:** All transactions with related parties are subject to rigorous monitoring and specific procedures.
- **Prior Approval:** All related party transactions require prior approval from the Board of Directors.
- **Arm's Length Basis:** All transactions must be conducted on a purely commercial basis, ensuring that no related party receives preferential treatment compared to other market participants (such as suppliers or customers).
- **Immediate Disclosure:** The Company is committed to disclosing any material contracts or transactions with related parties to regulatory authorities (such as the Capital Markets Authority and Kuwait stock market and the public without delay.
- **Periodic Review:** The Audit Committee reviews the details of related party transactions periodically (at least annually) and submits its recommendations to the Board regarding the continuation or termination of such dealings.
- **Independent Expert Valuation:** If a transaction or arrangement with a related party equals or exceeds 5% of the Company's total assets, an independent expert (such as an asset valuator or investment advisor) is appointed to submit a report to the General Assembly or the Board, as applicable, before approving the transaction.
- **Financial Reporting & Confirmation:** The Finance Department prepares and annually updates list of existing transactions and contracts with related parties. Periodic confirmation letters are sent to related parties regarding the transaction volumes.
- **General Assembly Ratification:** All transactions conducted between Board members and the Company are presented to the General Assembly for annual ratification.

- **Avoidance of Conflict of Interest**

The Company has established a Conflict-of-Interest Policy Manual that outlines the methods and procedures necessary for managing and preventing any actual or potential conflicts between the personal interests of the Board members or Executive Management and their official responsibilities toward the Company.

- **Whistleblowing**

The Company provides a clear policy and procedures for reporting potential violations or corruption cases, encouraging employees and those dealing with the Company to report any significant concerns without fear of reprisal. This is supported by providing adequate protection for whistleblowers, ensuring that appropriate corrective actions are taken.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Seventh rule

Accurate and Timely Disclosure and Transparency

• **Summary of Accurate Presentation and Disclosure Mechanisms**

The Company is committed to implementing the highest levels of disclosure in accordance with the requirements of the Capital Markets Authority (CMA). This includes the publication of financial statements and material disclosures, as well as providing shareholders with clear and timely information through the Company's Integrated Report and Sustainability Reports.

Shuaiba Industrial Company (K.P.S.C) adheres to the highest standards of disclosure and transparency as a fundamental pillar of its governance framework, in compliance with the laws and regulations of the State of Kuwait, particularly the CMA executive bylaws. These measures aim to ensure that all shareholders, investors, and stakeholders have access to accurate, complete, and timely information.

• **Disclosures Register Requirements for Board Members and Executive Management**

In accordance with the regulatory requirements issued by the Capital Markets Authority (CMA), the Company maintains a register containing the disclosures of Board members, Executive Management, and Managers. This register is updated periodically based on the details of the disclosures submitted.

• **Investor Relations (IR)**

The Company maintains a dedicated Investor Relations section committed to representing shareholders and stakeholders fairly. It aims to keep both current and potential investors informed of the Company's material decisions.

• **Protection of Shareholders' Rights**

- Participation and Voting: Shareholders have the right to participate in General Assembly meetings and vote on resolutions, including the election of Board members and the approval of financial reports.
- Access to Information: The Company is committed to disclosing material information and providing annual and financial reports, ensuring shareholders are well-informed of the Company's performance.
- Trading Rights: Shareholders have the right to freely dispose of their shares through buying, selling, or transferring ownership.
- Treasury Shares: The Company adopts procedures such as the purchase of Treasury Shares (subject to regulatory approval) to enhance share price stability in the market and protect shareholders' interests.
- Grievance Mechanisms: In the event of any violations or infringements of shareholders' rights, the Company is committed to maintaining mechanisms for complaint resolution to safeguard the rights of all parties.
- Official Announcements: As the Company is listed on Kuwait stock market, all official announcements—including General Assembly invitations and dividend distribution procedures—are published via the Kuwait stock market platform.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

- Shareholders' Register: The Company maintains a Shareholders' Register with the Kuwait Clearing Company (KCC), which is handled with the utmost confidentiality and in accordance with the regulations governing the register.

- **IT Infrastructure Development and Disclosure Integration**

- **Publication of Periodic Financial Statements:**

The Company issues and publishes its interim (quarterly) and audited annual financial statements via its official website, as well as through the official channels of Kuwait stock market and the Capital Markets Authority (CMA).

- **Disclosure of Material Information via XBRL:**

The Company is committed to the immediate disclosure of any material events that may impact the share price or investor decisions—such as changes in senior management, significant project developments, or legal changes—utilizing the XBRL (Extensible Business Reporting Language) system as mandated by regulatory authorities.

- **General Assembly Meetings:**

The Company invites shareholders to attend Ordinary and Extraordinary General Assembly meetings on scheduled dates, providing them with adequate and appropriate information to discuss agenda items, make informed decisions, and cast their votes.

- **Information Accessibility via Website:**

The Company's website features a dedicated Investor Relations section containing governance reports, financial statements, ownership structure, the Code of Conduct, Conflict of Interest policies, and any other relevant documents to ensure easy access to information.

- **Comprehensive Annual Report:**

The Company's Annual Report includes detailed information on financial and operational performance, governance initiatives, Corporate Social Responsibility (CSR), and the Company's overall position during the past year.

- **Defined Disclosure Policy:**

The Company maintains a formal Disclosure Policy that defines the types of information to be disclosed, the channels used for disclosure, and the personnel responsible for ensuring the accuracy and timeliness of such information.

- **Investor Communication Channels:**

The Company provides mechanisms for direct communication with investors and analysts, such as appointing a dedicated Investor Relations Officer to respond to inquiries and clarify any ambiguities regarding the Company's performance or strategy.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Eighth rule

Respect for Shareholders' Rights

- **Summary of Implementing General Shareholders' Rights Protection**

The Company ensures shareholders' rights by guaranteeing their participation in fundamental decisions, facilitating their attendance at General Assembly meetings, and providing information related to their dividends and investments in a timely manner.

Furthermore, the Company is committed to providing effective communication channels through the implementation of a comprehensive Governance Framework that aligns with Kuwaiti Companies Laws and the Capital Markets Authority (CMA) regulations. This framework includes a set of policies and procedures designed to regulate the relationship between shareholders, the Board of Directors, and the Executive Management.

- **Summary of the Shareholders' Register held with the Clearing Agency**

The Company maintains its Shareholders' Register with the Kuwait Clearing Company (KCC), enabling shareholders to track all data related to their shareholdings in accordance with regulatory requirements. Furthermore, through the clearing agency, the Company provides a transparent mechanism for shareholders to access the register, ensuring their best interests are served.

- **Encouraging Shareholder Participation and Voting.**

The Company adopts a policy that encourages shareholders to attend General Assembly meetings and vote on resolutions, whether they pertain to the election of Board members, dividend distributions, or any other matters within the Assembly's jurisdiction related to investor affairs. Furthermore, the Company employs a clear and transparent mechanism for voting on resolutions, empowering shareholders to fully exercise their rights in this regard.

Ninth rule

Recognizing the Roles of Stakeholders

- **Overview of Systems and Policies Ensuring the Protection and Recognition of Stakeholders' Rights**

The Company adopts a balanced framework for recognizing Stakeholders' Rights, manifested in the adoption of integrated policies that ensure these rights are upheld in full compliance with relevant regulatory requirements. Below is a summary of these policies:

**Sustainability Policies:
Social Responsibility and
Rights Protection**

**Supplier Protection Policy:
Equal Opportunity and
Transparency**

**Policies for Protecting
Customer Rights and Managing
Complaints and Suggestions**

- **Encouraging Stakeholder Participation in Monitoring Company Activities**

The Company adopts transparent procedures that enable stakeholders to monitor its activities effectively. These procedures include the publication of periodic disclosures regarding material information related to the Company's operations, the issuance of periodic financial statements and reports, and the publication of integrated reports that summarize the Company's strategic direction and business plans.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Tenth rule

Enhance and Improve Performance

• Mechanisms for Board and Executive Training Programs

During the year, the Company conducted training and development programs for members of the Board of Directors and Executive Management. These programs were aligned with the Company's strategic plans and market developments, covering the following key topics:

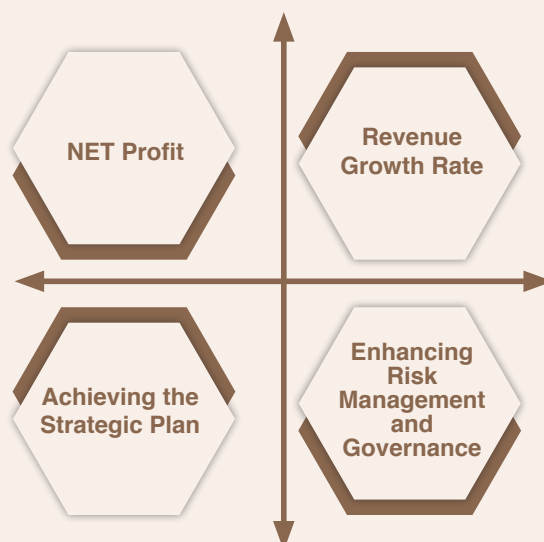
- Local, Regional, and Global Developments in Anti-Financial Crime (AFC): Focused on staying updated with international standards and regulatory requirements for combating financial crimes.
- Risk Management and Operational Resilience in the Industrial Sector: Aimed at enhancing the ability to identify risks and maintain continuity within industrial operations.
- Strategic Planning and Navigating Uncertainty in the Business Environment: Designed to strengthen leadership's capability to develop robust strategies amidst market volatility and economic uncertainties.

