

ANNUAL REPORT 2025



بيت الأوراق المالية
THE SECURITIES HOUSE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



بيت الأوراق المالية
THE SECURITIES HOUSE



Annual Report 2025

Established on 29th March, 1982

Authorised and Paid up Capital KD 40,000,000

Divided into 400,000,000 share

Par value 100 Fils / share



His Highness
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah
The Amir of the State of Kuwait



His Highness
Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah
Crown Prince of the State of Kuwait



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BOARD MEMBERS

Abdullatif Mohammed Al-Shaya
Chairman

Yousef Ibrahim Al-Ghanim
Vice Chairman & Chief Executive Officer

Altaf Abdullah Al-Ghanim
Board Member

Meshal A KH Al Wazzan
Board Member

Musaed Adnan Al-Ajeel
Board Member

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In the name of Allah, the Most Gracious, the Most Merciful. Praise be to Allah, the Lord of all worlds, and blessings and peace be upon the best of messengers, our Prophet Muhammad, and upon his family, companions, and all those who follow them with righteousness until the Day of Judgment.

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Dear Shareholders,

It gives me great pleasure to welcome you, on my own behalf and on behalf of my fellow members of the Board of Directors of Securities House Company and all its employees, to the 42nd Annual General Assembly Meeting of the Company to review the most important events during 2025 and the expected outlook for the year 2026, God willing.

Results and financial position,

With respect to the Company's results, operational performance witnessed significant growth. Total revenues increased by **62%**, reaching **KWD 5.9 million**, compared to **KWD 3.7 million in 2024**. Management and advisory fee income remained stable during 2025 at **KWD 2.9 million**, while revenues from securities brokerage activities grew by **157%**, reaching **KWD 1.7 million**, compared to **KWD 660 thousand** in the previous year. In addition, gross profit from commercial activities increased by **287%**, reaching **KWD 688 thousand**, compared to **KWD 177 thousand** last year, primarily due to the acquisition of Manarat Educational Services Company during the year. On the other hand, total expenses increased by only **9%** compared to the previous year, reaching **KWD 4.8 million in 2025**, compared to **KWD 4.4 million** for the previous year. This resulted in an operating profit of **KWD 1.1 million in 2025**, compared to an operating loss of **KWD (793) thousand in 2024**.


The share of results from associates recorded a loss of **KWD (1.2) million in 2025**, compared to a profit of **KWD 786 thousand** in the previous year. This was primarily due to the postponement of recognizing the Company's share in the gain from the sale by its key associate, Gatehouse Financial Group, of a subsidiary real estate advisory firm amounting to **KWD 1.4 million**, from Q4 2025 as originally planned to Q1 2026. Additionally, finance costs of **KWD 432 thousand**, amortization of intangible assets of **KWD 431 thousand**, and goodwill impairment of a subsidiary amounting to **KWD 250 thousand** were recorded. Accordingly, the Company reported a net loss attributable to shareholders of the parent company of KWD (1.24) million in 2025, equivalent to (3.2) fils per share, compared to a net profit of KWD 1.49 million in 2024, equivalent to 3.8 fils per share.

The Company's financial position grew by **6%** during the year, with total assets reaching **KWD 55.2 million as of 31 December 2025**, compared to **KWD 52.2 million as of 31 December 2024**, driven by the growth of the Company's activities. Also, shareholders' equity attributable to the parent company increased slightly to **KWD 40.2 million**, equivalent to **100 fils per share**, as of 31 December 2025, compared to **KWD 39.9 million**, equivalent to **100 fils per share**, as of 31 December 2024.

Highlights of 2025,

In line with the Company's success in accelerating growth in its asset management and brokerage businesses, assets under management—including brokerage activities—continued to expand during 2025, increasing by **22%** to reach **KWD 620 million** as of 31 December 2025, compared to **KWD 507 million** as of 31 December 2024.

Reinforcing the Company's core focus on asset management, strong performance continued in managing listed equity portfolios across local and GCC markets. Managed listed assets grew by **28%**, reaching **KWD 262 million** as of 31 December 2025, compared to **KWD 204 million** as of 31 December 2024. With respect to non-listed, value-added and income-generating assets, the Company continued to market and manage real estate investment funds. It launched its first commercial development fund in Kuwait with a size of **KWD 13 million**, as well as its thirteenth industrial development fund in the United States with a size of **USD 52 million**. The Company also successfully exited the "Hadana" contractual investment scheme, an income-generating investment, achieving a total return of approximately **35%** for investors, in addition to performance-based exit fees for the Company.



In the FinTech segment, the Company further strengthened its digital presence through its “Zad” application, achieving strong growth in online securities brokerage and robo-advisory services. Total trading value during the year reached **USD 1.6 billion**, compared to **USD 540 million** in the previous year, nearly threefold growth. The number of active clients increased to **82,000 by the end of 2025**, compared to **44,000 at the end of the prior year**, nearly doubling, reflecting growing confidence in the Company’s services and digital experience.

Capitalizing on promising opportunities in local operating sectors, the Company further diversified its investments through the acquisition in Q4 2025 of **100% of the share capital of Manarat Educational Services Company**, the owner of “Hamel Al-Misk” nurseries—one of the largest nursery chains operating in Kuwait.

Regarding associates, Gatehouse Bank, a subsidiary of Gatehouse Financial Group specializing in residential real estate financing in the United Kingdom, reached total assets of **GBP 1.4 billion** as of 31 December 2025. This was despite reporting a loss for 2025 due solely to the delay in recognizing the gain from the sale of a subsidiary real estate advisory firm, which was postponed from 2025 to Q1 2026 as part of the Group’s strategy to refocus on its core financing activities.

Looking to the future,

The Company’s forward-looking vision is centered on strengthening its position as a distinguished investment and advisory firm, primarily driven by the growth of revenues, particularly management and advisory fees across its core business segments. This includes the management of listed investments in local and GCC markets, investment in and management of private equity in local and regional operating sectors, management of real estate investments locally, regionally, and internationally (both development and income-generating) in addition to brokerage services and financial technology (FinTech).

Dear Shareholders,

The Company reaffirms its commitment to following the principles of good governance and applying the instructions and rules of corporate governance in accordance with the provisions of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and its amendments, as stated in the corporate governance report for the year ended 31 December 2025 presented to your esteemed assembly. We assure you of the integrity and accuracy of all financial statements and related to the Company’s activities in the annual report presented to you.

We hope that we have succeeded in presenting a clear overview of the key milestones in our company’s journey in 2025, along with our further plans, all aimed at enhancing shareholder value.

In conclusion, I can only thank Allah Almighty for all that has been achieved and the challenges faced, and I express my gratitude for your presence and continued support for the company and its management. We ask Allah to grant success in achieving our goals for the good of our beloved country under the wise leadership of His Highness the Emir, His Highness the Crown Prince, and His Excellency the Prime Minister, may Allah preserve them.

I would also like to extend our sincere gratitude to the official authorities for their positive cooperation and ongoing support. On behalf of the Board of Directors, I would like to thank the executive management and all the employees of the company for their dedication and hard work in serving the company.

We pray to Allah to preserve our country from the effects of the ongoing conflict in our region, keep Kuwait safe from all harm and evil, and that this crisis comes to an end peacefully.

Peace and blessings be upon you.



Abdullatif Mohammed Al-Shaya
Chairman



CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

Greetings,

Within the framework of the Company's commitment to comply with all instructions and decisions issued by the Capital Markets Authority (CMA), particularly those stipulated under Article (7-3) of Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities, and its amendments, we are pleased to present below a summary of all measures undertaken during the year 2025 to implement the requirements and policies related to the application of corporate governance rules in accordance with CMA regulations.

Rule One: Building a Balanced Board Structure

I. Criteria for the formation of the Board of Directors

The Board of Directors of Securities House Company consists of (5) members, the Board composition takes into consideration several key factors, including the diversity of academic qualifications and professional experience among its members, all members of the Board are non-executive, including two independent members, reflecting a balanced structure that enables the Board to effectively perform its responsibilities. These responsibilities include setting the Company's overall strategy, defining policies and objectives, and overseeing the performance of executive management.

The following table presents the names and qualifications of the members of the Board of Directors:

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Qualifications and Work Experience	Date of Election / Appointment of the Secretary
Abdullatif Mohammed Al-Shaya	Chairman / non-executive	Bachelor of Accounting 20 years (Financial and Administrative)	May 23, 2024
Yousef Ibrahim Al-Ghanim	Vice Chairman / Executive	Bachelor of Accounting 23 years (Financial and Administrative)	May 23, 2024
Altaf Abdullah Al-Ghanim	Board Member / Non-Executive	Bachelor of Administrative Sciences / Finance 17 years (financial and administrative)	May 23, 2024
Meshal A KH Al Wazzan	Board Member / Independent	Master of Business Administration 20 years (Financial and Administrative)	May 23, 2024
Musaed Adnan Al-Ajeel	Board Member / Independent	16 - year Master of Laws (Legal Field)	May 23, 2024
Madi Talal Al-Khamis	Secretary of the Board of Directors	Bachelor of Accounting 23 years (Financial and Administrative)	May 23, 2024

2. Organization of Board Meetings

Board of Directors meetings are held regularly upon the invitation of the Chairman. All Board members are provided with the meeting agenda, supported by the necessary information and data, at least three working days prior to the meeting date, the agenda is reviewed and approved by the Board at beginning of each meeting, for a meeting to be valid, a quorum must be met, whereby at least half of the Board members must be present, provided that the number of attendees is not less than three members. Decisions are taken by an absolute majority of the members present.

The Company's Memorandum and Articles of Association also regulate the procedures for attending Board meetings, as well as the handling of cases of irregular attendance by Board members.

