Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Financial Statements and Independent Auditor's Report
For the financial year ended 31 December 2025

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For the financial year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Hayat Invest Company K.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 financial statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group and its subsidiary 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. 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. 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.

Other information
Management is responsible for the other information. The other information comprises the report of the Board of Directors but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained 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. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Hayat Invest Company K.S.C. (Closed)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, we will determine 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 will 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 will be based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Hayat Invest Company K.S.C. (Closed)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (Continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures. Further, evaluate 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 entity 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.

Report on Other Legal and Regulatory Requirements

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

Furthermore, in our opinion, we report that nothing has come to our attention indicating any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the central bank of Kuwait and the organization of banking business and its related regulation or of the provisions of Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, during the financial year ended 31 December 2025, that might have had a material effect on the business of the Parent Company or its consolidated financial position.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 24 February 2026

Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Statement of Financial Position
As at 31 December 2025

	Notes	2025 KD	2024 KD
ASSETS			
Cash and cash equivalents	5	623,448	352,369
Financial assets at fair value through other comprehensive income ("FVOCI")	6	722,968	587,733
Financial assets at fair value through profit or loss ("FVTPL")	7	12,628,278	11,707,618
Islamic financing receivables	8	9,126,724	8,162,532
Investment property	9	3,305,416	3,335,384
Equity-accounted investee	10	2,407,002	2,373,598
Due from a related party	11	50,932	544,936
Other assets	12	243,915	268,006
Total assets		29,108,683	27,332,176
LIABILITIES AND EQUITY			
Liabilities			
Other Liabilities	13	1,983,820	1,935,809
Total liabilities		1,983,820	1,935,809
Equity			
Share capital	14	15,000,000	15,000,000
Statutory reserve	15	7,042,192	6,922,594
Voluntary reserve	16	3,895,881	3,895,881
Foreign currency translation reserve		136,139	157,179
Fair value reserve		13,167	(30,849)
Retained earnings / (accumulated losses)		1,037,484	(548,438)
Total equity		27,124,863	25,396,367
Total liabilities and equity		29,108,683	27,332,176

The accompanying notes on pages 9 to 42 form an integral part of these consolidated financial statements.

Dr. Nabeel A. Al-Mannae
Chairman & CEO

Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Statement of Profit or Loss
For the financial year ended 31 December 2025

	Notes	2025 KD	2024 KD
Income			
Net investment income	17	2,435,534	526,803
Fees and commission income	20	6,089	5,707
Share of profit / (loss) of equity-accounted investee	10	54,444	(145,970)
Foreign exchange loss		(21,574)	(3,819)
Total operating income		2,474,493	382,721
Expenses			
Staff costs		(555,607)	(615,567)
Depreciation and amortization		(53,583)	(59,744)
Finance costs		(12,557)	(15,193)
Other expenses	18	(108,328)	(201,655)
Total expenses		(730,075)	(892,159)
Profit / (loss) for the year from before deductions		1,744,418	(509,438)
Kuwait Foundation for the Advancement of Sciences		(10,764)	-
Zakat		(18,134)	-
Board of directors' remuneration	21&11	(10,000)	(39,000)
Net profit / (loss) for the year		1,705,520	(548,438)
Basic and diluted earnings / (loss) per share attributable to the Shareholders of the Parent Company (fils)	19	11.37	(3.66)

The accompanying notes on pages 9 to 42 form an integral part of these consolidated financial statements.

Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Statement of Profit or loss and Other Comprehensive Income
For the financial year ended 31 December 2025

	2025	2024
	KD	KD
Net profit / (loss) for the year	1,705,520	(548,438)
Other comprehensive income		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Foreign currency translation differences	(21,040)	10,721
Change in fair value of Sukuk at fair value through other comprehensive income	3,313	15,704
Reversal of fair value reserve on Partial sale of Sukuk at fair value through other comprehensive income	-	216,073
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income	40,703	(28,519)
Other comprehensive income for the year	22,976	213,979
Total comprehensive income / (loss) for the year	1,728,496	(334,459)

The accompanying notes on pages 9 to 42 form an integral part of these consolidated financial statements.

Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2025

	Share Capital	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	(Accumulated losses)/ retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2024	15,000,000	6,922,594	4,422,594	146,458	(234,107)	523,287	26,780,826
Net loss for the year	-	-	-	-	-	(548,438)	(548,438)
Other comprehensive income for the year	-	-	-	10,721	203,258	-	213,979
Total comprehensive income / (loss) for the year	-	-	-	10,721	203,258	(548,438)	(334,459)
Transfer from voluntary reserve	-	-	(526,713)	-	-	526,713	-
Cash dividends	-	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at 31 December 2024	15,000,000	6,922,594	3,895,881	157,179	(30,849)	(548,438)	25,396,367
Balance as at 1 January 2025	15,000,000	6,922,594	3,895,881	157,179	(30,849)	(548,438)	25,396,367
Net profit for the year	-	-	-	-	-	1,705,520	1,705,520
Other comprehensive (loss) / income for the year	-	-	-	(21,040)	44,016	-	22,976
Total comprehensive (loss) / income for the year	-	-	-	(21,040)	44,016	1,705,520	1,728,496
Transfer to statutory reserve	-	119,598	-	-	-	(119,598)	-
Balance as at 31 December 2025	15,000,000	7,042,192	3,895,881	136,139	13,167	1,037,484	27,124,863

The accompanying notes on pages 9 to 42 form an integral part of these consolidated financial statements.