• Performance Evaluation of the Board and Executive Management

The Company conducts an annual evaluation of the Board of Directors, its committees, and the Executive Management to ensure operational efficiency and continuous improvement. The evaluation process incorporates both quantitative and qualitative performance indicators.

The Nomination and Remuneration Committee has defined the basis for the self-assessment of the Board and its committees. This self-assessment was conducted across the following five pillars, and the results for the Board and committees were as follows:

Furthermore, based on the recommendations of the Nomination and Remuneration Committee, the Board reviewed the performance evaluation of the CEO and Executive Management in accordance with the following Key Performance Indicators (KPIs):



CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

- **Board Efforts in Creating Corporate Values**

Value Creation

The Company implements a suite of Board-approved policies focused on performance monitoring and engaging all employees in the Company’s results and achievements. This strengthens a corporate culture centered on goal attainment and professional development, based on the added value provided by employees within their respective departments. Furthermore, the Executive Management holds regular meetings with staff to foster a sense of participation in leadership and to encourage their contribution to the decision-making process.

The Eleventh rule

Focus on the Importance of Corporate Social Responsibility (CSR)

- **Overview of Establishing a Policy to Balance Corporate and Social Objectives**

The Company adopts an Integrated Corporate Social Responsibility Policy that ensures a strategic balance between corporate objectives and social welfare. This is achieved by implementing a dedicated Impact Assessment Mechanism to measure the effect of the Company’s operations on society and the business environment.

- **Overview of CSR Programs and Mechanisms**

During the year, the Company adopted an Integrated Sustainability Framework in accordance with the recommendations issued by Kuwait stock market. This framework is strategically aligned with the Kuwait National Development Plan (New Kuwait Vision 2035) and includes the following key pillars:



CORPORATE GOVERNANCE REPORT






For fiscal year ending on 31 December 2025

Appendix (A): Declarations and Undertakings Forms Declaration of Independent Board Member Regarding the Fulfillment of Independence Criteria

Declaration and Undertaking

We, the Chairman and Members of the Board of Directors of Shuaiba Industrial Company, hereby declare and undertake the accuracy and integrity of the financial statements provided to the External Auditors. We further certify that the Company's financial reports have been presented in a sound and fair manner, in accordance with the International Financial Reporting Standards (IFRS) as applied in the State of Kuwait and approved by the Capital Markets Authority (CMA).

These reports truly and fairly reflect the financial position of the Company as of December 31, 2025, based on the information and reports provided to us by the Executive Management and the Auditors, and following the exercise of due diligence to verify the integrity and accuracy of these reports.

Name	Title	Signature
Mr. Saleh Omran Abdullah Kanaan	Chairman of board	
Mr. Bader Mohammad Ghuloum Al-Qattan	Vice Chairman and Chief Executive Officer (CEO)	
Mr. Adel Yousef Al-Saqaabi	Board member	
Mr. Wael Yousef Al-Saqaabi	Board member	
Mr. Abdullah Hamad Al-Terkit	Board member	

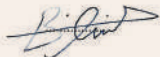

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2025

Declaration and Undertaking

I, the Chief Executive Officer (CEO) of Shuaiba Industrial Company, hereby declare and undertake the accuracy and integrity of the financial statements provided to the External Auditors. I further certify that the Company's financial reports have been presented in a sound and fair manner, in accordance with the International Financial Reporting Standards (IFRS) as applied in the State of Kuwait and approved by the Capital Markets Authority (CMA).

These reports truly and fairly reflect the financial position of the Company as of December 31, 2025, based on the information and reports provided by the Finance Department and the External Auditors, and after exercising due diligence to verify the integrity and accuracy of this report.

Name	Title	Signature
Mr. Bader Mohammed Gholoum AL-Qattan	Chief Executive Officer (CEO)	
Mr. Puneet Roger	Chief Financial Officer (CFO)	

Audit Committee Report

for the year ended on December 31, 2025

Members of the Committee

MEMBER NAME	PROFESSIONAL EXPERTISE & ACADEMIC BACKGROUND
Mr. ADEL AL-SAQABI (Committee Chairman)	Holds a Bachelor's degree in Business Administration (Finance) from Kuwait University (1988). He was appointed as the Chief Executive Officer (CEO) of Shuaiba Industrial Company in September 2013 and has held several management positions in various companies, including (Al-Safwa Group Holding, Al-Safat Holding, Al-Ahliya Investment, Kuwaiti Medical Services, Al-Asriya Printing, National Petroleum Services (NAPESCO), and Danah Al-Safat Foodstuff.
Mr. ABDULLAH AL-TARKEET	Holds a Master of Business Administration (MBA) from the London School of Economics (LSE) and a Bachelor's degree in Management and Political Science from Kuwait University. He currently serves as the Chairman of the Union of Investment Companies (UIC), Chairman of Al-Safat Investment Company, and Executive Director of Investments at Gulf Cable & Electrical Industries. Additionally, he is a Board Member of the Kuwait Clearing Company (KCC) and the National Consumer Holding Company (NCHC).
Mr. WAEL AL-SAQABI.	Holds a Bachelor's degree in Commerce (Accounting) from Kuwait University. He currently serves as the Deputy General Manager at the Central Air-Conditioning Industries Company and has held several management positions in various companies, including the National Cleaning Company, Safat Industries, and the International Aluminum Company.

Committee Meetings and Achievements:

During the fiscal year ended December 31, 2025, the Committee held six meetings. The Committee's key achievements during the year included the following:

1. Discussing the quarterly and annual financial statements.
2. Discussing internal audit reports.
3. Reviewing external audit quotations and recommending the appointment of an external auditor.
4. Reviewing quotations and appointing an external Shari'a supervisor.
5. Reviewing quotations and selecting an office for co-sourced internal audit services.

6. Discussing Capital Markets Authority (CMA) requirements under Rule Five: “Establish Sound Systems for Risk Management and Internal Control,” Article (5-5).
7. Discussing and approving the internal audit plan.
8. Discussing aspects related to internal control systems and compliance.

The Committee’s Opinion on the Company’s Internal Control Environment:

In accordance with the Executive Bylaws of Law No. 7 of 2010 and their amendments issued by the Capital Markets Authority (CMA), the Audit Committee has taken the necessary steps to implement corporate governance instructions. These efforts included updating existing audit procedures and preparing specialized registers for recording the Committee’s minutes, resolutions, and agendas. Furthermore, an independent external audit firm was engaged to provide an opinion and prepare the Internal Control Review (ICR) report for the fiscal year ended December 31, 2025. Both the Board of Directors and Executive Management are committed to providing clear written representations affirming the accuracy and integrity of the annual financial statements and relevant financial reports, ensuring they encompass all financial aspects and operational results of the Company, and are prepared in accordance with International Financial Reporting Standards (IFRS).

Through the Committee’s monitoring of the risk-based internal audit plan and its supervision of internal audit activities throughout the year—taking into account the nature and scale of the Company’s operations for the year ended December 31, 2025, and the risk assessment of internal audit findings—the Committee believes that:

- The Company’s internal control systems are adequate to safeguard the Company’s assets, ensure the accuracy of financial data, and maintain operational efficiency, in compliance with all regulatory requirements and corporate governance rules.
- The observations raised during the internal audit process do not materially affect the fair presentation of the Company’s financial statements for the fiscal year ended December 31, 2025.
- The actions taken by Executive Management to address the observations noted in the internal audit reports are deemed satisfactory, reflecting management’s commitment to implementing robust internal control systems.