During the year ended 31 December 2025, the Company held eight (8) Board meetings, as detailed below:

Name of Board Member	Meeting No. (1) held on 16/01/2024	Meeting No. (2) held on 27/03/2024	Meeting No. (3) held on 29/04/2024	Meeting No. (4) held on 14/05/2024	Meeting No. (5) held on 12/08/2024	Meeting No. (6) held on 25/09/2024	Meeting No. (7) held on 12/11/2024	Meeting No. (8) held on 23/12/2024	Number of Meetings
Abdullatif Mohammed Al-Shaya (Chairman)	√	√	√	√	-	√	√	√	7
Ibrahim Yousef Al-Ghanim (Formal Vice Chairman)	√	√	√	√	√	√	√	√	8
Altaf Abdullah Al-Ghanim (Board Member)	√	√	√	√	√	√	√	√	8
Meshal A KH Al Wazzan (Board Member)	√	√	√	√	√	√	√	√	8
Musaed Adnan Al-Ajeel (Board Member)	√	√	√	√	√	√	√	√	8

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

3. Recording, Coordinating, and Maintaining minutes of Board Meetings

The Board of Directors has appointed a Secretary to the Board from among the Company's employees, The Secretary is responsible for recording, organizing, and maintaining all minutes of the Board meetings, as well as documenting all reports submitted to and issued by the Board, in addition, the Secretary coordinates communication among Board members to ensure effective information flow and proper governance practices.

The Company maintains a dedicated register in which all Board meeting minutes are recorded in sequential order for each financial year. This register includes details such as the meeting venue, date, and the start and end times of each meeting.

4. Approval of Independent Directors

I, **Meshal A KH Al Wazzan**, in my capacity as member of the Board of Directors,

hereby confirm that I meet all independence criteria in accordance with the regulations set forth by the Capital Markets Authority, as stipulated in Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities, and its amendments.

I, **Musaed Adnan Al-Ajeel**, in my capacity as a member of the Board of Directors,

hereby confirm that I meet all independence criteria in accordance with the regulations set forth by the Capital Markets Authority, as stipulated in Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activities, and its amendments.

Rule Two: Proper Assignment of Tasks and Responsibilities

I. Proper Delineation of Tasks and Responsibilities

The roles, responsibilities, and duties of the Board of Directors and the Executive Management are clearly defined through a structured governance framework, the Company's Memorandum and Articles of Association outline the primary duties and responsibilities of the Board of Directors. In addition, the Board Charter specifies the Board's roles, including overseeing the performance of Executive Management and ensuring its compliance with the approved strategies and business plans, furthermore, the Executive Committee Charter, along with the Company's approved policies and procedures manuals, define specific tasks and responsibilities across various functions, the Delegation of Authority Matrix clearly sets out the powers assigned to Executive Management, as well as the matters reserved for the Board's decision-making authority.

Board of Directors:

The Board of Directors is responsible for setting the company's overall strategy and business plans. The core functions and responsibilities of the Board include the following:

- Setting and defining the Company's objectives and overall strategy of and monitoring the overall performance.
- Approving the annual budget and monitoring any variances.
- Ensuring Management's compliance with approved policies procedures and internal regulations.
- Approving the interim and annual audited financial statements.
- Establishing Board committees, overseeing their performance, and reviewing their reports.
- Monitoring the performance of the Executive Management and ensuring the effective execution of assigned duties and responsibilities.

Key Achievements During 2025

The most significant achievements of the Board of Directors during 2025 include the following:

1. Approving the Company's annual budget.
2. Monitoring the financial performance of the Company, its subsidiaries, and affiliated companies.
3. Reviewing **and evaluating** various projects and investment opportunities, and approving exits from selected investments.
4. Approving updates to the Company's policies and procedures manuals.
5. Reviewing inspection reports issued by the Capital Markets Authority and overseeing the company's responses thereto.

In order to effectively carry out its duties, the Board of Directors has established several specialized committees that operate with sufficient independence, enabling them to perform their assigned roles efficiently., these committees include the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee.

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for the Year Ended 31 December 2025

The following provides a brief overview of these committees:

Audit Committee:

The Audit Committee was reconstituted on 23 May 2024. The committee plays a key role in promoting a culture of compliance within the company by ensuring the integrity and accuracy of financial reporting, as well as the adequacy and effectiveness of internal control systems, the committee operates under supervision of the Board of Directors, and submits its reports and recommendations regarding the outcomes of its activities.

The key responsibilities of the Audit Committee include the following:

- Reviewing the financial statements prior to their submission to the Board of Directors, and providing recommendations thereon.
- **Overseeing** the work of the external auditor, assessing the scope and effectiveness of the audit, and recommending the appointment, reappointment, and determination of fees.
- **Reviewing** the accounting policies adopted by the company and providing recommendation to the Board of Directors.
- **Overseeing** the work of the External Sharia Audit Office, and recommending its appointment, reappointment and fees.
- Assessing the adequacy and effectiveness of internal control systems and submitting recommendations to the Board of Directors.
- **Overseeing** the internal audit function to ensure its effectiveness in implementing the approved annual audit plan.
- Reviewing and approving the annual internal audit plan.
- Recommending the appointment, transfer, dismissal and performance evaluation of the Internal Audit Officer.
- Reviewing internal audit reports and ensuring that appropriate corrective action are taken, including compliance with the Corporate Governance Manual.
- Reviewing reports issued by regulatory authorities and ensuring that the appropriate actions are taken in response.

The Audit Committee is composed of the following members:

1. Chairman of the Committee (Musaed Adnan Al-Ajeel)
2. Deputy Chairman of the Committee (Meshal A KH Al Wazzan) - Independent Member
3. Member Committee (Altaf Abdullah Al-Ghanim)

Committee Secretary: Madi Talal Al-Khamis

The Committee's membership remains valid throughout the members' tenure on the Board of Directors and shall expire upon the termination of their Board membership. During the year ended 31 December 2025 the Audit Committee held eight (8) meetings.

The most significant achievements of the Audit Committee during 2025:

1. Approving the Internal Audit Plan for 2025
2. Reviewing and approving the annual financial statements for the year ended 31 December 2024 as well as the interim financial statements for 2025.
3. Reviewing and approving quarterly internal audit reports and Sharia audit reports.
4. Reviewing and approving reports issued by the Sharia Supervisory Board.
5. Reviewing and approving reports issued by the external Sharia auditor.
6. Reviewing and approving the accounting policies adopted by the Company.
7. Reviewing and approving various audit reports
8. Following-up on outstanding internal audit observations
9. Reviewing and approve the report of the External Audit Office to evaluate and review the company's internal control systems.
10. Approving the performance evaluation of the internal audit officer.
11. Recommending to the Board of Directors the appointment of the external auditor for the financial year ended 31 December 2025, and determining their fees.
12. Recommending to the Board of Directors the appointment of the External Sharia Audit Office for the financial year ended 31 December 2025, and determining its fees.
13. Recommending to the Board of Directors the appointment of the Fatwa and Sharia Supervisory Board for the financial year ended 31 December 2025, and determining their fees.

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Risk Management Committee:

The Risk Management Committee was reconstituted on 23 May 2024, the committee is responsible for identifying, assessing and monitoring the various risks that may face the company's activities, with the objective of mitigating such risks and determining appropriate methods to manage them.

The Committee also evaluates internal and external factors that may give rise to risks, and develop appropriate mitigation strategies in line with the company's approved policies particularly the defined level of risk appetite (Risk Appetite).

The core functions of the Risk Committee include:

- Preparing and reviewing risk management strategies and policies before prior to their approval by the Board of Directors, and ensuring their effective implementation.
- Evaluating the systems and mechanisms for identifying, measuring and monitoring various types of risks to which the company may be exposed.
- Assisting and supporting the Board of Directors in determining and assessing the Company's risk appetite and ensuring that the risk exposure remains within acceptable limits.
- Reviewing periodic reports on the Company's risk profile and submitting recommendations to the Board of Directors.
- Reviewing matters raised by the Audit Committee that may impact the Company's risk management framework.

The Risk Management Committee is composed of the following members:

1. Chairman of the Committee (Meshal A KH Al Wazzan) – Independent Member
2. Deputy Chairman (Altaf Abdullah Al-Ghanim)
3. Committee Member (Yousef Ibrahim Al-Ghanim)

Committee Secretary: Madi Talal Al-Khamis

The Committee's membership remains valid throughout the members' tenure on the Board of Directors and shall expire upon the termination of their Board membership, During the year ended 31 December 2025, the Risk Management Committee held six (6) meetings.

The most significant achievements during 2025:

1. Reviewing and recommending updates to the risk management policy and for approval by the Board of Directors.
2. Reviewing and approving capital adequacy reports and ensuring compliance with the rates required by the Capital Markets Authority.
3. Monitoring the company's risk profile through reports prepared by the company's risk management department.
4. Review the comparative analysis between the actual investment position and the degree of risk acceptable to the company and prepare recommendations regarding any deviations.
5. Approving the performance appraisal of the risk management officer.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was reconstituted on May 23, 2024, and the committee is concerned with identifying and nominating qualified candidates to fill the membership of the Board of Directors, Board Committees and Executive Management, ensuring that candidates possess appropriate professional experience, technical competencies, and strong personal and ethical standards, in a manner that serves the best interests of the Company and its shareholders and its shareholders.

The Nomination and Remuneration Committee is also responsible for establishing policies and frameworks governing compensation and remuneration to all levels of the company, including determining the remuneration of the chairman, members of the board of directors and executive management, provided that they are consistent with the company's strategy and objectives, whether in the long term or in the short term, to attract highly qualified talent with professional competencies and high technical capabilities, and and to motivate employees across all organizational levels to achieve the Company's objectives.

The main objectives of the Committee are:

- Recommending the nomination and re-nomination for membership of the Board of Directors, Board Committees and Executive Management, taking into account that the candidates meet all the requirements contained in the instructions of the Capital Markets Authority regarding the rules of efficiency and integrity.