Hayat Invest Company K.S.C (Closed) and its subsidiary
State of Kuwait

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2025

	Notes	2025 KD	2024 KD
Cash flows from operating activities			
Profit / (loss) for the year		1,705,520	(548,438)
Adjustments for:			
Profit from deposits with banks	17	-	(22,064)
Profit from investment trust account	17	(25)	(213)
Change in fair value of investment property	9&17	29,968	(14,984)
Loss / (gain) on sale of financial assets at fair value through profit or loss	7&17	193,944	(24,635)
Change in fair value of financial assets at fair value through profit or loss	7&17	(1,097,136)	(554,167)
Dividends from financial assets carried at fair value through profit or loss	17	(40,268)	(47,394)
Profit from Islamic financing receivables	17	(1,507,638)	(5,336)
Return on sukuk	6&17	(4,695)	(45,032)
Loss from partial sale of sukuk	6&17	-	220,170
Share of (profit) / loss of equity-accounted investee	10	(54,444)	145,970
Depreciation and amortization		53,583	59,744
KFAS		10,764	-
Zakat		18,134	-
Finance costs		12,557	15,193
Provision for end of service indemnity for employees		68,954	74,466
Investment costs	17	8,596	10,336
		(602,186)	(736,384)
Change in operating assets and liabilities			
Due from related party		494,004	488,063
Other assets		(29,760)	(4,095)
Other liabilities		(2,677)	(2,575)
Net cash used in operations		(140,619)	(254,991)
Zakat payment		-	(7,766)
KFAS Payment		-	(46,301)
Net cash flows used in operating activities		(140,619)	(309,058)
Cash flows from investing activities			
Profit from deposits with banks received		-	37,282
Profit from investment trust account received		-	78
Paid for purchase of property and equipment		(1,373)	-
Proceed from Islamic financing receivables	8	543,446	496,824
Paid for purchase of financial assets at fair value through other comprehensive income	6	(92,522)	(1,048)
Paid for purchase of financial assets at fair value through profit or loss	7	(3,489,480)	(4,199,874)
Proceeds from sale of financial assets at fair value through other comprehensive income	6	-	2,693,005
Proceeds from sale of financial assets at fair value through profit or loss	7	3,472,012	87,521
Return on Sukuk received	6	5,998	73,868
Investment costs paid		(8,317)	(9,721)
Dividends income received		41,934	45,728
Net cash flows generated from/ (used in) from investing activities		471,698	(776,337)
Cash flows from financing activities			
Lease rental payment		(60,000)	(59,648)
Dividends paid		-	(1,051,900)
Net cash flows used in financing activities		(60,000)	(1,111,548)
Net increase / (decrease) in cash and cash equivalents		271,079	(2,196,943)
Cash and cash equivalents at the beginning of the year		352,369	2,549,312
Cash and cash equivalents at the end of the year	5	623,448	352,369

The accompanying notes on pages 9 to 42 form an integral part of these consolidated financial statements.

1. INCORPORATION AND ACTIVITIES

Hayat Invest Company K.S.C. (Closed) ("the Parent Company") is a closed Kuwaiti shareholding company incorporated in the State of Kuwait on 21 December 2008. The Company was registered as an investment company with the Central Bank of Kuwait ("the CBK") on 17 February 2009 and is regulated by the Capital Markets Authority under Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities, as amended, and its Executive Regulations.

The Company was registered with the commercial register of the Ministry of Commerce and Industry on 30 December 2008 under registration number 330034.

The registered address of the Company is Al Jon Tower – 11th & 12th Floors, Fahad Al Salem Street, State of Kuwait.

The objectives of the Company are as follows:

1. Investing in the commercial, real estate, industrial, agricultural, service and other economic sectors, by contributing to the establishment of companies or purchasing the shares and bonds of these companies.
2. Managing the funds of companies, institutions, public and private bodies, and individuals, and investing these funds in various economic sectors, including the management of financial and real estate portfolios.
3. Providing and preparing technical, economic and evaluation studies and consultations, studying investment-related projects, preparing studies and establishing companies for others.
4. Mediation in financing operations.
5. Carrying out the work related to the functions of issuance manager for shares and sukuk issued by companies, authorities, and governmental and non-governmental agencies, and carrying out the work of investment trustees, including managing issues and managing subscription operations in them, and receiving and covering subscriptions.
6. Financing and mediation in international trade operations.
7. Granting financing to others, taking into account the principles of financial soundness in granting financing, and while preserving the sound continuity of the company's financial position in accordance with the conditions, rules and limits set by the Central Bank of Kuwait and in accordance with the provisions of Islamic Sharia.
8. Dealing and trading for the account of the parent company only in the foreign sector market and the precious metals market inside and outside Kuwait for the account of the company and others.
9. Carrying out all business related to the trading and custody of securities, including the sale and purchase of securities, sukuk, stocks, bonds and sukuk of companies and governmental, local and international bodies, at home and abroad.
10. Carrying out all services that help develop and support the capacity of the financial and monetary market in the State of Kuwait and meet its needs, within the limits of the law and the relevant instructions and decisions of the Central Bank of Kuwait.
11. 1Owning industrial property rights, patents, commercial and industrial trademarks, commercial graphics, literary and intellectual property rights related to programs, and exploiting and leasing them.
12. Managing international portfolios and investing and developing funds in commercial operations for its own account and for the account of third parties in accordance with relevant laws and procedures.
13. Investing its funds in various aspects of investment approved by the Central Bank of Kuwait, mainly financing by the methods of Murabaha and Ijarah, including movable and immovable assets, leasing and selling them as Murabaha.