SHUAIBA INDUSTRIAL CO. (K.P.S.C)

BOARD of DIRECTORS



Saleh Omran Abdullah Kanaan
Chairman



Bader Mohammad Al-Qattan
Vice Chairman



Adel Yousef Al-Saqabi
Board Member



Wael Yousef Al-Saqabi
Board Member



Abdullah Hamad Al-Terkait
Board Member

EXECUTIVE MANAGEMENT



Bader Mohammad Al-Qattan
Vice Chairman & CEO

SENIOR MANAGERS



Mohammed Rafat Khan
Executive Vice President
Industrial Packaging



Samar Misbah
Vice President
Consumer Packaging



Punit Rajgor
Chief Finance Officer



Syed Zaid Ali
Deputy Managing Director,
SIC-Dubai

THE SHARIA REPORT



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أصول للاستشارات الشرعية
Osol For Sharia Advisory

All praise is due to Allah alone, prayers and peace be upon the last Prophet, his Relatives, Companions & whoever follows them righteously to the Day of Judgment.

To proceed; To Shareholders

Shariah Supervisory Board Report

We have audited the contracts and the transactions executed by Shuaiba Industrial Co. (K.S.C) (The Company) during the financial year ended on 31/12/2025 to express an opinion about the extent of the company's compliance with the rules of Shariah as per the Shariah decisions issued from the Shariah Supervisory Board of the company (SSB) and Shariah standards issued from the Shariah Board for Accounting and Auditing organization for Islamic Financial Institutions (AAOIFI) and decisions of Shariah references accepted by us.

Management's Responsibility for Shariah Compliance:

Company's management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the company with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah principles and rules. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

Our Independence and Quality Control:

We have complied with the independence and other ethical requirements of the Code of Ethics for Accountants and Auditors issued by AAOIFI as well as the Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control (ISQC) 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive

Continued: Shariah Supervisory Board Report

system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility and Summary of the Work Performed:

Our responsibility in connection with this engagement is to express an opinion on compliance of the company's financial arrangements, contracts, and transactions with Shariah principles and rules, in all material respects, for the year ended 2025 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board and the Auditing Standard for Islamic Financial Institutions (ASIFI) 6 "Independent Assurance Engagement on an IFI's Compliance with Shariah Principles and Rules (External Shariah Audit)", issued by AAOIFI. These standards require that we plan and perform this engagement to obtain reasonable assurance about whether the company's financial arrangements, contracts, and transactions are compliant with Shariah principles and rules in all material respects. The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material noncompliance with the Shariah principles and rules. In making those risk assessments, we considered and tested the internal control relevant to the IFI's compliance with the Shariah principles and rules in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shariah principles and rules. In performing our audit procedures necessary guidance on Shariah matters was provided by the subject matter (Shariah) expert(s) referred above. We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

We practice the professional evaluation and we keep the professional doubt throughout the auditing period and we do the following:

- Specify the Shariah reference and standards.
- Specify and evaluate the Shariah non-compliance risks.

The Sharia Report (Continued)

Continued: Shariah Supervisory Board Report

- Form understanding about the internal legal control system related to the auditing process in order to design the suitable auditing procedures
- Obtaining sufficient appropriate audit evidence to provide a basis for our opinion. We noted that the company had begun repaying one of the financings mentioned in our previous report, which we should have disposed of as soon as possible.

Opinion

- In our opinion, and best of our knowledge, the contracts and transactions entered into by AlShuaiba Industrial Company (the Company) during the year ending December 31, 2025, do not, in their entirety, contravene the provisions of Islamic Sharia as approved by us.

05th March 2026

Shariah Supervisory Board



Dr. Abdulrahman Al-Baloul
SSB Member



Dr. Mohamad AlShurafa
SSB Member



Dr. Hamad Al-Mazrouei
SSB Chairman

DECLARATION



Acknowledgment and Representation on the Soundness and Integrity of the Financial Statements for the Financial Year Ended December 31, 2025

We, the Chairman and members of the Board of Directors of Shuaiba Industrial Company (SIC), acknowledge and represent that the financial statements provided to the external auditors are accurate and true, that the Company's financial reports have been presented in a true and fair manner, save for inadvertent error and omission, in accordance with the International Accounting Standards (IAS) as applied in the State of Kuwait, and that they reflect the financial position of the Company as at December 31, 2025 based on the information and reports provided to us by the Executive Management and auditors. The due diligence was carried out to verify the integrity and accuracy of these reports.

Members of the Board of Directors Signature:

Mr. Saleh Omran Abdullah Kanaan Chairman of the Board of Directors



Mr. Bader Mohammad Al-Qattan Deputy Chairman and CEO



Mr. Adel Yousef Al-Saqabi Director



Mr. Wael Yousef Al-Saqabi Director



Mr. Abdullah Hamad Al-Terkait Director



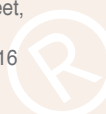
INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait



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Khaled Ben Al Waleed Street,
Sharq
P.O. Box 25578, Safat 13116
Kuwait



Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Shuaiba Industrial Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial 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 financial year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (Continued)

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait

Carrying value of inventories

As at 31 December 2025, the Group held inventories at the lower of cost and net realizable value of KD 5,288,802 (2024: KD 5,398,801) net of provision for slow moving inventories of KD 325,420 (2024: KD 326,162). Inventories represent approximately 22% of the Group's total assets (2024: 21%).

The Group has material level of inventories at the year end, assessing carrying value is an area of material judgement, particularly with regards to the estimation of provision for slow moving inventories to ensure that inventories are carried at lower of cost and net realisable value. Also, arriving to the value of finished goods involves the use of raw materials and allocation of payroll costs and overheads using technical process, hence considered a key audit matter.

Refer to the following notes to the consolidated financial statements:

- Note 5.5 -Inventories;
- Note 6 - Material accounting judgements and estimation uncertainty;
- Note 9 - Inventories.

How our audit addressed the matter

Our work performed include the below procedures:

- Obtained an understanding and evaluated the management's process in place to identify and recognise provision for slow moving inventories.
- For samples of selected inventory items, determined the net realisable value by reference to recent selling prices compared with net realisable value as determined by management.
- Evaluating the appropriateness of the assumptions used based on our knowledge and information of the Group and the industry.
- Physically inspected samples of the inventory items in order to check whether there are any damaged or obsolete items.
- Tested the ageing report used by the management to check whether management correctly aged inventory items by agreeing samples of aged inventory items to the last recorded invoice.
- Verified on a test basis whether the Group absorbed production overheads on a systematic basis.
- Assessing whether the Group policies have been consistently applied and the adequacy of the Group's disclosures in respect of inventories.

Independent Auditor's Report (Continued)

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait

Expected credit losses ("ECL") on trade and other receivables

As at 31 December 2025, trade and other receivables amounted to KD 3,898,953 (excluding advances to suppliers and prepayments) (2024: KD 2,869,642) and net of provision for expected credit losses of KD 186,571 (2024: KD 239,224) (Note 10).

The Group has written back provision for expected credit losses on trade receivables and other receivables for the year ended 31 December 2025 amounted to KD 51,813. Trade and other receivables (excluding advances to suppliers and prepayments) represent approximately 17% (2024: 11%) of the Group's total assets.

The Group applies the simplified approach under IFRS 9: 'Financial Instruments' ("IFRS 9") to measure ECL on trade and other receivables (excluding advances to suppliers and prepayments), which allows for lifetime ECL to be recognised from initial recognition of the trade and other receivables. The Group determines the ECL on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the individual trade receivables and the economic environment. Due to the significance of trade receivables and the complexity involved in the ECL calculation, this was considered as a key audit matter.

Refer to the following notes to the consolidated financial statements:

- Note 5.7.1 – Financial assets;
- Note 6 – Material accounting judgements and estimation uncertainty;
- Note 10 – Trade and other receivables;
- Note 26.2 – Credit risk.

How our audit addressed the matter

Our work performed include the below procedures:

- We assessed the reasonableness of the assumptions used in the ECL calculation by comparing them with historical data adjusted for current market conditions and forward-looking information;
- We performed substantive procedures to test, on a sample basis, the completeness and accuracy of the information included in the debtors' ageing report;
- We tested the subsequent settlements made for the selected sample of customers;
- We considered management's criteria of aggregating trade receivables into segments and assessed whether the criteria for each segment is indicative of similar credit characteristics;
- We also considered the adequacy of the Group's disclosures relating to the ECL, management's assessment of the credit risk and their responses to such risks.



Independent Auditor's Report (Continued)

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2025 but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report of the Group for the year ended 31 December 2025 is expected to be made available to us after the date of our auditor's report.

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

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

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

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

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

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

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

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

Independent Auditor's Report (Continued)

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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



Independent Auditor's Report (Continued)

To The Shareholders of Shuaiba Industrial Company K.P.S.C., State of Kuwait

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

Report on Other Legal and Regulatory Requirements

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, its Executive Regulations, as amended, or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity 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 No. 1 of 2016 and its Executive Regulations, as amended, or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, or the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2025, that might have had a material effect on the business of the Group or its consolidated financial position.