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- Conducting an annual review of the required needs of appropriate skills to occupy the membership of the Board of Directors and attract applications for those wishing to fill executive positions, where everyone wishing to fill these positions must have academic and scientific qualifications in addition to appropriate professional experience.
- Developing job descriptions for executive, non-executive and independent members.
- Proposing the nomination and re-nomination of independent members to be elected by the general assembly of the company and ensuring that the independent member of the board of directors does not disappear.
- Developing a remuneration policy consistent with the company's strategic objectives and applied at all levels of the company's career.
- Ensure that the remuneration granted to both the members of the Board of Directors and the executive management is fair and serves the company's long-term objectives.
- Identify the different segments of rewards to be granted, including the fixed rewards segment and the performance-related rewards segment.
- Ensure that the remuneration policy is applied and that there are no deviations.
- Periodically review the remuneration policy and evaluate its effectiveness in achieving the desired objectives.
- Prepare a detailed annual report on all remuneration granted to the members of the Board of Directors and the executive management, whatever their nature and name, provided that this report is presented to the General Assembly of the company for approval.

The Committee shall be composed of:

1. Chairman of the Committee (Abdullatif Mohammed Al-Shaya)
2. Deputy Chairman of the Committee (Musaed Adnan Al-Ajeel) – Independent Member
3. Committee Member (Yousef Ibrahim Al-Ghanim)

Committee Secretary: Madi Talal Al-Khamis

The membership of the Committee is remains valid throughout the members' tenure and ends with the termination of their membership in the Board of Directors, and the Nomination and Remuneration Committee held 6 meetings during the year ended 31 December 2025.

The most important achievements during 2025:

1. Discussing and approving the results of evaluating the performance of the members of the Board of Directors as a whole and the contribution of each of its members and committees
2. Approving the employee performance appraisal and the proposal for bonuses and salaries for the year 2024
3. Approval of the training plan for employees and members of the Board of Directors for the year 2025
4. Review the updated remuneration policy and recommend it for approval by the Board of Directors
5. Approving incentive bonuses for incentive fees already achieved by the company during the year
6. Approval of the Corporate Governance Report including the Remuneration Report.

2. The mechanism for Board members to obtain accurate and timely information and data

The executive management provides the members of the Board of Directors with many reports and data, which enable the Board to view all the course of work, and all the committees of the Board and the Executive Committee submit their reports to the Board, and the Board of Directors is also provided with all data and information on the topics on the agenda of the Board meetings, so that the Board of Directors can carry out its duties and take decisions based on sufficient and accurate information.

The company's management is currently developing the infrastructure of information technology systems through the development of the automated system used, which will lead to the development of reporting systems in terms of accuracy and quality of reports submitted to the company's board of directors.

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for the Year Ended 31 December 2025

Rule Three: Selection of Qualified Individuals for Board of Directors and Executive Management

1. Application of the requirements for the formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members, chaired by a non-executive member of the Board of Directors, and includes at least one independent board member, and the Committee has adopted a clear policy for granting remuneration to both the Chairman and members of the Board of Directors, in line with the Companies Law No. 1 of 2016 and its Executive Regulations.

2. Report on the remuneration granted to the members of the Board of Directors and the Executive Management

The company implements an appropriate and easy-to-apply remuneration policy to achieve the goal of their participation, particularly high-performing employees, in the profits achieved by the company in recognition of their commitment and to motivate them to dedicate themselves to achievement and achieve a minimum profit target. At the same time, this policy takes into account the creation of reassurance among shareholders by ensuring that a minimum annual profit is achieved before employees participate in that profit based on the approval of the Nomination and Remuneration Committee of the Board of Directors.

Employee Bonuses

At the end of each financial year, the overall remuneration pool for all employees, including the CEO, is determined as a variable percentage of the net profit realized in light of the ratio of that actual profit to the target profit at the beginning of the year. Employees are classified into segments according to the approved job grade structure and the amount of the bonus is divided among those segments and then the reward of each employee is determined separately in light of performance evaluation of all employees based on two criteria, first, the achievement of predefined objectives for the employee at the beginning of the year are achieved (and has a relative weight of 70%) and second, the skills and competencies of the employee's performance during the year (and has a relative weight of 30%). Finally, bonuses are distributed after the issuance of the company's audited annual financial statements.

It should be noted that remuneration may be granted to some employees if they meet the required performance targets even if the minimum net profit threshold is not achieved at the general level of the company, even if the minimum net profit threshold is not achieved by the Nomination and Remuneration Committee of the Board of Directors for the CEO and the Executive Management and the approval of the CEO for other employees.

Remuneration of Board Members

For the members of the Board of Directors, it is recommended to pay an annual lump sum remuneration after the approval of the annual general assembly of shareholders of the company's financial statements and in light of compliance with the legal and regulatory controls in this regard. Their annual remuneration is determined based on several factors such as the number of committees in which the Board member is a member, in addition to their Board membership, the number of annual meetings attended by the Board member, whether for the Board or the specific committees, in addition to the annual evaluation of the performance of the Board members according to the criteria of skills and subjective or technical attributes related to his knowledge of the nature of the company's activities.

The following table shows the remuneration, incentives and benefits granted to the members of the Board of Directors, Executive Management and Directors for the financial year ended 31 December 2025:

Remuneration and benefits for members of the Board of Directors							
Bonuses and benefits through affiliates				Bonuses and benefits through the parent company			Total Number of Members
Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)		Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)	
Bonus Committees	Annual bonus	Gross monthly salaries during the year	health insurance	Bonus Committees	Annual bonus	Health Insurance	
-	-	-	-	37,500	-	-	5



Total remuneration and benefits granted to five senior executives who received the highest remuneration, plus the CEO and CFO or their representative if not including												
Bonuses and benefits through affiliates						Bonuses and benefits through the parent company						Total number of executive positions
Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)				Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)				
Annual bonus	End of service allowance	Vacation allowance	health insurance	Social Insurance	Monthly salaries (total during the year)	Annual bonus	End of service allowance	Vacation allowance	health insurance	Social Insurance	Monthly salaries (total during the year)	
-	-	-	-	-	-	59,068	53,974	47,702	7,993	18,975	313,767	6

During the year, the Company did not record any deviations from the approved policy in granting bonuses and benefits.

Rule Four: Ensuring the Integrity of Financial Reporting

1. Written undertakings by the Board of Directors and the Executive Management of the integrity and integrity of financial reporting

The Executive Management shall provide written undertakings, represented by the CEO

, Chief Operating Officer and Financial Controller, to the Board of Directors that the Company's financial reports are presented properly and fairly. In this context, the Chairman of the Board of Directors also acknowledges and undertakes the accuracy, integrity and integrity of the financial statements that have been provided to the external auditor and that the company's financial reports have been presented in a sound and fair manner and in accordance with the international financial reporting standards applied in the State of Kuwait and approved by the Authority and that they reflect the financial position of the company as at 31 December 2025, based on the information and reports received by the executive management and the auditor and to exercise due diligence to verify The integrity and accuracy of these reports.

2. Application of the requirements for the formation of the audit committee

The Audit Committee consists of three members, and the committee includes in its composition an independent board member, and the membership of the committee is occupied by two non-executive members, and the Chairman of the Board is not a member of the Committee of, in addition to that, there are among the members of the committee members with scientific qualifications and / or practical experience in the accounting, financial and legal fields as well, and its minutes are recorded and kept by the secretary of the committee, and the committee holds periodic meetings with external auditors in addition to holding periodic meetings with the internal auditor.

3. Conflict Between Audit Committee Recommendations and Board of Directors

The Company's management affirms that there have been no instances of conflict between the recommendations issued by the Audit Committee and the resolutions adopted by the Board of Directors.

4. Independence and impartiality of the external auditor

The Ordinary General Assembly of the Company's shareholders appoints the external auditor, based on the recommendation of the Board of Directors, and the Audit Committee ensures the independence and impartiality of the external auditor, and the external auditor does not provide any additional work to the company that does not fall within the audit-related services, and the external auditor is fully independent of the company and its board of directors.

Rule Five: Establishing Sound Risk Management and internal control systems

1. Application of risk management formation requirements

The company's risk management identifies and measures the various risks that the company may be exposed to, compared to the degree of risk acceptable to the company and determines deviations, in addition to reporting to the risk committee, and the company's risk management officer has independence, and the company has determined the degree of acceptable risk (Risk Appetite) as approved by the Board of Directors.

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

2. Application of the requirements for the formation of the Risk Management Committee

The Risk Management Committee consists of three members, and the committee is chaired by a non-executive member of the Board of Directors, and the Chairman of the Board of Directors is not included in the membership of the Committee, and the Committee ensures the implementation of risk management strategies and policies set by the Board of Directors, in addition to evaluating the systems and mechanisms for identifying, measuring and following up the different types of risks that the company may be exposed to, and its minutes are recorded and kept by the Secretary of the Committee.

3. Internal Control Systems

The company's internal control systems are based on basic pillars to ensure the dual control process, through the proper identification of powers and responsibilities, through several mechanisms, including the existence of an approved table of powers and powers, in addition to the existence of approved policies and procedures manuals, clarifying all levels of authority and authority, and there is a complete separation of tasks through the application of The principle of segregation of duties, in addition to monitoring all operations that may involve a conflict of interest and full disclosure of those operations, and the company's management adopts the principle of dual control over all operations and activities.

4. Applying the requirements for the formation of an independent internal audit department

The Internal Audit Department was established to evaluate the efficiency and effectiveness of the internal control systems applied within the company, and the Internal Audit Department enjoys independence through its direct subordination to the Audit Committee and subordinate to the Board of Directors, and the Internal Audit Officer has been appointed by a decision of the Board of Directors based on the nomination of the Audit Committee and the approval of the Capital Markets Authority. The Internal Audit Officer prepares his periodic reports and discusses them through the periodic meetings of the Audit Committee.