1. INCORPORATION AND ACTIVITIES (CONTINUED)

14. Establishing investment funds for its own account and for the account of others, offering its units for subscription, and acting as investment trustee or manager for investment funds at home and abroad in accordance with the laws and decisions in force in this regard.

The Parent Company has the right to conduct the above activities inside and outside State of Kuwait directly or through agency and the Parent Company may have an interest or participate with others having similar activities or assist it in accomplishing its activities inside or outside Kuwait or purchase these companies. This must be in accordance with the provisions of Islamic Sharia.

The consolidated financial statements for the financial year ended 31 December 2025 includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group") (Note 3.1).

The consolidated financial statements were authorized for issuance by the Parent Company's Board of Directors on 24 February 2026, and are subject to the approval of the Shareholders' General Assembly. The Shareholders of the Parent Company have the power to amend these consolidated financial statements after issuance at the Shareholders' Ordinary General Assembly.

1.1 Basis of preparation

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

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with the regulations relating to financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require measurement of expected credit losses according to the expected credit losses of credit facilities in accordance with IFRS 9 in compliance with the instructions of the Central Bank of Kuwait or the required provisions according to the instructions of the Central Bank of Kuwait, whichever is higher, and the resulting impact on the relevant disclosures, and the application of all other requirements of IFRS Accounting standards issued by the International Accounting Standards Board (together referred to as "International Financial Reporting Standards Accounting applicable for use in the State of Kuwait").

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 judgment in applying the Group's accounting policies. The areas of material estimates and assumptions made in preparing the consolidated financial statements and their effect are disclosed in (Note 4).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

a) New standards, interpretations, and amendments effective 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).

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 financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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 statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the 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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (Continued)

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

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.

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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiary.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any realised gains, losses, expenses, income and balances arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.1 Basis of consolidation (Continued)

The consolidated financial statements include the financial statements of Hayat Invest Company K.S.C (Closed) and its subsidiary as follows:

Name of subsidiary	Country of incorporation	Principal Activities	Ownership (%) 2025	Ownership (%) 2024
Hayat Construction SAL	Lebanon	Construction	100%	100%

The financial information of the subsidiary was consolidated through financial information prepared by the Management as of 31 December 2025. Currently, the subsidiary is not practicing any activities.

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee.
- Is exposed, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect the investee's returns.

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

When the Group holds a percentage less than the majority of voting rights in the investee, it shall have the power over the investee in case of its voting rights have the sufficient practical ability to direct the relevant activities of the investee. In determining the adequacy of the investee voting rights, the Group considers all relevant facts and circumstances, including:

- The Group's voting rights in proportion to distribution of the voting rights attributable to others.
- The potential voting rights held by the Company, holders of other votes or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicate to the financial ability of the Company to direct the relevant activities when the decision is taken, including the patterns of voting in the previous meetings of Shareholders.

3.2 Business combination

Acquisitions of subsidiaries and businesses 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 assets transferred by the Group, liabilities incurred or assumed by the Group to the former stakeholders of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Acquisition-related costs are generally recognised in consolidated statement of profit or loss as incurred. At the acquisition date, the assets and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.2 Business combination (Continued)

combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37, provisions, contingent liabilities and assets, as appropriate, with the corresponding gain or loss being recognised in the consolidated statement of profit or loss.

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 (if any) 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 consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of profit or loss and other comprehensive income are reclassified to consolidated statement of profit or loss where such treatment would be appropriate if that interest was disposed of.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments

3.3.1 Financial assets

i. ***Classification and measurement of financial assets***

Financial assets carried at amortised cost
The financial assets are measured at amortised cost if both of the following conditions are met and are not designated 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.

Subsequent Measurement
These assets are subsequently measured at amortised cost using the effective return method. The amortised cost is reduced by impairment losses. return income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

The financial assets at amortised cost consist of "cash and cash equivalents" and "Time deposits" and "Islamic finance receivables" and "due from a related party" and "other debit balances included within other assets".

Cash and cash equivalents
Cash and cash equivalents item comprise of cash on hand, cash at banks, cash at investment portfolio and short term deposits due within three months period from deposit.

Debtors and other debit balances and due from a related party
Debtors and other debit balances and due from a related party are amounts due from customers for services completed in the ordinary course of business and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the expected credit losses. For further details on the expected credit losses please refer to (Note 23).

Islamic finance receivables
Islamic finance receivables are represented in an agreement under which the Group provides a client with an amount of money to be invested according to specified conditions against fixed return. The client is liable for repaying the amount in case of default, negligence or violation of any conditions of Islamic finance. For further details on the expected credit losses please refer to (Note 23).

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

i. ***Classification and measurement of financial assets (Continued)***

Equity investment at fair value through profit or loss (Continued)
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as financial asset recognised at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not recognised at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement
These assets are subsequently measured at fair value. Net profits and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

Debt Securities (Sukuk) at FVOCI
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Subsequent Measurement
Debt Securities (Sukuk) at FVOCI are subsequently measured at fair value. Sukuk income is calculated using the effective yield method, foreign exchange gains and losses and impairment losses are recognised in the consolidated statement of profit or loss. Fair value changes which are not part of an effective hedging relationship are recognised in other comprehensive income and presented in the fair value reserves as part of equity until the asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss.