Faisal Saqer Al Saqer
License No. 172 - A
BDO Al Nisf & Partners

Kuwait: 17 February 2026



Consolidated Statement of FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 KD	2024 KD
ASSETS			
Non-current assets			
Goodwill	5.1	63,515	216,516
Property, plant and equipment	7	7,516,527	8,019,928
Right of use assets	8	1,327,584	1,417,466
		8,907,626	9,653,910
Current assets			
Inventories	9	5,288,802	5,398,801
Trade and other receivables	10	4,191,697	3,020,550
Cash and cash equivalents	11	5,136,228	7,694,785
		14,616,727	16,114,136
Total assets		23,524,353	25,768,046
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	10,069,180	10,069,180
Share premium		2,294,444	2,294,444
Statutory reserve	13	3,282,030	3,207,783
Voluntary reserve	13	1,279,506	1,423,325
Treasury shares	14	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283
Foreign currency translation reserve		415,185	474,826
Retained earnings		636,805	1,047,034
Total equity		18,283,693	18,823,135
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	15	1,059,842	1,044,577
Lease liabilities	8	990,936	1,059,844
Term loan	16	283,939	367,939
		2,334,717	2,472,360
Current liabilities			
Lease liabilities	8	119,390	91,080
Trade and other payables	17	2,555,294	3,978,391
Contract liabilities	19	56,820	53,080
Bills payable	18	90,439	-
Term loan	16	84,000	350,000
		2,905,943	4,472,551
Total liabilities		5,240,660	6,944,911
Total equity and liabilities		23,524,353	25,768,046

The notes on pages 60 to 99 form an integral part of these consolidated financial statements.



Saleh Omran Abdullah Kannan
Chairman



Bader Mohammad Ghloum AlQattan
Vice chairman



Consolidated Statement of PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
Sales	19	13,318,913	13,244,587
Cost of sales		(11,418,280)	(11,040,470)
Gross profit		1,900,633	2,204,117
Other income	19	169,690	340,909
Impairment of goodwill	5,1	(153,047)	-
Provision for expected credit losses no longer required	10	51,813	-
Foreign exchange loss		(1,716)	(5,827)
General and administrative expenses	20	(974,481)	(1,035,106)
Selling and distribution expenses	21	(191,517)	(166,226)
Finance costs		(58,907)	(86,138)
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' remuneration		742,468	1,251,729
KFAS	17	(6,682)	(11,266)
NLST		(17,667)	(32,554)
Zakat		(7,067)	(13,022)
Board of Directors' remuneration	29,24	-	(30,000)
Profit for the year		711,052	1,164,887
Basic and diluted earnings per share (fils)	22	7.17	11.74

The notes on pages 60 to 99 form an integral part of these consolidated financial statements.

Consolidated Statement of COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
Profit for the year		711,052	1,164,887
Other comprehensive (loss) / income items:			
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>			
<i>Foreign exchange differences arising on translation of foreign operations</i>		(59,641)	21,990
Total other comprehensive (loss) / income for the year		(59,641)	21,990
Total comprehensive income for the year		651,411	1,186,877

The notes on pages 60 to 99 form an integral part of these consolidated financial statements.

Consolidated Statement of CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital		Share premium		Statutory reserve		Voluntary reserve		Treasury shares		Treasury shares reserve		Foreign currency translation reserve		Retained earnings		Total equity	
	KD		KD		KD		KD		KD		KD		KD		KD		KD	
At 1 January 2024	10,069,180		2,294,444		3,082,610		1,423,325		(164,740)		471,283		452,836		1,297,411		18,926,349	
Profit for the year	-		-		-		-		-		-		-		1,164,887		1,164,887	
Other comprehensive income for the year	-		-		-		-		-		-		21,990		-		21,990	
Total comprehensive income for the year	-		-		-		-		-		-		21,990		1,164,887		1,186,877	
Transfer to statutory reserve	-		-		125,173		-		-		-		-		(125,173)		-	
Dividends (Note 29)	-		-		-		-		-		-		-		(1,290,091)		(1,290,091)	
At 31 December 2024	10,069,180		2,294,444		3,207,783		1,423,325		(164,740)		471,283		474,826		1,047,034		18,823,135	
At 1 January 2025	10,069,180		2,294,444		3,207,783		1,423,325		(164,740)		471,283		474,826		1,047,034		18,823,135	
Profit for the year	-		-		-		-		-		-		-		711,052		711,052	
Other comprehensive loss for the year	-		-		-		-		-		-		(59,641)		-		(59,641)	
Total comprehensive (loss) / income for the year	-		-		-		-		-		-		(59,641)		711,052		651,411	
Transfer to statutory reserve	-		-		74,247		-		-		-		-		(74,247)		-	
Dividends (Note 29)	-		-		-		(143,819)		-		-		-		(1,047,034)		(1,190,853)	
At 31 December 2025	10,069,180		2,294,444		3,282,030		1,279,506		(164,740)		471,283		415,185		636,805		18,283,693	

The notes on pages 60 to 99 form an integral part of these consolidated financial statements.

Consolidated Statement of CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat			
		742,468	1,221,729
<i>Adjustments for:</i>			
Profit income from short term deposits	19	(76,031)	(72,679)
Impairment of goodwill	5.1	153,047	-
Gain on disposal of property, plant and equipment	19	(2,132)	(186,060)
Provision for expected credit losses no longer required	10	(51,813)	-
Foreign exchange loss		1,716	5,827
Depreciation	7	780,294	781,948
Amortization	8	146,658	152,567
Provision for employees' end of service benefits	15	55,681	100,522
Finance costs		58,907	86,138
		1,808,795	2,089,992
<i>Changes in working capital:</i>			
Inventories		109,999	(227,095)
Trade and other receivables		(1,116,152)	812,256
Trade and other payables		(1,122,656)	1,229,748
Contract liabilities		3,740	(16,512)
Net cash flows (used in) / generated from operations		(316,274)	3,888,389
Employees' end of service benefits paid	15	(39,646)	(50,120)
KFAS paid	17	(11,266)	(13,855)
NLST paid		(32,554)	(40,637)
Zakat paid		(13,021)	(16,255)
Net cash flows (used in) / generated from operating activities		(412,761)	3,767,522
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(319,895)	(360,955)
Acquisition of subsidiary		-	(40,358)
Proceeds from disposal of property, plant and equipment		9,600	357,568
Maturity of term deposits		-	2,783,260
Profit income from term deposits received		73,689	58,213
Net cash flows (used in) / generated from investing activities		(236,606)	2,797,728
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	23	(96,641)	(102,909)
Term loan	23	(350,000)	(170,000)
Dividends paid	23	(1,382,014)	(1,196,060)
Murabaha payable	23	-	(250,000)
Finance costs paid		(54,039)	(74,280)
Net cash flows used in financing activities		(1,882,694)	(1,793,249)
Effect of foreign currency translation differences		(26,496)	(28,099)
Net (decrease) / increase in cash and cash equivalents		(2,558,557)	4,743,902
Cash and cash equivalents at the beginning of the year		7,694,785	2,950,883
Cash and cash equivalents at the end of the year	11	5,136,228	7,694,785
The Group has the following non-cash transactions during the year which are not reflected in the consolidated statement of cash flows:			
Non-cash transactions:			
Addition to property, plant and equipment arising on acquisition of a subsidiary	7	-	(153,120)
Addition to right of use assets	8	-	(317,508)
Addition to lease liabilities	8	-	317,508
Lease modification on right of use assets	8	(61,323)	(48,763)
Lease modification on lease liabilities	8	61,323	48,763
Acquisition of a subsidiary		-	329,100
Bills payable	18	90,439	-

The notes on pages 60 to 99 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. GENERAL INFORMATION

Shuaiba Industrial Company K.P.S.C. (the “Parent Company”), is a public shareholding company incorporated in 1978 under the Laws of the State of Kuwait and is listed on the Boursa Kuwait.

The Group comprises of the Parent Company and its subsidiaries as described in Note 5.1 (together referred to as the “Group”).

The Parent Company’s objectives are as follows:

1. Manufacture of paper cement bags for packing of cement and similar products.
2. Import and export material required for the Parent Company’s objectives.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Parent Company may also purchase such entities or affiliate them.

At the Annual General Assembly held on 29 March 2010, the shareholders approved the Group to conduct its activities in accordance with Islamic Sharia Principles.

The address of the Parent Company’s registered office is P.O. Box, 10088, Shuaiba 65451, State of Kuwait.

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorised for issue by the Parent Company’s Board of Directors on 17 February 2026. The shareholders Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention.