Rule Six: Promote Professional Conduct and Ethical Values

1. Standards and determinants of professional conduct and ethical values

The Company expects all directors and all employees to perform their work to the best of their ability and to act in a manner that reflects and enhances the image and reputation of the Company. The Code of Professional Conduct ("Code of Conduct") confirms the Company's policy and is a guide to:

- Promoting honest and ethical behaviour that reflects positively on the company
- Maintaining an institutional climate that preserves the value, integrity and dignity of each individual
- Ensuring compliance with the laws, rules and regulations governing the activities and operations of the Company, and
- Ensuring the proper use of the company's assets

These codes and ethics outline the standards for how each director, officer or employee behaves with all stakeholders in the company and the general public. These rules ultimately aim to ensure that third parties view the company as an organization committed to high standards of integrity in all its dealings. These rules do not address all situations that may be encountered and are not a substitute for any member of the company to exercise good judgment and proper behaviour.

Code and ethics of professional conduct

All members of the company are always committed to maintaining the company's good reputation and must do the following:

1. Providing responsible, effective and high-quality service with integrity
2. Not to abuse the authority granted to him as an individual of the company when dealing with any person, complainant or entity
3. Act fairly and impartially towards all when exercising any discretion in the performance of duties
4. To exercise the powers granted to him in a responsible manner and in particular:
 - Perform all their duties with integrity without favouritism and without regard to social status, gender, race, religion, political beliefs or aspirations
 - Act honourably, honestly, respectfully, transparently and responsibly
 - Treat all people equally with objectivity
 - Use any discretion vested in him rationally, impartially and impartially.

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

5. Refrain from disclosing any information received in the context of his work and duties unless the performance of duties or needs otherwise requires
6. Resist and report any bribes or other forms of corruption resulting from any source; and behave in their private lives in a manner that does not tarnish or undermine the reputation and honour of the company
7. Respect and apply these rules In the event that they have reason to believe that a violation of these rules or the law has occurred or is about to occur, the matter shall be reported to the Chief Executive Officer or the Chairman of the Board of Directors, as the case may be.

2. Policies and mechanisms to reduce conflicts of interest

A conflict-of-interest policy has been prepared to ensure that the highest degree of transparency is maintained to cover all of the Company's operations. Conflicts of interest between employees and members of the Company's Board of Directors, their immediate family members (i.e. spouse, children, parents, brothers and sisters) and the Company regarding their commercial and economic interests should be avoided.

Although this policy does not attempt to describe all potential conflicts of interest that may arise, the following are some conflicts of interest that directors and employees should avoid:

- Gain any benefit as a result of a person's position as a board member or employee of the company
- Engage in any conduct or activity that inappropriately interferes with the Company's current or prospective business relationships with third parties
- Accept bribes, hidden commissions or any illegal payments for services related to the conduct of the Company's activity
- Accepting or instructing a member of the immediate family of a member of the Board of Directors or employee to accept a gift from people or entities dealing with the Company in cases where the gift is expected to affect the actions of the Board Member in his capacity as a member of the Company, in light of the overall prevailing circumstances.

Conflict of Interest - General Provisions

The Board of Directors shall take all reasonable measures to identify, prevent or deal with conflicts of interest between the members of the Board of Directors, an employee of the Company, one of his relatives, a subsidiary of the Board or one of his relatives and between his clients, employees and agents, or the exploitation of the confidential information of such clients, in particular in the following cases:

1. Concluding transactions on securities to which one of the company's clients is a party.
2. Conclude transactions on securities by exploiting confidential information of clients.
3. Provide inappropriate advice or recommendation to the client to carry out an operation or conclude a transaction on securities for the benefit of one of the company's employees or agents
4. Provide any confidential information that may have reached one of the Company's employees or agents with the aim of concluding a transaction on securities, to which one of the Company's clients is the other party, or to advise or recommend to another person to conclude such transaction.

Conflict of Interest – Board Members

The members of the Board of Directors shall act at all times in the interests of the Company and not the interests or specific parties, and this means putting personal interest aside and performing their duties in the conduct of the Company's affairs in a manner that enhances public confidence and confidence in the integrity, objectivity and impartiality of the Board of Directors.

No member of the Board of Directors shall directly or indirectly receive any profit from his position in this capacity.

Disclosure of Conflict of Interest by a Board Member

A member of the Board shall promptly disclose to the Chairman of the Board any situation that includes or is reasonably expected to involve a conflict of interest.

Interest in business and contracts concluded for the benefit of the company

A member of the Board of Directors may not, without the approval of the General Assembly (provided that such approval is renewed annually), have any interest (directly or indirectly) in the works or contracts concluded in favour of the Company, except for works executed through a public tender, if the member of the Board of Directors submits the best offer.

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

A member of the Board of Directors shall inform the Board of his personal interests in the business and contracts concluded for the benefit of the Company and such notification shall be recorded in the minutes of the meeting, and the member who has such interests may not participate in voting on the resolution to be issued in this regard. The Chairman of the Board of Directors shall also inform the General Assembly of the works and contracts in which the Board Member has interests and shall attach to this notification a special report prepared by the Company's auditor..

Interest in businesses that compete with the company's business and providing credit facilities or guarantees

A member of the Board of Directors shall not engage in any business or activities that may constitute competition with the business and activities of the Company, nor shall the Company provide credit facilities of any kind to the members of its Board of Directors or guarantee any loan granted under any Board member's contract with third parties.

Conflict of Interest – Employees

The Company expects its employees to avoid any personal activities or financial or non-financial interests that could interfere with their commitment to perform their job duties effectively.

Employees must not engage in an external business activity or project that, by its nature, scope, or time requirements, can:

- Includes a conflict of interest that distracts the employee from performing his duties in an honest and impartial manner
- Interferes with the satisfactory performance of work for the company or distracts the employee from taking care of his daily work
- Entails risk or abuse of power or information
- Negatively affects the interests or reputation of the company

Rule Seven: Accurate and Timely Disclosure and Transparency

I. Accurate and transparent presentation and disclosure mechanisms

The management of Securities House Company is keen to follow the highest standards of disclosure and transparency, in order to ensure that the company's management treats all its current and potential shareholders and all stakeholders fairly and without discrimination, and the presentation and disclosure mechanisms have been approved by the Board of Directors, and the presentation and disclosure mechanisms followed by the company take into account the accuracy and transparency in the presentation of data and information, whether financial or non-financial, and the disclosure of material information is disclosed in a timely manner and in accordance with the instructions of the Authority. In this regard, the company's management also reviews the mechanisms and systems of disclosure and transparency periodically, to ensure that they keep pace with the best international practices in this regard.

2. Board of Directors and Executive Management Disclosures Record

The company's management has prepared a special record for the disclosures of the members of the Board of Directors and the executive management, and all shareholders of the company have the right to view that record without any fee or consideration, and the register data is updated periodically based on the disclosures of the members of the Board of Directors or the executive management.

3. Investors Affairs Unit

The company's management has established a unit to regulate the affairs of investors, and the unit enjoys the appropriate independence and works to provide all the necessary data and information to shareholders and potential investors through the recognized means of disclosure, including the company's website.

4. IT infrastructure development

The company's management pays special attention to the development of the information technology infrastructure, as the company's website includes a section dedicated to the governance system followed within the company, and the website contains interim financial statements as well as the annual audited financial statements of the company, in addition to all disclosures of material information and events related to the company, and many data and information that help shareholders or potential investors and stakeholders to exercise their rights. and evaluate the company's performance.



Rule Eight: Respect for Shareholders' Rights

1. Define and protect the general rights of shareholders

Article (15) of the Articles of Association of Securities House Company stipulates the general rights of shareholders to ensure that all shareholders exercise their rights fairly and without discrimination, and the investor and interested parties relationship policy, approved by the company's board of directors, stipulates all the rights due to the company's shareholders, and that all shareholders who own the same type of shares must be treated equally and without discrimination between any of them, and this includes among those rights stipulated in the articles of association and the company's internal regulations the following:

- Disposition of shares from registration, transfer and/or transfer of ownership
- Participate in making decisions related to the amendment of the articles of association and memorandum of association of the company, as well as decisions related to unusual transactions that may affect the future or activity of the company, such as mergers, sale of a large part of its assets or liquidation of subsidiaries
- Monitor the performance of the company in general and the work of the Board of Directors in particular
- Obtain accurate, comprehensive, adequate and timely background information, including the Company's operational and investment strategies in order to evaluate the Company's financial statements and performance
- Hold members of the Board or Executive Management responsible and demand accountability in the event of their failure to perform the tasks entrusted to them
- Receiving dividends, participating and voting in the General Assembly meetings
- Obtaining a share of the company's assets in case of liquidation
- Election of the members of the Board of Directors

2. Continuous follow-up of shareholder data

For the purposes of continuous follow-up of the data of shareholders, the company has contracted with Kuwait Clearing Company, in order to keep the shareholders' register, which includes the names of shareholders, their nationalities and domicile, in addition to the shares owned by each of them, and any changes to the data contained therein are noted in that register, and all shareholders are allowed to view the shareholders' register, and the data contained in the register are dealt with according to the highest levels of protection and confidentiality.

3. Encouraging shareholders to participate and vote in the meetings of the General Assembly

The meetings of the General Assembly of Shareholders are invited by the Board of Directors, through the mechanism contained in the Companies Law No. 1 of 2016 and its Executive Regulations, where the invitation is made including the agenda, time and place of the meeting by announcing twice, where the announcement is made the second time after a period of not less than seven days from the date of publication of the first announcement and at least seven days before the meeting, and the announcement is made through two local newspapers in addition to Publish the announcement on the company's website as well as on the company's page on Bursa Kuwait's website.

The company provides and provides all data and information related to the agenda items, well in advance of the general assembly meeting of shareholders, which provides an opportunity for all shareholders of the company to view such data and information and thus participate effectively in those meetings, and each of the chairman of the board of directors or the company's auditor answers all questions and inquiries of shareholders, whether those related to the company's financial position and business results, or related to the company's operational activity and future plans.