Equity investment at fair value through other comprehensive income
On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Subsequent measurement
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net profits and losses are recognised in other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. ***Impairment of financial assets***

IFRS 9 requires the Group to make provision for ECL for all debt instruments, which are not carried at fair value through profit or loss.

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

If the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the impairment loss of the financial assets carried at amortised cost is reversed at the subsequent periods.

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

The Group has elected to measure; using the simplified approach, loss allowances for other debit balances at an amount equal to lifetime ECLs.

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 and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. ***Impairment of financial assets (Continued)***

Measurement of the expected credit losses (ECL)
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each consolidated reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to Islamic finance receivables and other debit balances are presented separately in the consolidated statement of profit or loss.

Islamic finance receivables and other debit balances
Further details on calculation of ECLs related to Islamic finance receivables and other debit balances on adoption of IFRS 9 are presented in (Note 23). The Group takes into consideration the model and some assumptions used to calculate credit losses expected as key sources of uncertainty.

The ECLs were calculated based on actual credit loss experience over the past 3-5 years. The Group performed the calculation of ECL rates for its customers.

Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, geographic region and industry, delinquency status, age of relationship and type of product purchased where applicable.

Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the Islamic finance receivables and other debit balances.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or loans. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Borrowings are recognised initially at fair value, net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In that case, fees shall be posted until the withdrawal is carried out.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Classification and subsequent measurement

The Group's financial liabilities include "other liabilities except end of service indemnity for employees".

Lease liabilities

The Group recognises lease liabilities at the commencement date of the lease and are measured by the present value of the lease payments to be paid during 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 include the exercise price of a purchase option when the Group is reasonably certain that this option is exercised, and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised 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 its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is re-measured if there is an amendment or change in the lease term or a change in the content of the fixed lease payments or a change in the evaluation that is made to determine whether the underlying assets will be purchased.

Liabilities

Liabilities are recognised for the amount to be paid in the future for goods or services received, whether billed or not. Other liabilities are subsequently measured at amortised cost using the effective yield method.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.2 Financial liabilities

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

3.4 Offsetting

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

3.5 Investment in equity-accounted investee

The Group's interests in equity-accounted investees comprise of interests in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investment in a joint venture is accounted for using the equity method and is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investee, until the date on which joint control ceases.

3.6 Investment properties

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

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Subsequent to initial recognition, investment properties are re-measured at fair value.

The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.6 Investment properties (Continued)

Changes in fair values are recognised in the consolidated statement of profit or loss. Investment properties are derecognised when they have been disposed.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss.

3.7 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term.

3.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Assets	Years
Office equipment	5
Office furniture and decorations	5
Computers	3

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.9 Impairment of non-financial assets

At the end of each reporting period, 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. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually. Whenever there is an indication that the asset may be impaired, its recoverable amount is estimated.

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. 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.

For a non-financial asset, other than goodwill, in which impairment 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 statement of consolidated statement of profit or loss.

3.10 Provision for end of service indemnity

The Group provides end of service indemnity 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 provisions of Labor Law and related contracts of employees. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its Kuwaiti national employees, 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.

3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.12 Revenue recognition

Revenues are measured based on the consideration to which it is expected by the Group to be entitled through the contract with customer as the amounts that have been collected on behalf of the other parties are excluded. Revenues are recognised when the control over goods or services is transferred to the customer.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.12 Revenue recognition (Continued)

Control shall be transferred at a specific time if any of the criteria required for transferring goods or service is not met over a period of time. The following items should be considered by the Group whether or not control is transferred:
- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

Group's revenue streams arise from the following activities:

Management fee and commission income
Fees and commission income earned for the provision of services over a period of time are accrued over that period. These include management fees, advisory fees and commission income, arising from the Group's management of portfolios, funds, custody and similar trust and fiduciary activities.

Islamic finance income
Islamic finance income is recognised on proportion basis to realise a constant periodic rate of return on the outstanding balance based on the effective yield rate method.

Returns income
Returns income is recognised on accrual basis using the effective yield method.

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

Other income
Other income is recognised on accrual basis.

3.13 Taxes

Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat
Contribution to KFAS, and Zakat represent levies/taxes imposed on the Parent Company at fixed 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 the purposes of the consolidated financial statements.

Statutory levy/Tax	*Percentage*
Contribution to Kuwait Foundation for the Advancement of Sciences	1% of net profit, less permitted deductions.
Zakat	1% of net profit, less permitted deductions.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.14 Foreign currencies translation

Functional and presentation currency
The consolidated financial statements have been presented in Kuwaiti Dinars ("KD") which is also functional currency of the Parent Company. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

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

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

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

3.15 Contingent liabilities

Contingent liabilities are not recognised in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. However, the contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

3.16 Fiduciary assets

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

4. MATERIAL ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS

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

Material accounting judgments

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

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.

Classification of properties
The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development, investment property or property, plant and equipment. The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Leases
Significant opinions on requirements for applying IFRS 16 include, among others, the following:

- Determine whether the contract (part thereof) contains a lease.
- Determine whether it is reasonably certain that extension or termination option will be exercised
- Classification of lease agreements (when the entity is the lessor).
- Determine whether the variable payments are substantially fixed.
- Determine whether there are multiple leases in the arrangement.
- Determine the sale price of leased and non-leased items.