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

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the IFRS Accounting Standards interpretations Committee applicable to companies reporting under IFRS Accounting Standards and applicable requirements of the Companies Law No. 1. of 2016, its Executive Regulations, as amended (the “Companies Law”).

The preparation of consolidated financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires the Group’s management to exercise judgement in applying the Group’s accounting policies. The areas of material judgements and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS ACCOUNTING STANDARDS”)

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

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised IFRS Accounting standards, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its consolidated financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's consolidated financial performance, consolidated financial position and consolidated cash flows.

This amendment had no material effect on the consolidated financial statements of the Group.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

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IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The Group is currently assessing to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

5. MATERIAL ACCOUNTING POLICY INFORMATION

5.1 Basis of consolidation

Subsidiaries

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

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss or other comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit and loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

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

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Voting rights and equity interest		Country of incorporation
		2025	2024	
Al-Lub Industrial Company S.P.C.	Manufacturing	100%	100%	Kingdom of Saudi Arabia
* Al-Aber Global Industrial Company S.P.C.	Manufacturing	100%	100%	Kingdom of Saudi Arabia
** Advance Technologies International Agencies Company S.P.C. (Formerly Advance Technologies International Agencies Company W.L.L.)	Commercial agencies	100%	100%	State of Kuwait

*On 28 February 2024 (the “acquisition date”), one of the Group’s subsidiaries, Al-Lub Industrial Company S.P.C. (the “Subsidiary”), acquired 100% equity interest in Al-Aber Global Industrial Company S.P.C., a single person company incorporated in Kingdom of Saudi Arabia (the “Ultimate Subsidiary”) at a purchase consideration of Saudi Riyal 4,500,000 (equivalent to KD 369,458). The Subsidiary completed the purchase price allocation (“PPA”) exercise to determine the fair values of assets acquired and the goodwill.

Al-Aber Global Industrial Company S.P.C.	Fair values recognised on acquisition
	KD (equivalent)
Assets	
Property, plant, and equipment (Note 7)	153,120
Total identifiable net assets (net assets acquired)	153,120
Purchase consideration	369,458
Goodwill arised on acquisition	216,338

The movement of goodwill during the year is as follows:

	2025	2024
	KD	KD
At the beginning of the year	216,516	-
At the date of acquisition	-	216,338
Impairment recognized	(153,047)	-
Foreign currency translation differences	46	178
At the end of the year	63,515	216,516

The Group performed its annual impairment test at 31 December 2025. In assessing whether there were indicators of impairment, the Group considered, among other factors, the relationship between its market capitalisation and the carrying amount of its net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The recoverable amount of the cash generating unit (“CGU”), Al-Aber Global Industrial Company S.P.C., as at 31 December 2025 has been determined based on fair value less costs of disposal (“FVLCD”). The FVLCD has been calculated using the income approach, specifically the discounted cash flow (“DCF”) method.

Key assumptions used in FVLCD calculations and sensitivity to changes in assumptions

Income approach – Discounted cash flow method

Under the income approach, the fair value of the CGU is estimated by converting future cash flows into a single present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

The DCF model is based on budgets approved by management covering a five-year forecast period, which reflect management’s best estimates of future revenue growth, operating margins, capital expenditure and working capital requirements. A terminal value is calculated at the end of the forecast period using an exit multiple methodology.

- Discount rate applied to cash flow projections (WACC): 7.13%.
- Terminal value determination: Exit EV/EBITDA multiple.
- EV / EBITDA exit multiple applied: 9.41x.
- Forecast period: Five years.

Fair value hierarchy

The inputs used in the valuation techniques to measure the fair value of the CGU are categorised within the fair value hierarchy. The valuation incorporates Level 3 inputs, as it relies on significant unobservable inputs, including forecast cash flows, discount rates and valuation multiples.

The calculation of FVLCD is sensitive to changes in the following key assumptions:

- Forecast operating margins;
- Discount rate (WACC);
- Terminal EV/EBITDA multiple;
- Capital expenditure requirements; and
- Working capital assumptions.

Operating margins

Operating margins are based on management’s approved budgets and reflect expected operational efficiencies and anticipated market conditions over the forecast period.

Discount rate

The discount rate represents management’s estimate of the return required by market participants for an investment in the CGU, determined using the weighted average cost of capital methodology.

Terminal EV/EBITDA multiple

The exit multiple applied reflects observable market multiples for comparable companies operating in similar industries, adjusted for differences in size, risk profile, growth prospects and geographic exposure.

Sensitivity to changes in assumptions

With regard to the assessment of FVLCD of the CGU, management believes that no reasonably possible change

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in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

As a result of the above, the carrying amount of the CGU at 31 December 2025 exceeded its recoverable amount, resulting in an impairment loss of SAR 1,856,306 (equivalent to KD 153,047) being recognised in the consolidated statement of profit or loss.

** During the year ended 31 December 2025, the subsidiary, "Advance Technologies International Agencies Company S.P.C." which was previously registered as "With Limited Liability Company (W.L.L.)", was converted into a Single Person Company (S.P.C.). Following this change, all units of the subsidiary are now directly held by the Parent Company.

The Group also has an operating Branch in Jebel Ali Free Zone, Dubai. The details of the Branch are as follows:

Name of the Branch	Principal activity	Country of incorporation
Shuaiba Industrial Company, Jebel Ali Free Zone, Dubai	Manufacturing and selling paper products	United Arab Emirates

5.2 Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit and loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income

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are reclassified to the consolidated statement of profit and loss where such treatment would be appropriate if that interest were disposed off.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Work in progress for purposes of production works or administrative usage are stated at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalized on assets that meet the conditions of capitalizing the borrowing costs in accordance with the Group's accounting policy. These properties are classified within the appropriate categories of items of property, plant and equipment when finished and being considered ready for use. Depreciation of such assets commences when they are ready for use for their intended purpose in the same way as other items of property, plant and equipment.

5.4 Leases The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities, the cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also

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include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

The Group as a lessor

The Group does not act as a lessor during the year ended 31 December.

5.5 Inventories

Finished goods are stated at the lower of cost and net realisable value. The cost of finished products includes direct materials, direct labour and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition. Net realisable value is based on the selling price less the estimated cost till completion and sale of inventory.

Spare parts are not intended for resale and are valued at cost after making provision for any slow moving items. Cost is determined on a weighted average basis.

All other inventory items are valued at the lower of purchased cost and net realisable value using the weighted average method after making provision for slow moving stocks. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs.

5.6 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

5.7 Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.

Financial assets and financial liabilities carried on the consolidated statement of financial position include trade and other receivables (excluding advances to suppliers and prepayments), cash and cash equivalents, lease liabilities, term loan, trade and other payables, and bills payable (accounting policy related to lease liabilities is included in Note 5.4).

5.7.1 Financial assets

Recognition, initial measurement and derecognition

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

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

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price.

A financial asset is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets

Financial assets are classified in the consolidated financial statements at "financial assets at amortised cost".

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Subsequent measurement

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses if any. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets carried at amortised cost consist of trade and other receivables (excluding advances to suppliers and prepayments) and cash and cash equivalents.

Effective profit rate method ("EIR")

The EIR method is a method of calculating the amortised cost of a financial asset and of allocating profit over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and recognized initially at transaction price. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective profit rate method, less provision for impairment.

Receivables which are not designated under any of the above are classified as "other receivables".

Cash and cash equivalents

Cash and cash equivalents comprise of short term deposits having an original maturity period of three months or less from the placement date ("short term deposits"), current accounts at banks ("bank balances"), and cash on hand and with portfolio manager. Short term deposits, bank balances and cash with portfolio manager are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group recognises a provision for expected credit losses (ECLs) for financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective profit rate.

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

For trade and other receivables (excluding advances to suppliers and prepayments), the Group has applied the

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standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For short term deposits, bank balances and cash with portfolio manager for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, the Group's policy to measure ECLs on such instruments on a 12-month basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

5.7.2 **Financial liabilities**

All financial liabilities within IFRS 9 are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Term loan

After initial recognition, profit-bearing term loan is subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective profit method. Trade payables are

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classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

Bills payable

Bills payable represents trade bills and suppliers' invoices financed through local financial institutions in the ordinary course of business. Bills payable are recognised when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value, net of directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective profit rate method, if applicable.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in consolidated statement of profit or loss.

5.8 Offsetting of financial assets and liabilities

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

5.9 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 consolidated financial position date.

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

5.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.11 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognised in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of share premium, reserves, retained earnings and treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.12 Dividends

The dividends are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders in the Annual General Assembly meeting.

5.13 Contingent assets and contingent liabilities

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

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

5.14 Revenue recognition

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

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

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the control of promised goods to its customers.