The company also provides the opportunity for all shareholders to vote on the resolutions of the General Assembly, whether in person through physical attendance or through electronic voting, in addition to voting to elect members of the Board of Directors, where no fees are imposed on the company's shareholders for attending the General Assembly meetings or granting a preferential advantage to any category against other categories of shareholders.

Rule Nine: Recognizing the Role of Stakeholders

1. Systems and policies that ensure the protection and recognition of the rights of stakeholders

Securities House has developed several systems and policies to ensure the protection of the rights of stakeholders, as one of the main pillars in the company's success in achieving its objectives is the result of the joint efforts of many parties including customers, suppliers, employees, investors and other parties that have business relations with the company.

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025

These systems and policies have been prepared to achieve the following objectives:

- Treatment on a fair and equitable basis.
- Obtain compensation in the event of any violations of their rights recognized by the regulations and protected by the contracts concluded with them.
- Enjoy the same rights and privileges as the Board of Directors and related parties in dealing with the Company, which also includes the Company's commitment to the procurement policy among other policies and practices.
- The company's commitment to the privacy and confidentiality policy of data.
- Obtain the following listed in each contract between the stakeholders and the company:
 - Procedures and mechanisms to be followed in the event of a breach by any party of its obligations
 - Procedure for payment of compensation in case of irregularities
- Obtain relevant company information that is necessary for interested parties.
- Explicit and clear disclosures of relevant information.
- Notify them about the Company's whistle blowing program and should be adequately protected in accordance with the requirements of the whistle blowing policy.
- Provide them with an appropriate mechanism (through the whistle blowing program) in case they wish to notify the Board of Directors of any incorrect practices carried out by the company.

2. Encourage stakeholders to participate in the follow-up of the company's various activities

The company's management encourages stakeholders to participate in following up the company's various activities through an approach based on transparency and dealing on a fair basis with all stakeholders, and the company's management works to create a culture among employees to link their performance and career development to achieve the company's strategic objectives, which leads to encouraging employees to actively and continuously participate in following up the company's various activities.

Rule Ten: Enhancing and Improving Performance

1. Applying the requirements for both members of the Board of Directors and the Executive Management to obtain training programs

Securities House Company pays special attention to the continuous training and qualification of both the members of the Board of Directors and the executive management, as the company's management believes that continuous training operations contribute to achieving the company's objectives, through the exercise of both the Board of Directors and the executive management of the tasks entrusted to them to the fullest, where the Nomination and Remuneration Committee approves the annual training programs and workshops in cooperation with the company's human resources department, where the training needs of the candidate are taken into account through these courses, whether he is a member of the Board of Directors or a member of the executive management of the company.

2. Evaluating the performance of the Board of Directors and Executive Management

The company has developed basic performance indicators (KPIs) to measure the performance of the Board of Directors as a whole and the contribution of each of its members, in addition to developing performance indicators for all board committees and members of the executive management as well, where the company carried out performance evaluations in light of performance indicators and set goals, and with the aim of identifying any deviations and treating them to ensure the outstanding performance of both members of the board of directors and executive management, thus achieving the company's goals.

3. The Efforts of the Board of Directors in Creating Institutional Values (Value Creation) among the company's employees

The Board of Directors of Securities House is committed to fostering institutional values within the company by establishing effective mechanisms and procedures aimed at achieving the company's strategic objectives and enhancing overall performance. The company's management is continuously works on developing integrated reporting systems to ensure greater comprehensiveness and accuracy, This enables both the Board of Directors and the Executive Management to make informed and well-structured decisions.

CORPORATE GOVERNANCE REPORT

for the Year Ended 31 December 2025



During 2025, the Department submitted all reports that comprehensively, periodically and accurately review the following aspects:

1. Company strategy.
2. Overview of the company structure and business model:
3. Risks facing the company.
4. Direction and future expectations.

These reports were presented separately throughout the year; however, they were not consolidated into a unified report under the concept of “Integrated Reporting”.

Rule Eleven: Focus on the Importance of Social Responsibility

The corporate social responsibility policy is developed to ensure a balance between both the company’s goals and the goals of society, and the company’s commitment to social responsibility is one of the essential elements of any organization’s success. The company’s management aims to operate under a sustainable business model that produces value by building in-depth, broad-based and long-term relationships with our customers and other members of the community in which we operate, and social responsibility is embodied in the values adopted by the company and forms the basis for how the work is done where products are developed and services are provided in accordance with our goals and commitments.

Iftar Initiative: Instilling the Values of Giving in Children

During the year 2025 the company had several initiatives most notably organizing an initiative to distribute Iftar meals for those who are fasting in cooperation with one of the volunteer teams, believing in the importance of social participation and helping those in need especially in the holy month of Ramadan.

The initiative aimed to instill the values of giving and solidarity in the hearts of children, as they reacted enthusiastically to this initiative, helping prepare and pack food, and then distributing it to workers and needy people on the streets.

Abdullatif Mohammed Al-Shaya
Chairman



REPORT OF THE AUDIT COMMITTEE ON THE EVALUATION OF INTERNAL CONTROL SYSTEMS

for the Financial Year Ended 31 December 2025

I. Introduction

The company carries out its activities under the Companies Law No. 1 of 2016 and its subsequent amendments and its Executive Bylaws in accordance with the principles of Islamic Sharia, and is subject to the supervision of the Capital Markets Authority in accordance with Resolution No. 72 of 2015 regarding the issuance of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments.

The Company's authorized and paid-up capital is KD 40,000,000 divided into 400,000,000 shares, with a nominal value of 100 fils per share.

I.1 Activities

The company carries out the following activities:

1. Investment Portfolio Manager
2. Collective Investment Scheme Manager
3. Investment Advisor
4. Broker not registered on the stock exchange
5. Underwriting Agent
6. Custodian
7. Buying and selling shares for the company's account
8. Purchase and Sale of Land and Real Estate
9. Management and Development of Land and Real Estate
10. Design, Construction, Operation, Maintenance, and Transfer of Projects under the PPP Model

I.2 Organization

The Board of Directors of the Company shall assume all the necessary powers and authorities to manage it, and the Board of Directors of the Company has delegated to the executive management, headed by the Chief Executive Officer, some powers and authorities commensurate with the size of the responsibilities entrusted to them. The company consists of two main sectors – the investment sector and the operations sector.

I.3 Board of Directors

The Board of Directors develops and approves the Company's long-term business strategy and plans, approves the internal control systems and ensures their effectiveness, ensures the Company's compliance with the approved strategy, policies and procedures adopted in accordance with the laws and regulations issued, supervises the executive management that is responsible for the day-to-day operations of the Company, and ensures that all risks are properly managed.

The Board of Directors is ultimately responsible for the Company's operations and the integrity of its financial position, meeting the requirements of the Capital Markets Authority in Kuwait, protecting the interests of shareholders, protecting the rights of minority, creditors, investors, customers, employees and other interested parties, and ensuring that the Company is managed in a prudent manner and in accordance with applicable laws, regulations, policies and internal procedures.

The board held (8) meetings during 2025, and consist of five members as follows:

Name	Post	Membership classification
Abdullatif Mohammed Al-Shaya	Chairman of the Board of Directors	Non-Executive
Yousef Ibrahim Al-Ghanim	Vice Chairman	Executive
Altaf Abdullah Al-Ghanim	Board Member	Non-Executive
Musaed Adnan Al-Ajeel	Board Member	Independent
Meshal A KH Al Wazzan	Board Member	Independent

REPORT OF THE AUDIT COMMITTEE ON THE EVALUATION OF INTERNAL CONTROL SYSTEMS

for the Financial Year Ended 31 December 2025

1.4 Executive Management

The Board of Directors has delegated responsibility for the Company's management and overall performance, including all day-to-day operations and administrative affairs of the Company, to Mr. Yousef Ibrahim Alghanim, Chief Executive Officer of the Company. The Chief Executive Officer's core responsibilities include, but are not limited to, the following:

- Develop, implement and monitor the strategic and financial plans of the company with the Board.
- Foster a culture that encourages transparency, honesty, teamwork and social responsibility.
- Ensure the continuous development, implementation and follow-up of the company's risk management and internal control frameworks.
- Ensure that the Board is provided with accurate, clear, relevant and timely information to support effective decision-making by the Board.
- Ensure that the Board of Directors is informed of all matters affecting the Company.
- Managing the Company in accordance with the policies, budget, corporate plan, and strategy approved by the Board of Directors, and taking decisions, in accordance with the limits stipulated in the table of delegation of powers.

2. Screening Criteria

We conducted the evaluation according to the criteria outlined in the book "Internal Control – Integrated Framework" ("Framework") issued by the Committee of Sponsoring Institutions of the Treadway Commission (COSO). According to the framework, internal control is: "a process implemented by an organization's board of directors, general management, and other staff to provide assurance that operational objectives, reporting and compliance are met."

2.1 Target Categories

The framework provides three categories of objectives, enabling organizations to focus on separate aspects of internal control:

- **Operations objectives** – relate to the effectiveness and efficiency of an organization's operations, including operational performance objectives, financial performance and asset loss protection.
- **Reporting Objectives** – These relate to internal and external financial and non-financial reporting, and may include reliability, timeliness, transparency and other requirements set by regulators, standard-setters or enterprise policies.
- **Compliance objectives** – relate to compliance with the laws and regulations to which the organization is subject.

2.2 Elements and principles of internal control

The framework provides for five elements of internal control and seventeen principles representing the core concepts and standards associated with these elements, as follows:

1. Control environment

A set of standards, processes and structures that provide a basis for the implementation of internal control throughout an organization. The Board of Directors and senior management determine the importance of internal control and standards of expected conduct at senior levels of the organization.

There are five principles related to the control environment:

1. The organization demonstrates a commitment to integrity and ethical values.
2. The Board of Directors should show independence from management and supervise the development and performance of internal control.
3. Management shall, under the supervision of the Board of Directors, determine appropriate structures, powers and responsibilities in pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop and retain competent employees in line with its objectives.
5. The organization should hold employees accountable for their internal control responsibilities in pursuit of its objectives.