Useful lives of property and equipment
As described in the accounting policies, the Group reviews the estimated useful lives over which its property and equipment are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Estimation uncertainty and assumptions

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

Valuation of unquoted financial assets
Valuation of unquoted equity investments is normally based on one of the following recent market transactions:

- Recent arm's length market transactions.
- Current fair value of other instruments that are substantially the same.
- Earnings multiples.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Price to book value model.
- other valuation models.

The determination of the cash flows, earnings multiple, price to book value multiple and discount factors for unquoted shares requires significant estimation.

Provision for expected credit losses for Islamic finance receivables and other debit balances
The Group has reassessed its significant judgments and estimates in respect of expected credit losses including probability of default, loss rate on default and incorporation of forward looking information.

The Group uses a provision matrix to calculate ECLs for Islamic finance receivables and other debit balances. 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 capitalisation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

Valuation of investment properties
The Group carries its investment properties at fair value where changes in the fair value are recognised in the consolidated statement of profit or loss, three basic methods are used for determining the fair value of the investment properties:

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Estimation uncertainty and assumptions (Continued)

Valuation of investment properties (continued)

a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.
b) Income capitalisation: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of profit from the property as per market inputs, which is known as capitalisation rate.
c) Comparative analysis: using values of actual deals transacted recently by other parties for properties in a similar location and condition and relying on expertise of independent real estate appraiser.

Fair value measurement and valuation techniques

The Group has updated the fair value studies relating to investments in unquoted shares as a result of the negative impacts on the fair value of unquoted financial investments.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in (Note 24).

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and the policy of revenue recognition disclosed in (Note 3.12) require significant judgments.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5. CASH AND CASH EQUIVALENTS

	2025	2024
	KD	KD
Cash on hand	528	528
Cash at banks	595,084	316,138
Cash at portfolios	27,836	35,703
	623,448	352,369

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	KD	KD
Foreign unquoted equity security	572,113	438,888
Sukuk	150,855	148,845
	722,968	587,733

The movement during the year is as follows:

	2025	2024
	KD	KD
Balance as at the beginning of the year	587,733	3,325,438
Additions	92,522	1,048
Return from sukuk	4,695	45,032
Return from Sukuk received	(5,998)	(73,868)
Change in fair value	44,016	(12,815)
Partial disposal of Sukuk at fair value	-	(2,693,005)
Loss on partial disposal of Sukuk	-	(220,170)
Reversal of fair value reserve	-	216,073
Balance as at the end of the year	722,968	587,733

Sukuk represents investment in Sukuk issued by Boubyan Bank K.S.C.P. and it is listed in Euronext Dublin. The tenor of the Sukuk is perpetual and callable after six years of issuance with profit rate 3.95% paid on a semi-annual basis and the call option date is 1 April 2027. The Group intends to hold the asset to collect contractual cash flows and sell and its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and profit on the principal amount outstanding.

During the year ending 31 December 2025, the Group purchased an investment share in a foreign unquoted equity security with an amount of KD 92,522.

The fair value of financial assets was disclosed in (Note 24).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	KD	KD
Local fund	1,780	1,715
Foreign funds	4,513,836	3,080,568
Foreign quoted securities	3,236,696	3,987,066
Foreign unquoted securities	4,875,966	4,638,269
	12,628,278	11,707,618

The movement during the year is as follows:

	2025	2024
	KD	KD
Balance as at the beginning of the year	11,707,618	7,016,463
Additions	3,489,480	4,199,874
Disposals at fair value	(3,472,012)	(87,521)
Realized (loss) /gain on disposals	(193,944)	24,635
Change in fair value (Note 17)	1,097,136	554,167
Balance as at the end of the year	12,628,278	11,707,618

During the year ended 31 December 2025, the Group sold financial assets at fair value through profit or loss with an amount of KD 3,472,012 resulting in loss from sale with an amount of KD 193,944 (2024: sold financial assets at fair value through profit or loss with an amount of KD 87,521 resulting in gain from sale with an amount of KD 24,635).

During the year ended 31 December 2025, the Group recognized an amount of KD 1,097,136 as unrealized gain from change in fair value of the financial assets at fair value through profit or loss (2024: unrealized gain of KD 554,167).

During the year ended 31 December 2025, the Group purchased units in foreign funds with an amount of KD 3,465,796.

During the year ended 31 December 2025, the Group purchased foreign listed equity shares with an amount of KD 23,684.

The fair value of financial assets was disclosed in (Note 24).

8. ISLAMIC FINANACING RECEIVABLES

	2025	2024
	KD	KD
Murabaha	8,925,560	7,981,282
Add: Accrued profit	661,240	592,652
Less: provision for expected credit losses	(460,076)	(411,402)
	9,126,724	8,162,532

8. ISLAMIC FINANCING RECEIVABLES (CONTINUED)

The movement in Islamic financing receivables is as follows:

	2025	2024
	KD	KD
Balance at 1 January	8,162,532	8,654,020
Profit for the year	543,508	521,173
Proceed during the year	(543,446)	(496,824)
Impact of foreign currency revaluation	964,130	(515,837)
Balance at 31 December	9,126,724	8,162,532

The Parent Company (as a seller) has Murabaha agreements with foreign companies (as a purchaser) based on which the seller will purchase commodities and subsequently sell it to the purchaser. Murabaha agreements are denominated in Euro and are guaranteed against a mortgage of shares in favor of the Parent Company. It carries a return rate ranging from 4.46% to 8.45% (2024: from 4.46% to 8.45%)

The Group intends to hold the assets to collect contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and profit on the principal amount outstanding.