The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the goods.
- The customer has legal title to the goods.
- The Group has transferred physical possession of the goods.
- The customer has the significant risks and rewards of ownership of the goods.
- The customer has accepted the goods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Revenue for the Group arises from:

Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, have been purchased at store by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Dividend income

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

Profit income from term deposits

Profit income from short term deposits is recognised using the effective profit rate method.

Other income

Other income is recognized on accrual basis.

Contract liabilities

Contract liabilities are recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

5.15 Finance costs

Finance costs primarily comprise profit on the Group's financing. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

5.16 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated to Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items in foreign currencies are re-translated at the dates of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

5.17 Taxation

KFAS and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies/taxes imposed on the Parent Company at the flat percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial reporting purposes.

<i>Tax/statutory levy</i>	<i>Rate</i>
Contribution to KFAS	1.0% of net profit less permitted deductions
<i>Zakat</i>	1.0% of net profit less permitted deductions

National Labour Support tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit less permitted deductions.

6. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

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

Useful lives of non-financial assets

As described in Note 5, the Group reviews the estimated useful lives over which its non-financial assets are depreciated and amortised. The Group's management is satisfied that the estimates of useful lives are appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the options to renew these leases. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group included the renewal period as part of the lease term for leases of land with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

Classification of financial instruments

On acquisition of a financial asset, the Group decides whether it should be classified as “at fair value through profit or loss”, “at fair value through other comprehensive income” or “at amortised cost”. IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group’s business model for managing the assets of the instrument’s contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note 5.

Principal versus agent considerations

The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised goods or services before the Group transfers the goods or services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obligations in its contracts with customers.

Estimation uncertainty

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

Impairment of non-financial assets

The Group reviews non-financial assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Estimating the incremental borrowing rate for leases

The Group cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Group would have to



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pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates.

Impairment of inventories

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

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the paper manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a material estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 26.2.

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7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	KD	KD	KD	KD	KD	KD
Cost						
At 1 January 2024	3,927,918	10,549,836	1,149,086	395,260	836,334	16,858,434
Additions	-	-	-	-	360,955	360,955
Acquisition of a subsidiary (Note 5.1)	153,120	-	-	-	-	153,120
Disposals	-	(230,382)	-	(6,250)	-	(236,632)
Transfers	570,712	464,219	14,224	43,478	(1,092,633)	-
Foreign currency translation differences	5,582	13,208	793	303	225	20,111
At 31 December 2024	4,657,332	10,796,881	1,164,103	432,791	104,881	17,155,988
Additions	-	-	-	-	319,895	319,895
Disposals	-	-	-	(26,299)	-	(26,299)
Transfers	111,607	52,016	65,272	44,384	(273,279)	-
Foreign currency translation differences	(17,370)	(36,528)	(2,386)	(868)	(358)	(57,510)
At 31 December 2025	4,751,569	10,812,369	1,226,989	450,008	151,139	17,392,074
Accumulated depreciation						
At 1 January 2024	2,205,321	4,955,012	971,039	278,215	-	8,409,587
Charge for the year	181,822	505,220	58,755	36,151	-	781,948
Related to disposals	-	(58,875)	-	(6,249)	-	(65,124)
Foreign currency translation differences	2,361	4,526	681	2,081	-	9,649
At 31 December 2024	2,389,504	5,405,883	1,030,475	310,198	-	9,136,060
Charge for the year	186,623	497,310	58,835	37,526	-	780,294
Related to disposals	-	-	-	(18,831)	-	(18,831)
Foreign currency translation differences	(6,561)	(13,077)	(1,879)	(459)	-	(21,976)
At 31 December 2025	2,569,566	5,890,116	1,087,431	328,434	-	9,875,547
Net book value						
At 31 December 2025	2,182,003	4,922,253	139,558	121,574	151,139	7,516,527
At 31 December 2024	2,267,828	5,390,998	133,628	122,593	104,881	8,019,928
Annual depreciation (years)	30-5	30-5	5	5		

Buildings are constructed on leasehold land from the Government of Kuwait and the Government of Dubai for a period of 5 years and 15 years, respectively, with a renewable option.

Capital work in progress mainly represents warehouse construction, and machinery which are expected to be completed during the year ending 31 December 2026.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Depreciation charges are included in the consolidated statement of profit or loss under the following categories:

	2025	2024
	KD	KD
Cost of sales	723,628	719,687
General and administrative expenses (Note 20)	56,666	62,261
	780,294	781,948

8. LEASES

The carrying amount of the Group's right of use assets and the movement during the year is as follows:

	2025	2024
	KD	KD
At 1 January	1,417,466	1,201,816
Additions	-	317,508
Amortization charges	(146,658)	(152,567)
Lease modification	61,323	48,763
Foreign currency translation differences	(4,547)	1,946
At 31 December	1,327,584	1,417,466

Amortization charges are included in the consolidated statement of profit or loss under the following categories:

	2025	2024
	KD	KD
Cost of sales	139,702	129,524
General and administrative expenses (Note 20)	6,956	23,043
	146,658	152,567

Set out below, are the carrying amounts of the Group's lease liabilities and the movement during the year:

	2025	2024
	KD	KD
At 1 January	1,150,924	885,355
Additions	-	317,508
Finance costs	41,425	57,241
Lease modification	61,323	48,763
Payments during the year	(138,066)	(160,150)
Foreign currency translation differences	(5,280)	2,207
At 31 December	1,110,326	1,150,924

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

	2025	2024
	KD	KD
Non-current portion	990,936	1,059,844
Current portion	119,390	91,080
	1,110,326	1,150,924

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For the year ended 31 December 2025

Rent expense from short term leases are included in the consolidated statement of profit or loss under the following categories:

	2025	2024
	KD	KD
Cost of sales	159,249	158,385
General and administrative expenses (Note 20)	19,256	17,247
	178,505	175,632

9. INVENTORIES

	2025	2024
	KD	KD
Raw materials	4,251,207	4,109,651
Finished goods	181,121	137,361
Packing materials	29,021	49,417
Goods in transit	502,818	834,471
Spare parts	650,055	594,063
	5,614,222	5,724,963
Provision for slow moving inventories	(325,420)	(326,162)
	5,288,802	5,398,801

As at 31 December, the movement in the provision for slow moving inventories is as follows:

	2025	2024
	KD	KD
At 1 January	326,162	325,893
Foreign currency translation differences	(742)	269
At 31 December	325,420	326,162

The cost of inventories recognized as an expense amounted to KD 9,092,254 (2024: KD 8,677,306) and are included under 'cost of sales'.

10. TRADE AND OTHER RECEIVABLES

	2025	2024
	KD	KD
Trade receivables	3,911,256	2,996,813
Less: *provision for expected credit losses	(186,571)	(239,224)
	3,724,685	2,757,589
Advances to suppliers	202,256	58,929
Prepayments	90,488	91,979
Refundable deposits	95,217	47,303
Staff receivables	13,737	3,166
Other receivables	65,314	61,584
	4,191,697	3,020,550



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*As at 31 December, the movement in the provision for expected credit losses as follows:

	2025	2024
	KD	KD
At 1 January	239,224	238,853
No longer required	(51,813)	-
Foreign currency translation differences	(840)	371
At 31 December	186,571	239,224

Disclosures relating to credit risk exposures and analysis relating to the provision for expected credit losses are set forth in Note 26.2.

11. CASH AND CASH EQUIVALENTS

	2025	2024
	KD	KD
Short term deposits (a)	1,500,000	3,073,982
Bank balances	3,635,407	4,617,599
Cash on hand	616	2,997
Cash with portfolio manager	205	207
	5,136,228	7,694,785

The effective profit rate on short term deposits is 3.75% per annum (2024: ranges from 3.9% to 4.8% per annum). Short term deposits have an original maturity period of three months or less from the placement date.

12. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (2024: KD 10,069,180) comprising of 100,691,795 shares of 100 fils each (2024: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

13. RESERVES

Statutory reserve

As required by the Companies' Law, as amended, and the Parent Company's Articles of Association, as amended, at least 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration is transferred per annum to statutory reserve as per a resolution issued by the Parent Company's Ordinary General Assembly. Such Transfer may be discontinued as per a resolution issued by the Parent Company's Ordinary General Assembly when the reserve exceeds 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association, as amended.

Voluntary reserve

As required by the Parent Company's Articles of Association, as amended, no more than 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration may be deducted per annum, as per a resolution issued by the Parent Company's Ordinary General Assembly, in order to form voluntary reserve, which is allocated for the purposes specified by the Assembly.