REPORT OF THE AUDIT COMMITTEE ON THE EVALUATION OF INTERNAL CONTROL SYSTEMS

for the Financial Year Ended 31 December 2025



2. Risk assessment

Risk assessment involves a dynamic and iterative process of identifying and analyzing risks to the achievement of an organization's objectives, and serves as a basis for determining how these risks should be managed. Management examines potential changes in the external environment and within its business model that could limit its ability to achieve its goals.

There are four principles related to risk assessment:

1. The organization should define objectives with sufficient clarity to make it possible to identify and assess risks related to the objectives.
2. The organization should identify risks that threaten the achievement of its objectives throughout the organization, and analyze these risks as a basis for determining how these risks should be managed.
3. The institution should take into account the potential for administrative corruption when assessing the risks that threaten the achievement of objectives.
4. Identify and evaluate changes that are likely to significantly affect the internal control system..

3. Control activities

Actions defined by policies and procedures to help ensure the implementation of management directives to reduce risks to the achievement of objectives. Control activities are carried out at all levels of the organization at different stages within the operations and in the technology environment.

There are three principles relating to oversight activities:

1. The organization selects and develops control activities that contribute to reducing risks that threaten the achievement of objectives to an acceptable degree.
2. The organization selects public oversight activities on technologies and their development to support the achievement of its objectives.
3. The institution should disseminate oversight activities through policies that define expectations and procedures for implementing these policies.

4. Information & Contact

Information is essential for the organization to carry out its internal control responsibilities in support of achieving its objectives, and communication occurs at the internal and external levels and provides the organization with the information it needs to implement day-to-day controls. Communication enables employees to understand internal oversight responsibilities and their importance to achieving objectives.

There are three principles related to information and communication:

1. The organization obtains or creates and uses useful information to support the work of internal control.
2. The organization transfers information internally, including internal control objectives and responsibilities necessary to support the work of internal control.
3. The Organization shall communicate with external parties regarding matters affecting the work of internal control.

5. Follow-up activities

Continuous and/or separate evaluations are used to ensure the existence and functioning of each of the five elements of internal control, including the application of the principles contained in each element. Results are evaluated and deficiencies reported in a timely manner and serious issues are reported to senior management and the Board of Directors.

There are two principles related to follow-up activities:

1. The organization selects, develops and performs ongoing and/or separate evaluations to ensure that internal controls are in place.
2. The organization assesses internal control deficiencies and communicates them in a timely manner to parties responsible for corrective action, including senior management and the Board of Directors, as appropriate.

REPORT OF THE AUDIT COMMITTEE ON THE EVALUATION OF INTERNAL CONTROL SYSTEMS

for the Financial Year Ended 31 December 2025

2.3 Deficiencies in internal control

The framework recognizes that while an effective internal control system provides reasonable assurance of achieving the organization's objectives, it has innate deficiencies, as even an effective internal control system can fail, and these shortcomings may result from:

- Adequacy of objectives identified as a prerequisite for internal control.
- The fact that humans are valued when making decisions may be wrong and prone to bias.
- Disruptions that can occur due to human failure via unintentional errors.
- The ability of management to bypass internal control.
- The ability of management, other employees and/or other third parties to circumvent controls through complicity.
- External events over which the Foundation has no control.

These deficiencies exclude that the Board and Management have obtained absolute assurance that the organization's objectives have been achieved, i.e. internal control provides reasonable but not absolute assurance.

3. Evaluation results

Based on the evaluation carried out by the Audit Committee on the internal control systems applied in the company, including its review of the internal audit reports related to the internal control systems during the year, and the evaluation report of the internal control systems for the previous year, the committee did not notice any exceptions that would materially affect the achievement of the company's objectives, and the internal control systems applied are working effectively, and we would like to emphasize that the evaluation of internal control systems does not guarantee the discovery of all irregularities and non-conformities and must be considered It is also a substitute for the responsibilities usually assigned to management in monitoring and evaluation.



Musaad Adnan Al-Ajeel
Chairman of the Committee



Meshal A KH Al Wazzan
Vice-Chairman of the Committee



Altaf Abdullah Al-Ghanim
Committee Member

Date: 30 March 2026



Shareholders of The Securities House Company K.S.C.P

The company had dealt with related parties during the financial year ended on 31 December 2025, the transactions during the year were as follows:

- I. The company had recorded KD 9 thousand that represents management fees income on the company's related parties' portfolios.

Due to the nature of the company's business, the company will continue to deal with the same related parties during the coming year 2026 in order to achieve the company's objectives and the interest of its shareholders.

May Allah grant success,

Abdullatif Mohammed Al-Shaya
Chairman

Corresponding to 07 / 04 / 2026

Sharia Supervisory Board Report

For the financial period from 01/01/2025 - 31/12/2025

Greetings,

Praise be to God, Lord of the Worlds, and blessings and peace be upon the one after whom there is no prophet, and upon all his family and companions

Dear/ THE SECURITIES HOUSE Company .

In accordance with the delegation granted to us by the members of the General Assembly of **THE SECURITIES HOUSE** Company, in accordance with the articles of association of the company and the instructions of the relevant regulatory authorities, Sharia Supervisory Board submits its final report for the financial period from 01/01/2025 AD - till 12/31/2025 AD.

- Sharia Supervisory Board implemented its work, including examining investment structures, terms of contract, transactions, products, policies and procedures, either directly or in coordination with the Internal Sharia audit division in order to obtain all information and explanations that it considered necessary to provide it with sufficient evidence giving reasonable assurances. Those reasonable assurances assures that the company did not violate the provisions of Islamic Sharia in light of the decisions of Sharia Supervisory Board, the approved Sharia standards for the company, as well as the decisions of the relevant regulatory authorities.
- Sharia Supervisory Board of the company has reviewed the contracts and procedures followed in the company according to what was presented to us. Moreover, we also obtained all the necessary information and explanations to issue an opinion on the extent of the company's business commitment to the provisions of Islamic Sharia.
- Sharia Supervisory Board has responded to all inquiries of the company and issued (29) resolutions.

In our opinion, after considering all the clarifications, confirmations and representations that we have obtained, we believe that **the contracts, procedures, operations, transactions and documents that the company entered into during the period from 01/01/2025 till- 31/12/2025 AD were executed in accordance with the provisions of Islamic Sharia.**

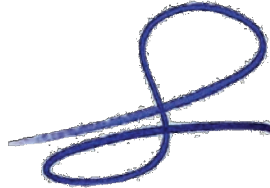
Thus, we ask God the Almighty to grant success to those who are responsible for the company to serve our true religion and our dear nation, bringing all right and righteousness. God is the Grantor of success.

Sharia Board

PH.D professor. /
Abdulaziz Al-Qassar
Chairman of Shari'a
Supervisory Board



Dr. Essam Al-Anzi
Member of Sharia
Supervisory Board



Dr. / Ali Ibrahim Al-Rashed
Member of Sharia
Supervisory Board



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أصول للاستشارات الشرعية

Osol For Sharia Advisory

External Shariah Auditing Report for the year 2025

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

To Shareholders The Securities House

Kuwait City – Kuwait

Purpose and scope of the audit

We have audited the contracts and transactions executed by The Securities House (the Company) during the year ended 31/12/2025, to express an opinion on the extent of the Company's compliance with the provisions of Islamic Shariah as stipulated in the decisions of the Company's Shariah Supervisory Board, the Shariah standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the relevant decisions of the Capital Markets Authority.

Based on our review of the extent of compliance, it became evident that the Company is generally committed to conducting its business in accordance with the aforementioned Shariah standards and the relevant decisions of the Capital Markets Authority.

Management's responsibility for Shariah compliance

The compliance responsibility to implement the contracts and the transactions according to the provisions of Islamic Shariah accepted by us shall reside with the Company's management. The management is also responsible about the required Internal Shariah Control to assure the execution of the contracts and the transactions according to the provisions of Islamic Shariah.

The company's Bodies in charge of performing the examined transactions and stages of accomplishment is company's various departments.

Independence, other ethical requirements and quality control

We have adhered to the independence and other ethical requirements as set out in the "Code of ethics for Islamic finance professionals" issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). We have adhered to the requirements of International Quality Management Standard No.1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements," and taking into account the regulations and laws of the Capital Markets Authority in the State of Kuwait.

Responsibility of the external Shariah auditor and description of the work performed

Our responsibility is to express an opinion on the extent of the company's compliance with Shariah based on our audit. We were audited in accordance with the governance and auditing standards issued by the AAOIFI, in particular the Auditing Standard for Islamic Financial Institutions No. (6) regarding "External Shariah Audit (Independent Assurance Engagement on an Islamic Finance Institution's Compliance with Shariah.

Principles and Rules)" and in accordance with Assurance Standard No. (3000) regarding "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and the principle of materiality, which varies according to the size of the audit client, the nature of its operations, its risks, and based on the items of assets, liabilities, revenues, and expenses, and the resulting effects on the audit methodology and the presentation of observations - if Found in this report. These standards require that we comply with the ethical conduct requirements of the profession and that we plan and perform the audit to obtain reasonable assurance that the company is in compliance with the Islamic standards.

Reasonable assurance is a high level of assurance, but it does not guarantee that the Shariah audit process will always detect Shariah violations when they exist.

Our audit work includes performing procedures to obtain audit evidence about the extent of compliance with the Shariah standards. We conducted our audit based on a selected systematic sample, and we believe that the audit evidence we obtained is sufficient and appropriate as a basis for expressing our audit opinion. As part of the Shariah audit process, we exercise professional judgment and maintain professional skepticism throughout the audit period, so that we conduct our work as follows:

- Determining the Shariah reference.
- Identifying and assessing the risks of non-compliance with Shariah.
- Developing an understanding of the internal Shariah control system relevant to the audit in order to design appropriate audit procedures.
- Designing audit procedures that are consistent with the risks of non-compliance with Shariah.
- Performing the field Shariah audit process and obtaining supporting documents.
- Obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. Communicating with management regarding the audit planning process and significant audit findings.
- Sending a copy of the Shariah audit findings report and recommendations and obtaining management's response to each observation - if any.
- Evaluating the observations noted in the Shariah audit findings report, recommendations, and the external Shariah audit annual report in light of the principle of materiality.