The movement in the provision for expected credit losses is as follows:

	2025	2024
	KD	KD
Balance at 1 January	411,402	437,469
Foreign currency revaluation difference	48,674	(26,067)
Balance at 31 December	460,076	411,402

The expected credit losses for the year calculated as per IFRS 9 according to the CBK guidelines as at 31 December 2025 amounted to KD 460,076 (2024: KD 411,402), which is higher than the provisions computed as required by the CBK instructions amounting to KD 95,868 (2024: KD 85,739).

9. INVESTMENT PROPERTY

	2025	2024
	KD	KD
Balance at 1 January	3,335,384	3,320,400
Change in fair value of investment property (Note 17)	(29,968)	14,984
Balance at 31 December	3,305,416	3,335,384

The investment property represents land and building located in Lebanon Republic.

9. INVESTMENT PROPERTY

The fair value of investment property is determined based on valuation performed as at 31December 2025 and 2024 by accredited independent valuer, who is the industry specialist in valuing this type of investment property.

The fair value measurement for investment property has been categorised under Level 3 based on the inputs to the valuation techniques used. For the purpose of measuring fair value, the market approach has been used by the valuer which reflects the current market expectations about the future estimated sale price in the country in which the investment property is located.

10. EQUITY ACCOUNTED INVESTEE

The Group's investment in the equity accounted investees have been accounted for as joint ventures in accordance with the agreement under which the joint ventures have been established, which requires the Group and the other investor to undertake all decisions jointly.

In accordance with the agreement under which Hayat Villas Company L.L.C. are established, the Group and the other investor in the joint venture have agreed to make 50% contribution each and to undertake any decisions jointly.

The following table summarizes the financial information of Hayat Villas Company L.L.C.

	2025	**2024**
	KD	KD
Current assets	6,295,947	7,983,476
Non-current liabilities	(236,082)	(1,224,090)
Current liabilities	(1,245,861)	(2,012,190)
Net assets	4,814,004	4,747,196
Group's share of net assets	2,407,002	2,373,598
Carrying amount of interest in joint venture	2,407,002	2,373,598
Revenue	3,279,260	2,369,222
Operating expenses	(3,170,372)	(2,661,162)
Total comprehensive income / (loss)	108,888	(291,940)
Group's share of total comprehensive income / (loss)	54,444	(145,970)
Carrying amount at beginning of the year	2,373,598	2,508,847
Group's share of total comprehensive income / (loss)	54,444	(145,970)
Foreign exchange impact	(21,040)	10,721
Carrying amount at end of the year	2,407,002	2,373,598

11. RELATED PARTIES' TRANSACTIONS

Related parties represent major shareholders, directors and senior management personnel of the Group, and Companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management.

11. RELATED PARTIES' TRANSACTIONS (CONTINUED)

The significant related parties' transactions are as follows:

A) Consolidated statement of financial position

	2025	2024
	KD	KD
Due from a related party	118,040	612,044
Allowance for expected credit loss	(67,108)	(67,108)
	50,932	544,936
Bank balances	587,371	308,416
Financial assets at fair value through other comprehensive income	150,855	148,845
Financial assets at fair value through profit or loss	1,780	1,715
Other liabilities	819,711	775,365

B) Consolidated statement of profit or loss and other comprehensive income

	2025	2024
	KD	KD
Return from financial assets at fair value through Other comprehensive income	4,695	45,032
Loss on partial sale of financial assetat fair value through other comprehensive income	-	(220,170)
Change in fair value of financial assets at fair value through other comprehensive income	3,313	15,704
Change in fair value of financial assets at fair value through profit or loss	65	69
Gain from time deposits	-	22,064

C) Key management personnel

	2025	2024
	KD	KD
Salaries, allowances, and short-term benefits	254,078	336,057
Board of directors' remuneration (Note 21)	10,000	39,000

12. OTHER ASSETS

	2025	2024
	KD	KD
Prepayments	17,521	12,210
Right-of-use assets	151,260	202,369
Property and equipment	2,285	3,386
Other debit balances	72,849	50,041
	243,915	268,006

13. OTHER LIABILITIES

	2025	2024
	KD	KD
Zakat payable	18,134	-
KFAS payable*	10,764	-
Lease Liabilities	167,232	214,675
Provision for end of service indemnity for employees	1,045,261	976,307
Other credit balances	742,429	744,827
	1,983,820	1,935,809

* The movement on KFAS is as follows:

	2025	2024
	KD	KD
At 1 January	-	46,301
Charge for the year	10,764	-
Paid during the year	-	(46,301)
	10,764	-

14. SHARE CAPITAL

The parent company authorized, issued and fully paid up share capital amounted to KD 15,000,000 divided into 150,000,000 shares (31 December 2024: KD 15,000,000 divided into 150,000,000 shares) with a nominal value of 100 fils each and all shares are in cash.