The Board of Directors in their meeting dated 12 February 2017 approved to discontinue the transfer of profits to voluntary reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. TREASURY SHARES

	2025	2024
Number of shares	1,454,028	1,454,028
Percentage to issued shares (%)	% 1.44	% 1.44
Market value (KD)	360,599	308,254
Cost (KD)	164,740	164,740

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the cost of treasury shares throughout the year, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

15. EMPLOYEES' END OF SERVICE BENEFITS

	2025	2024
	KD	KD
At 1 January	1,044,577	993,898
Charge for the year	55,681	100,522
Payment during the year	(39,646)	(50,120)
Foreign currency translation differences	(770)	277
At 31 December	1,059,842	1,044,577

16. TERM LOAN

	2025	2024
	KD	KD
Non-current portion	283,939	367,939
Current portion	84,000	350,000
	367,939	717,939

Term loan represents credit refinance facility (the "facility") obtained from a local bank. The facility is used to finance purchases of equipment to expand the Group's production capacity and the construction of a new warehouse. The facility carries a profit rate of 3.5% per annum and is repayable as shown below:

Facility amount	Payable amount	Non-current portion	Current portion	Repayment date	
				Non-current portion	Current portion
KD	KD	KD	KD		
2,090,000	367,939	283,939	84,000	15 February 2030	15 February 2026

The facilities are secured by mortgage of the entire factory in favor of the bank. It also requires, among other matters, certain restrictions on the payment of dividends and disposal of certain movable or immovable assets and a requirement to maintain a minimum leverage ratio (current assets to current liabilities) of 1.5:1. It also restricts the Group to merge with another company or alter its legal form or trade name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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During the year ended 31 December 2025, the Group reached an agreement with the bank to reschedule the loan instalments. Under the revised terms, the outstanding balance will be repaid in nine equal instalments, with the last instalment due on 15 February 2030.

17. TRADE AND OTHER PAYABLES

	2025	2024
	KD	KD
Trade payables	1,427,739	2,532,613
Dividends payable (Note 23)	195,517	386,678
Accrued expenses	499,222	530,910
Staff payable	401,400	433,838
KFAS*	6,682	11,266
NLST	17,667	38,565
Zakat	7,067	14,521
Board of Directors' remuneration (Note 24,29)	-	30,000
	2,555,294	3,978,391

* Movement in KFAS payable is as follows:

	2025	2024
	KD	KD
At 1 January	11,266	13,855
Charge for the year	6,682	11,266
Paid during the year	(11,266)	(13,855)
At 31 December	6,682	11,266

18. BILLS PAYABLE

Bills payable amounted to KD 90,439 represents suppliers' invoices and trade bills financed through a local financial institution. These arrangements are subject to bank charges of 1.8% of the bill amount or a minimum of KD 20 per bill, whichever is higher. Bills payable are generally settled within the agreed credit period and are classified under current liabilities.

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19. REVENUE

	For the year ended 31 December 2025				
	Industrial Packaging Division	Consumer Packaging Division	Flexible Packaging Division	Other income	Total
	KD	KD	KD	KD	KD
Type of revenue					
Sale of multi-wall paper	6,597,013	-	-	-	6,597,013
Sale of superior value and high quality bags and wrapping sheets	-	5,166,234	-	-	5,166,234
Sale of multi-ply printed and laminated films	-	-	1,555,666	-	1,555,666
Waste sale	-	-	-	91,527	91,527
Total revenue from contracts with customers	6,597,013	5,166,234	1,555,666	91,527	13,410,440
Profit income from short term deposits	-	-	-	76,031	76,031
Gain on disposal of property, plant and equipment	-	-	-	2,132	2,132
Total revenue	6,597,013	5,166,234	1,555,666	169,690	13,488,603
Geographical markets					
Kuwait	2,308,316	2,528,262	1,555,502	57,646	6,449,726
GCC	3,673,958	2,473,995	164	33,881	6,181,998
Middle East	178,024	163,977	-	-	342,001
Africa	436,715	-	-	-	436,715
Total revenue from contracts with customers	6,597,013	5,166,234	1,555,666	91,527	13,410,440
Timing of revenue recognition					
Goods transferred at a point in time	6,597,013	5,166,234	1,555,666	91,527	13,410,440
Total revenue from contracts with customers	6,597,013	5,166,234	1,555,666	91,527	13,410,440
Type of customer					
External customers	6,597,013	5,166,234	1,555,666	91,527	13,410,440
Total revenue from contracts with customers	6,597,013	5,166,234	1,555,666	91,527	13,410,440

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For the year ended 31 December 2025

The contract liabilities represent advances received from customers as at 31 December 2025 to deliver goods to customers during the year ending 31 December 2026. Performance obligations related to contract liabilities for the year ended 31 December 2024, were satisfied during the year ended 31 December 2025.

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	KD	KD
Staff costs	540,402	574,456
Depreciation (Note 7)	56,666	62,261
Amortization (Note 8)	6,956	23,043
Rent – operating leases (Note 8)	19,256	17,247
Communication and internet	15,438	17,521
Professional fees and licenses	151,249	160,336
Travel expenses	21,937	31,970
Stationery and maintenance expenses	31,545	27,672
Others	131,032	120,600
	974,481	1,035,106

21. SELLING AND DISTRIBUTION EXPENSES

	2025	2024
	KD	KD
Staff costs	167,628	133,716
Others	23,889	32,510
	191,517	166,226

22. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year after deducting treasury shares as follows:

	2025	2024
	KD	KD
Profit for the year	711,052	1,164,887
<i>Weighted average number of shares outstanding:</i>		
Number of issued shares	100,691,795	100,691,795
Less: weighted average number of treasury shares	(1,454,028)	(1,454,028)
Weighted average number of shares outstanding	99,237,767	99,237,767
Basic and diluted earnings per share (fils)	7.17	11.74

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For the year ended 31 December 2025

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Term loan	Dividends payable	Murabaha payable	Total
	KD	KD	KD	KD	KD
At 1 January 2025	1,150,924	717,939	386,678	-	2,255,541
Distribution of dividends	-	-	1,190,853	-	1,190,853
Dividends paid	-	-	(1,382,014)	-	(1,382,014)
Lease modification	61,323	-	-	-	61,323
Payment of principal portion of lease liabilities	(96,641)	-	-	-	(96,641)
Payment of term loan	-	(350,000)	-	-	(350,000)
Finance costs accrued	41,425	-	-	-	41,425
Finance costs paid	(41,425)	-	-	-	(41,425)
Foreign currency translation differences	(5,280)	-	-	-	(5,280)
At 31 December 2025	<u>1,110,326</u>	<u>367,939</u>	<u>195,517</u>	<u>-</u>	<u>1,673,782</u>
1 January 2024	885,355	887,939	292,647	250,000	2,315,941
Distribution of dividends	-	-	1,290,091	-	1,290,091
Dividends paid	-	-	(1,196,060)	-	(1,196,060)
Additions of lease liabilities	317,508	-	-	-	317,508
Lease modification	48,763	-	-	-	48,763
Payment of principal portion of lease liabilities	(102,909)	-	-	-	(102,909)
Payment of term loan	-	(170,000)	-	-	(170,000)
Payment of Murabaha payable	-	-	-	(250,000)	(250,000)
Finance costs accrued	57,241	-	-	-	57,241
Finance costs paid	(57,241)	-	-	-	(57,241)
Foreign currency translation differences	2,207	-	-	-	2,207
At 31 December 2024	<u>1,150,924</u>	<u>717,939</u>	<u>386,678</u>	<u>-</u>	<u>2,255,541</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Material related party balances and transactions are as follows:

Consolidated statement of financial position

(Board of Directors' remuneration (Note 17,29)

2025	2024
KD	KD
-	30,000

Consolidated statement of profit or loss

Key management compensation

Salaries and other short-term benefits

End of service benefits

Board of Directors' remuneration (Note 17,29)

2025	2024
KD	KD
177,210	177,210
16,558	16,558
-	30,000

26. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group conducts its activities through the below main operating segments:

- **Industrial Packaging Division:** Produces and supplies multi-wall paper sacks for industrial use.
- **Consumer Packaging Division:** Produces and supplies various types of superior value and high quality bags and wrapping sheets to major regional and international chains.
- **Flexible Packaging Division:** Produces and supplies multi-ply printed and laminated films, including aluminium foil lamination.