In light of the above, we assess the efficiency and effectiveness of Shariah risk procedures as good and sufficient.

External Shariah Auditing Report

The Securities House 2025

Kuwait City

To achieve the objectives of the Shariah audit process, we have reviewed and examined the following data:

- The Company's internal Shariah control system.
- Reports of the Company's internal Shariah audit unit.
- The Company's financial statements and their attachments.
- A sample of contracts signed during the year.
- A sample of investment operations and the movement thereon during the year.

Opinion,

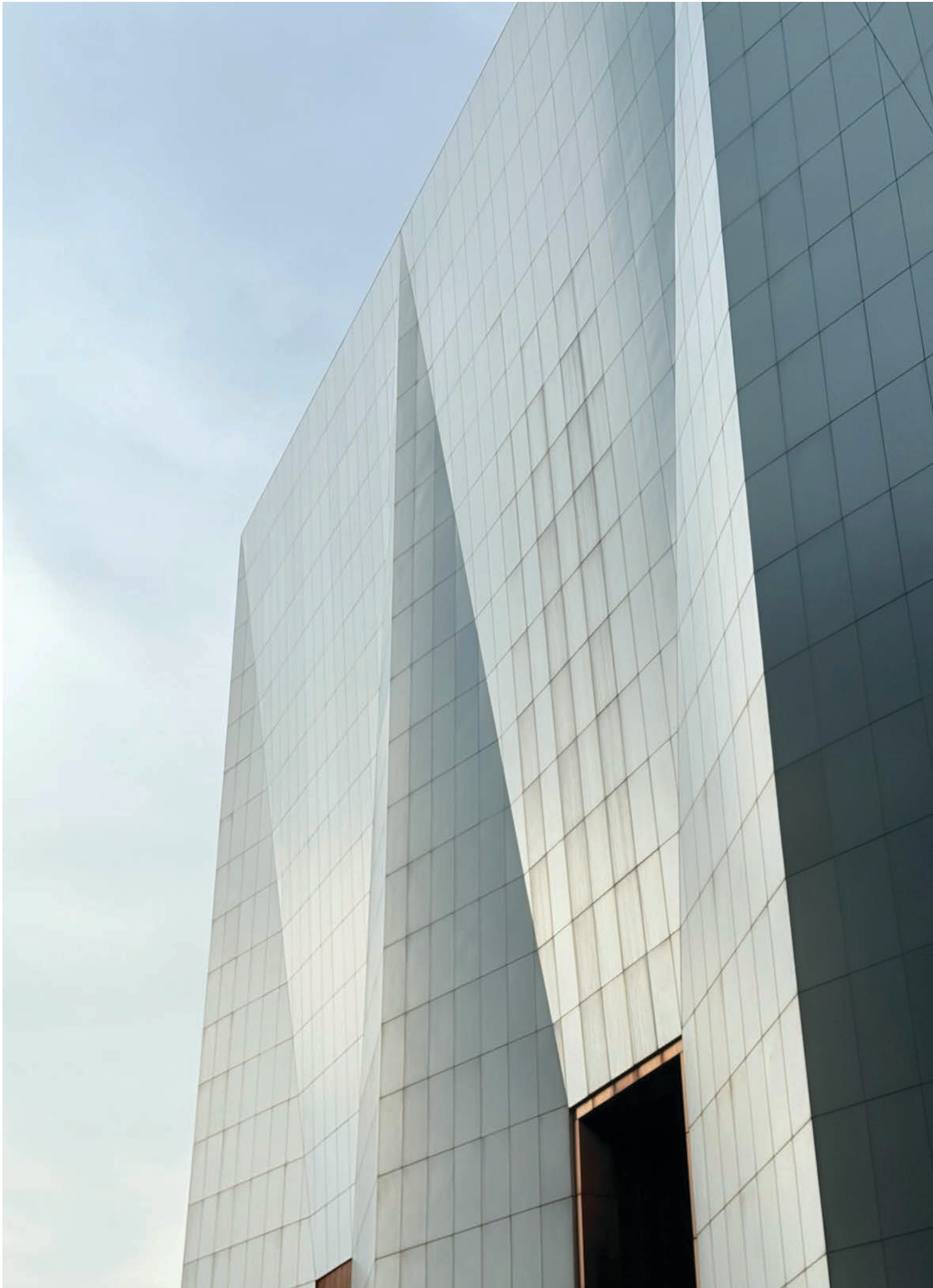
The contracts and transactions executed by The Securities House(The Company) during the year ended on 31/12/2025 were executed in general in compliance with the Shariah as specified in the company's Shariah reference.

Allah's peace, mercy and blessings be upon you.

31/03/2026



Dr. Mohamad AlShurafa
External Sharia'h Auditor



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SECURITIES HOUSE K.S.C.P.

State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
<p><i>Impairment of investment in associate</i></p> <p>As at 31 December 2025, the Group held an investment in Gatehouse Financial Group Limited, an associate, of KD 22,521,536 (2024: KD 22,412,209) in the consolidated financial statements which represented 41% (2024: 43%) of the total assets at this date.</p> <p>Investments in associates are accounted for under the equity method of accounting and are considered for impairment due to uncertainty in the current economic environment as a result of high interest rates and volatility in the capital market across the globe particularly in the banking sector. No impairment loss was recognised during the year (2024: nil).</p> <p>The impairment test of the investment in associate performed by management was considered to be a key audit matter because the assessment of the recoverable amount requires management to apply significant judgements and make significant estimates. Management used the market multiples approach to assess whether the investment in associate should be impaired. Assessment of impairment using market multiples includes significant judgments and estimates concerning sets of comparable entities, liquidity discounts and costs of disposal and other qualitative and quantitative factors arising from the impact of the global economic conditions such as the economic growth and expected inflation rates and yield. Accordingly, we consider this as a key audit matter.</p> <p>Refer to note 2.7 for the accounting policy relating to investments in associates and note 9 for further details relating to associates.</p>	<p>We performed the following procedures, amongst others, relating to this key audit matter:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process adopted by management to determine the recoverable amount of the associate; • We evaluated the relevant controls over the determination of the recoverable amount of investment in associate to determine if they were appropriately designed and implemented; • With our internal valuation experts, we assessed the valuation methodology applied in determining the recoverable amount and the key assumptions used, such as comparable transactions, liquidity discount and costs of disposal. • We reperformed the mathematical accuracy of the valuation calculation; • We agreed the results of the valuation calculation to the amounts presented in the financial statements, where applicable; and • We assessed the disclosures made in the financial statements, relating to this matter, against the requirements of IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SECURITIES HOUSE K.S.C.P, STATE OF KUWAIT (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2025. The other information does not include the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2025 after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SECURITIES HOUSE K.S.C.P, STATE OF KUWAIT (Continued)



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

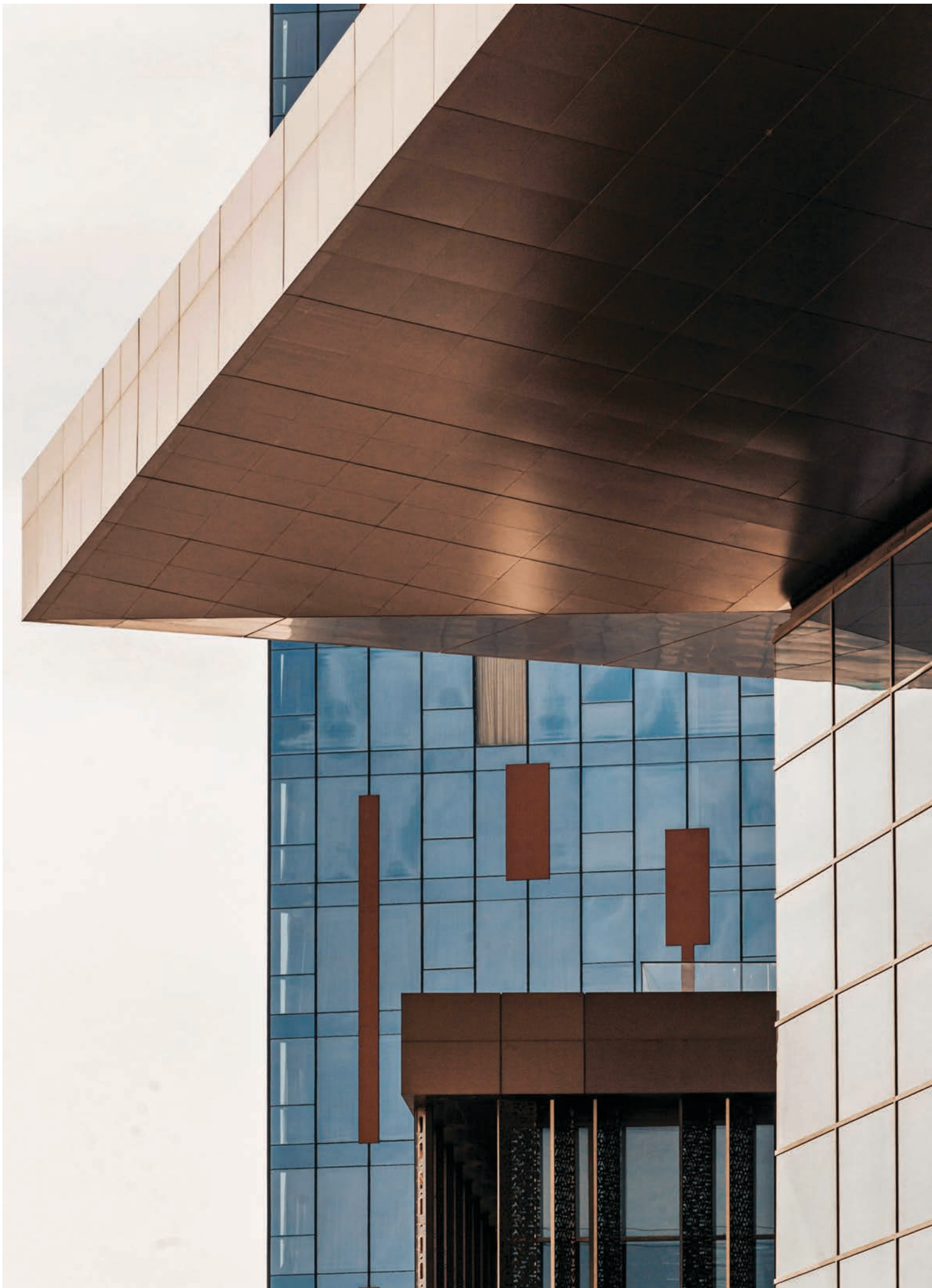
In our opinion proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report 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 the 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, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

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

Bader A Al Wazzan

Licence No. 62A
Deloitte & Touche Al-Wazzan & Co.