15. STATUTORY RESERVE

As required by the Companies' Law and the Parent Company's Articles of Association, 10% of the net profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to NLST, KFAS, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the statuary reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

It is not allowed to distribute statutory reserve to Shareholders; it is only allowed to use it to distribute profits to Shareholders up to 5% of paid-up share capital in the years when retained earnings are not sufficient for the payment of a dividend of that amount.

16. VOLUNTARY RESERVE

As required by the Parent Company's Article of Association, a percentage of the net profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to NLST, KFAS, Zakat and Board of Directors' remuneration. Voluntary reserve should be transferred based on the Board of Directors' recommendation that is subject to approval of the General Assembly of the Parent Company's Shareholders. Such annual transfers may be discontinued by the Parent Company based on a resolution of the Shareholders' General Assembly upon recommendation by the Board of Directors. The transfer has not been made to voluntary reserve.

17. NET INVESTMENT INCOME

	2025	2024
	KD	KD
Change in fair value of investment property (Note 9)	(29,968)	14,984
Profit from deposits with banks	-	22,064
Profit from investment trust account	25	213
(Loss) / profit on sale financial assets at fair value through profit or loss	(193,944)	24,635
Change in fair value of financial assets at fair value through profit or loss (Note 7)	1,097,136	554,167
Dividend from financial assets at fair value through profit or loss	40,268	47,394
Profit from Islamic financing receivables (Note 8)	1,507,638	5,336
Return on Sukuk (Note 6)	4,695	45,032
Loss on partial sale of Sukuk (Note 6)	-	(220,170)
Other investment income	18,280	43,484
Investment costs	(8,596)	(10,336)
	2,435,534	526,803

18. OTHTER EXPENSES

	2025	2024
	KD	KD
Professional fees	45,147	46,446
Travel expenses	3,867	4,313
Fees and subscriptions	36,031	32,011
Others	23,283	118,885
	108,328	201,655

19. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share are computed by dividing the net profit / (loss) for the year by the weighted average number of ordinary parent company shares outstanding during the year. There are no potential dilutive ordinary shares.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	2025	2024
	KD	KD
profit / (loss) for the year (KD)	1,705,520	(548,438)
Weighted average number of shares outstanding	150,000,000	150,000,000
Basic and diluted earnings / (loss) per share (fils)	11.37	(3.66)

20. FIDUCIARY ASSETS

Fiduciary assets comprise investments managed by the Group on behalf of clients. These are not assets of the Group and accordingly are not included in the consolidated financial statements. As at the consolidated reporting date, total fiduciary assets managed by the Group amounted to KD 5,518,419 (2024: KD 4,933,434). The fees and commission earned on fiduciary assets amounted to KD 6,089 (2024: KD 5,707) recognized to the consolidated statement of profit or loss.

21. ANNUAL GENERAL ASSEMBLY

The parent company's Ordinary General Assembly was held on 15 May 2025 and approved the following matters:

- The Group consolidated financial statement for the year ended 31 December 2024.
- Payment of remuneration to the independent board of directors' amount to KD 10,000 for the year ended 31 December 2024.

22. CAPITAL MANAGEMENT AND FINANCIAL RISKS

Capital management

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

Financial risk

Categories of financial instruments

	2025	2024
	KD	KD
Cash and cash equivalents	623,448	352,369
Islamic finance receivables	9,126,724	8,162,532
Due from a related party	50,932	544,936
Financial assets at fair value through profit or loss	12,628,278	11,707,618
Financial assets at fair value through other comprehensive income	722,968	587,733
Other assets (excluding prepayments, right-of-use assets and property and equipment)	72,849	50,041
Other liabilities (excluding provisions for staff benefits, lease liability and general provisions)	62,878	36,251

23. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Categories of financial instruments (continued)

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign currency risk, profit rate risk and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) *Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Group undertakes some transactions in foreign currencies, and hence the risk of exposure to fluctuations in currency rates arises. The management monitors the positions on a daily basis to ensure positions are maintained within established limits.

The net positions of the Group's major foreign currencies denominated assets and liabilities at the consolidated financial position date are as follows:

	2025 KD (Equivalent)	2024 KD (Equivalent)
USD	7,653,622	7,430,205
SAR	2,563,763	2,552,495
EURO	9,761,284	8,547,248
GBP	2,249,737	1,955,458
HKD	456,956	-
Others	65	31

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rates used by the Group against the Kuwaiti Dinar. The effect of decrease in currency is expected to be equal and opposite to the effect of the increases shown below:

	2025		
	Increase against Kuwaiti Dinar	**Impact on the consolidated statement of profit or loss (KD)**	**Effect on consolidated other comprehensive income (KD)**
USD	10%	750,276	15,086
SAR	10%	256,376	-
EURO	10%	923,877	52,251
GBP	10%	224,974	-
HKD	10%	45,696	-
Others	10%	7	-

23. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

i) *Foreign currency risk (continued)*

	2024		
	Increase against Kuwaiti Dinar	**Impact on the consolidated statement of profit or loss (KD)**	**Effect on consolidated other comprehensive income (KD)**
USD	10%	728,136	14,885
SAR	10%	255,250	-
EURO	10%	818,593	36,132
GBP	10%	195,546	-
Others	10%	3	-

ii) *Profit rate risk*

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in effective profit rate for Islamic financial instruments on the market. Management has established levels of profit rate risk by setting financing limits. The Group is not exposed to profit rate because all its financial instruments are Islamic financial instruments at a fixed profit rate.