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The following is an analysis of the Group's revenue and results by operating segments for the year:

	2025	2024	2025	2024
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial packaging division	6,597,013	6,041,174	1,077,585	1,038,487
Consumer packaging division	5,166,234	5,711,844	484,754	885,917
Flexible packaging division	1,555,666	1,491,569	338,294	279,713
	13,318,913	13,244,587	1,900,633	2,204,117
Other income			169,690	340,909
Impairment of goodwill			(153,047)	-
Provision for expected credit losses no longer required			51,813	-
Foreign exchange loss			(1,716)	(5,827)
General and administrative expenses			(974,481)	(1,035,106)
Selling and distribution expenses			(191,517)	(166,226)
Finance costs			(58,907)	(86,138)
KFAS			(6,682)	(11,266)
NLST			(17,667)	(32,554)
Zakat			(7,067)	(13,022)
Board of Directors' remuneration			-	(30,000)
Profit for the year			711,052	1,164,887

The following is an analysis of the Group's revenue and segment results by geographical area for the year:

	2025	2024	2025	2024
	KD	KD	KD	KD
	Revenue		Segment results	
Kuwait	6,392,080	5,971,897	1,159,234	993,827
GCC	6,148,117	6,685,011	577,544	1,112,491
Asia	342,001	188,405	58,785	31,353
Africa	436,715	399,274	105,070	66,446
	13,318,913	13,244,587	1,900,633	2,204,117

The following is an analysis of the Group's assets and liabilities by geographical area for the year:

	2025	2024	2025	2024
	KD	KD	KD	KD
	Assets		Liabilities	
Kuwait	13,806,991	15,666,471	3,132,497	4,281,671
GCC	9,717,362	10,101,575	2,108,163	2,663,240
	23,524,353	25,768,046	5,240,660	6,944,911

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For the year ended 31 December 2025

26. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk, profit rate risk and equity price risk), credit risk and liquidity risk. The Group's management policies for reducing each of the risks are discussed below. The Group does not use derivative financial instruments based on future speculations.

Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 5 to the consolidated financial statements.

26.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, profit rate risk and equity price risk.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates that affects the Group's cash flows or the valuation of the monetary assets and liabilities denominated in foreign currencies.

The Group has set policies for the management of foreign exchange risk which require each company in the Group to manage the foreign exchange risk against its currency of operation. The Group tracks and manages these risks by:

- Monitoring the changes in foreign currency exchange rates on regular basis.
- Set up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2025	2024
	KD	KD
United States Dollars	391,977	1,489,676
Saudi Arabian Riyal	26,719	418
United Arab Emirates Dirhams	1,083,593	536,304
Euro	-	14,515

The tables below analyse the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinars from levels applicable at 31 December, with all other variables held constant on the consolidated statement of profit or loss and consolidated statement of changes in equity. The effect of decreases in foreign currency is expected to be equal and opposite to the effect of the increases shown.

	Change in currency rate (%)	Effect on profit for the year and equity	
		2025	2024
		KD	KD
United States Dollars	%5+	19,599	74,484
Saudi Arabian Riyal	%5+	1,336	21
United Arab Emirates Dirhams	%5+	54,180	26,815
Euro	%5+	-	726

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b) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to profit rate risk on lease liabilities and term loan since they carry a fixed profit rate.

c) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in equity prices. Currently, the Group is not exposed to equity price risk as it has no equity instruments as at 31 December.

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of trade and other receivables (excluding advances to suppliers and prepayments), short term deposits, bank balances and cash with portfolio manager.

Trade receivables

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type and customer type). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2025	0-90 days	91-180 days	181-365 days	Above 365 days	Total
	KD	KD	KD	KD	KD
Expected credit loss rate (%)	% 1.17	% 15	% 100	% 100	
Gross carrying amount	3,732,934	41,489	14,152	122,681	3,911,256
Expected credit losses	43,518	6,220	14,152	122,681	186,571
31 December 2024	0-90 days	91-180 days	181-365 days	Above 365 days	Total
	KD	KD	KD	KD	KD
Expected credit loss rate (%)	% 0.23	% 15	% 100	% 100	
Gross carrying amount	2,760,005	4,512	97,481	134,815	2,996,813
Expected credit losses	6,257	671	97,481	134,815	239,224

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the due date and failure to engage with the Group on alternative payment arrangement among others is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

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Short term deposits, bank balances, and cash with portfolio manager

The Group's short term deposits, bank balances and cash with portfolio manager measured at amortised cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's short term deposits, bank balances, and cash with portfolio manager are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

	2025	2024
	KD	KD
Trade and other receivables (excluding advances to suppliers and prepayments)	3,898,953	2,869,642
Short term deposits, bank balances and cash with portfolio manager	5,135,612	7,691,788
	9,034,565	10,561,430

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector as follows:

	GCC	Other	Total
	KD	KD	KD
2025			
Trade and other receivables (excluding advances to suppliers and prepayments)	3,823,341	75,612	3,898,953
Short term deposits, bank balances and cash with portfolio manager	5,135,612	-	5,135,612
	8,958,953	75,612	9,034,565

	GCC	Other	Total
	KD	KD	KD
2024			
Trade and other receivables (excluding advances to suppliers and prepayments)	2,771,921	97,721	2,869,642
Short term deposits, bank balances and cash with portfolio manager	7,691,788	-	7,691,788
	10,463,709	97,721	10,561,430

	2025	2024
	KD	KD
<i>Industry sector:</i>	3,898,953	2,869,642
Manufacturing	5,135,612	7,691,788
Banks and financial institutions	9,034,565	10,561,430

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26.3 Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the consolidated financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted figures.

2025	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD	KD
Lease liabilities	15,619	134,558	366,807	671,686	1,188,670
Term loan	42,700	43,575	176,400	127,533	390,208
Trade and other payables	2,350,839	204,455	-	-	2,555,294
Bills payable	91,946	-	-	-	91,946
	<u>2,501,104</u>	<u>382,588</u>	<u>543,207</u>	<u>799,219</u>	<u>4,226,118</u>

2024	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD	KD
Lease liabilities	36,298	86,158	251,912	953,161	1,327,529
Term loan	181,125	181,125	362,250	18,567	743,067
Trade and other payables	3,933,705	44,686	-	-	3,978,391
	<u>4,151,128</u>	<u>311,969</u>	<u>614,162</u>	<u>971,728</u>	<u>6,048,987</u>

26.4 Capital risk management

The Group's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the total debt less cash and cash equivalents, and the total capital invested is calculated as net debt and total equity.

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	2025	2024
	KD	KD
Lease liabilities	1,110,326	1,150,924
Term loan	367,939	717,939
Bills payable	90,439	-
Less: cash and cash equivalents	(5,136,228)	(7,694,785)
Net debt	(3,567,524)	(5,825,922)
Total equity	18,283,693	18,823,135
Capital invested	14,716,169	12,997,213
Gearing ratio	-	-

In order to achieve this overall objective, the Group's capital management, among others, aims to ensure that it meets financial covenants attached to the term loan that define capital structure requirements. Breaches in meeting the financial covenants would permit lending banks and providers of the debt to immediately call the borrowings due from the Group. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current financial year. No changes were made in the objectives, policies and processes for managing capital during the year ended 31 December.

The Group's policy is to keep the gearing ratio around the optimal debt ratio which is estimated based on cost of capital rate. The optimal debt ratio represents the ratio of debt on which the Group maximises the Group's value to the shareholders and simultaneously keeping the cost of capital at the lowest level.

27. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

In the opinion of Group's management, the fair value of financial assets and financial liabilities are not materially different from their carrying values at the consolidated financial position date.

28. COMMITMENTS AND CONTINGENT LIABILITIES

	2025	2024
	KD	KD
Contingent liabilities		
Letters of credit	-	96,825
Letters of guarantee	71,768	32,325
	71,768	129,150

29. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 10 April 2025 approved the consolidated financial statements of the Group for the financial year ended 31 December 2024, and approved the distribution of cash dividend of 12% equivalent to 12 fils per share (2023: 13% equivalent to 13 fils per share) on outstanding shares excluding treasury shares, amounting to KD 1,190,853 for the financial year ended 31 December 2024, to the shareholders of the Parent Company's record as at the accrual date (2023:



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KD 1,290,091) through the utilization of portion of the voluntary reserve amounting to KD 143,819 and retained earnings amounting to KD 1,047,034. The AGM also approved a remuneration of KD 30,000 to be paid to the Board of Directors' for the financial year ended 31 December 2024 (2023: KD 30,000).

Board of Directors' proposal

The Board of Directors' in their meeting held on 17 February 2026 proposed to distribute dividends of 7% equivalent to 7 Fils per share (on the outstanding shares, excluding treasury shares) amounting to KD 694,664 for the financial year ended 31 December 2025 through the utilization of portion of the voluntary reserve amounting to KD 57,860 and retained earnings amounting to KD 636,804 (2024: KD 1,190,853) and proposed no Board of Directors' remuneration for the financial year ended 31 December 2025 (2024: KD 30,000).

The above proposal is subject to the approval of the Shareholders' Annual General Assembly.

30. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform to the current year's presentation. Such reclassification did not affect previously reported consolidated statement of profit or loss, consolidated statement of equity or opening balances of the earliest comparative period presented and accordingly a third consolidated statement of financial position is not presented.