iii) *Equity price risk*

Equity price risk arises from the changes in fair values of equity investments. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure as at the date of the consolidated financial statements. The effect of decreases in market prices is expected to be equal and opposite to the effect of the increases shown:

	2025		
Description	**Increase against equity price**	**Effect on the consolidated statement of profit or loss**	**Effect on the consolidated statement of profit or loss and other comprehensive income**
		KD	KD
Financial assets at fair value through profit or loss	5%	631,414	-
Financial assets at fair value through other comprehensive income	5%	-	36,148

23. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

iii) Equity price risk (continued)

	2024		
Description	**Increase against equity price**	**Effect on the consolidated statement of profit or loss**	**Effect on the consolidated statement of profit or loss and other comprehensive income**
		KD	KD
Financial assets at fair value through profit or loss	5%	585,381	-
Financial assets at fair value through other comprehensive income	5%	-	29,387

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations or business through diversification of lending activities and obtaining the suitable guarantees when appropriate.

Risk of impairment of financial assets
Financial assets exposed to impairment include "cash and cash equivalents", "receivables", "due from a related party" and "Islamic finance receivables".

Cash and cash equivalents
Cash and cash equivalents are also subject to the requirements of ECLs in IFRS 9, Cash is placed with high credit rating financial institutions. Therefore, the Group's management believes that the impairment loss of cash and cash equivalents is insignificant.

Due from a related party and other debit balances
The Group adopts the simplified approach in accordance with IFRS 9 to measure the expected impairment losses through using provision for expected loss based on the period of ECLs for due from a related party. The Group recognized a provision for ECL of KD 67,108 (2024: KD 67,108) for balance due from related party in the consolidated statement of financial position.

Islamic finance receivables
The provision for ECLs for Islamic finance receivables that are computed in accordance with IFRS 9 in line with the CBK guidelines are higher than the provisions required under the CBK's instruction amounting to KD 95,868 (2024: KD 85,739). The Group recognized a provision for ECL of KD 460,076 (2024: KD 411,402) for Islamic finance receivables in the consolidated statement of financial position.

23. CAPITAL MANAGEMENT AND FINANCIAL RISK (CONTINUED)

Financial risk (Continued)

Credit risk (Continued)

Credit risk exposure
The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was:

	2025	2024
	KD	KD
Cash and cash equivalents (excluding cash on hand)	622,920	351,841
Due from a related party	50,932	544,936
Islamic finance receivables	9,126,724	8,162,532
Other assets (excluding prepayments, property and equipment, and right-of-use assets)	72,849	50,041
	9,873,425	9,109,350

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

Analysis of Group's financial assets that are exposed to credit risk by geographic segment and business sector is as follows:

	2025	2024
	KD	KD
Geographical segment:		
Gulf Cooperation Council ("GCC")	667,792	890,654
Others	9,132,784	8,168,655
	9,800,576	9,059,309

	2025	2024
	KD	KD
Business sector:		
Banks and financial institutions	617,920	346,841
Real estate	9,177,656	8,707,468
Government	5,000	5,000
	9,800,576	9,059,309

Liquidity risk

Liquidity risk is the risk that the Group will encounter to meet commitments associated with financial liabilities that result from (remote likelihood) that requires the Group to pay its commitments before they fall due.

23. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Liquidity risk (continued)

Prudent management of liquidity risk includes maintaining adequate liquidity and providing finance through an adequate amount of committed credit facilities, and the ability to close market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available as well as the support from the Shareholders.

The maturity of liabilities as of reporting date is estimated to be within one year (2024: within one year), except for end of service indemnity and non-current portion of lease liabilities which is estimated to have maturity exceeding one year.

24. FAIR VALUE MEASUREMENT

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December 2025 and 2024 are not significantly different from their carrying value.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The assets that are measured at fair value in the consolidated statement of financial position are classified under the fair value hierarchy as follows:

2025	**Level 1**	**Level 2**	**Level 3**	**Total**
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	7,750,532	4,877,746	-	12,628,278
Financial assets at fair value through other comprehensive income	150,855	522,510	49,603	722,968
Non-financial assets				
Investment properties	-	-	3,305,416	3,305,416

24. FAIR VALUE MEASUREMENT (CONTINUED)

2024	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	7,067,634	4,639,984	-	11,707,618
Financial assets at fair value through other comprehensive income	148,845	361,322	77,566	587,733
Non-financial assets				
Investment properties	-	-	3,335,384	3,335,384

Reconciliation of Level 3 fair value measurements:

	Financial assets at fair value through other comprehensive income
	KD
31 December 2025	
As at 1 January 2025	77,566
Change in fair value	(27,963)
31 December 2025	49,603
31 December 2024	
As at 1 January 2024	82,839
Change in fair value	(5,273)
31 December 2024	77,566

Investment properties measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Adopted fair value measurement Significant unobservable inputs Level 3
	KD
31 December 2025	
Investment properties	3,305,416
31 December 2024	
Investment properties	3,335,384

24. FAIR VALUE MEASUREMENT (CONTINUED)

The reconciliation of Level 3 fair value measurements of the investment properties is as follows:

	Investment properties
	KD
31 December 2025	
As at 1 January 2025	3,335,384
Change in fair value	(29,968)
31 December 2025	3,305,416
31 December 2024	
As at t 1 January 2024	3,320,400
Change in fair value	14,984
31 December 2024	3,335,384

During the year there were no transfers between level 1, level 2 and level 3.