Kuwait 31 March 2026





بيت الأوراق المالية
THE SECURITIES HOUSE



Consolidated Financial Statements and Independent Auditor's Report

31 December 2025

ANNUAL REPORT 2025

The Securities House K.S.C.P and Subsidiaries, Kuwait

CONSOLIDATED STATEMENT OF INCOME

for the Year Ended 31 December 2025

		Kuwaiti Dinars	
	Notes	2025	2024
INCOME			
From management, advisory and investment activities			
Management fee income	20	2,479,824	2,149,295
Advisory and placement fee income	20	385,231	753,116
Brokerage and trading fee income	20	1,690,036	658,552
Dividend income		347,977	462,217
Realised gain/ (loss) on sale of investments at fair value through profit and loss	8	698,647	(375,671)
Unrealised loss on investments at fair value through profit or loss	8	(432,474)	(216,006)
		5,169,241	3,431,503
From commercial activities			
Revenues		3,198,723	1,749,163
Costs		(2,511,143)	(1,571,666)
Gross profit from commercial activities		687,580	177,497
Other income		60,465	43,570
Total income		5,917,286	3,652,570
EXPENSES			
Staff costs		2,963,155	2,787,792
General, administrative and selling expenses		1,460,493	1,480,215
Depreciation		420,834	176,897
Total expenses		4,844,482	4,444,904
Profit/(loss) before share of results, impairment, amortisation, Murabaha profit and taxation		1,072,804	(792,334)
Share in results of associates	9	(1,213,225)	786,048
Impairment of goodwill	11	(250,000)	(250,000)
Amortisation of intangibles	11	(430,779)	(400,000)
Profit charged on Murabaha payable	12	(326,163)	(335,523)
Profit charged on lease liabilities	13	(105,495)	(52,977)
Loss from continuing operations before tax for the year		(1,252,858)	(1,044,786)
Contribution to KFAS		-	11,009
Zakat		-	9,884
National Labor Support Tax		-	24,711
Loss after tax for the year from continuing operations		(1,252,858)	(999,182)
Profit after tax for the year from discontinued operations	4	-	2,393,224
(Loss) / profit for the year		(1,252,858)	1,394,042
Attributable to:			
Equity holders of the Parent Company		(1,243,559)	1,494,048
Non-controlling interests		(9,299)	(100,006)
		(1,252,858)	1,394,042
Basic and diluted (loss) / earnings per share attributable to equity holders of the Parent Company	5	(3.2) Fils	3.8 Fils
Basic and diluted loss per share attributable to the equity holders of the Parent Company from continuing operations	5	(3.2) Fils	(2.3) Fils

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2025

	Notes	Kuwaiti Dinars	
		2025	2024
(Loss) / profit for the year		(1,252,858)	1,394,042
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to consolidated statement of income</i>			
Foreign currency translation adjustment		1,409,327	(376,914)
<i>Items that will not be reclassified subsequently to consolidated statement of income</i>			
Share in cumulative changes in fair value of investments at fair value through other comprehensive income of associates	9	107,513	(47,564)
Other comprehensive income / (loss) for the year		1,516,840	(424,478)
Total comprehensive income for the year		263,982	969,564
Attributable to:			
Equity holders of the Parent Company		273,281	1,069,570
Non-controlling interests		(9,299)	(100,006)
		263,982	969,564

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	Kuwaiti Dinars	
		2025	2024
ASSETS			
Cash and cash equivalents	6	3,311,775	1,003,924
Accounts receivable and prepayments		2,243,821	1,791,905
Receivable on sale of joint venture	4	-	6,500,000
Murabaha receivable	7	3,059,865	3,155,556
Investments at fair value through profit or loss	8	11,490,731	9,018,048
Investments in associates	9	25,174,719	25,081,415
Right of use assets	10	2,454,321	1,286,445
Furniture and equipment		864,604	435,941
Intangible assets	11	2,800,000	3,200,000
Goodwill	11	3,750,000	750,000
TOTAL ASSETS		55,149,836	52,223,234
LIABILITIES			
Accounts payable and accruals		3,958,377	3,302,248
Murabaha payable	12	6,825,000	6,498,767
Lease liabilities	13	2,554,738	1,295,028
Employees' end of service benefits		1,918,434	1,550,047
TOTAL LIABILITIES		15,256,549	12,646,090
EQUITY			
Share capital	14 a	40,000,000	40,000,000
Statutory reserve	14 b	860,826	860,826
Foreign currency translation reserve		(2,860,731)	(4,270,058)
Cumulative changes in equity of associates		(2,712,280)	(2,819,793)
Treasury shares reserve		213,601	145,759
Treasury shares	14 d	(681,020)	(665,339)
Retained earnings		5,380,036	6,679,874
Equity attributable to equity holders of the Parent Company		40,200,432	39,931,269
Non-controlling interests		(307,145)	(354,125)
TOTAL EQUITY		39,893,287	39,577,144
TOTAL LIABILITIES AND EQUITY		55,149,836	52,223,234

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



Abdullatif Mohammad Alshaya

Chairman



Yousef Ibrahim Alghanim

Vice Chairman and Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2025

		Kuwaiti Dinars	
Notes	2025	2024	
OPERATING ACTIVITIES			
	(1,252,858)	1,394,042	
Adjustments for:			
Realised (gain) / loss on sale of investments at fair value through profit or loss	8 (698,647)	375,671	
Unrealised loss on investments at fair value through profit or loss	8 432,474	216,006	
Gain on disposal of discontinued operations before tax	4 -	(2,596,663)	
Share in results of associates	9 1,213,225	(786,048)	
Share in results of discontinued operations	9 -	90,669	
Impairment of goodwill	11 250,000	250,000	
Amortisation of intangibles	11 430,779	400,000	
Depreciation	747,616	509,010	
Profit on Murabaha payable and lease liabilities	431,658	388,500	
Provision for employees' end of service benefits	303,078	292,179	
	1,857,325	533,366	
<i>Change in operating assets and liabilities:</i>			
Accounts receivable and prepayments	13,637	(580,340)	
Investments at fair value through profit or loss	(2,206,510)	(2,714,928)	
Accounts payable and accruals	(376,108)	1,504	
	(711,656)	(2,760,398)	
Employees' end of service benefits paid	(114,428)	(158,441)	
Net cash flows used in operating activities	(826,084)	(2,918,839)	
INVESTING ACTIVITIES			
Investment in Murabaha receivable	-	(579,840)	
Collection of a receivable on sale of joint venture	4 6,500,000	-	
Dividend and capital reduction received from associates	9 210,311	508,090	
Purchase of a subsidiary, net of cash balances acquired	11 (2,916,856)	-	
Purchase of furniture and equipment	(105,110)	(35,701)	
Net cash used in discontinued operations	9 -	(193,090)	
Net cash flows from / (used in) investing activities	3,688,345	(300,541)	
FINANCING ACTIVITIES			
Payment of share capital reduction	14 a -	(928,306)	
Net sale of treasury shares	14 d 52,161	280,132	
Payment of lease liabilities	13 (486,519)	(415,785)	
Profit on lease liabilities paid	(105,495)	(52,977)	
Net receipt of Murabaha payable	12 326,233	1,498,767	
Profit on Murabaha payable paid	(326,163)	(335,523)	
Net cash flows (used in) / from financing activities	(539,783)	46,308	
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference	(14,627)	(18,182)	
Cash and cash equivalents at 1 January - continuing operations	1,003,924	4,195,178	
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6 3,311,775	1,003,924	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2025

	Kuwaiti Dinars										
	Attributable to equity holders of the Parent Company										
	Share Capital	Statutory reserve	Foreign currency translation reserve	Cumulative changes in equity of associates	Treasury shares reserve	Treasury shares	Treasury shares	Retained earnings	Sub total	Non-controlling interests	Total equity
Balance as at 1 January 2024	41,500,000	704,705	(3,893,144)	(2,772,229)	-	(1,371,406)	-	5,341,947	39,509,873	(254,119)	39,255,754
Profit / (loss) for the year	-	-	-	-	-	-	-	1,494,048	1,494,048	(100,006)	1,394,042
Other comprehensive loss	-	-	(376,914)	(47,564)	-	-	-	-	(424,478)	-	(424,478)
Total comprehensive / (loss) / income for the year	-	-	(376,914)	(47,564)	-	-	-	1,494,048	1,069,570	(100,006)	969,564
Transfer to statutory reserve (Note 14 b)	-	156,121	-	-	-	-	-	(156,121)	-	-	-
Share capital reduction (Note 14 a)	(1,000,000)	-	-	-	-	71,694	-	-	(928,306)	-	(928,306)
Write-off of treasury shares (Note 14 a)	(500,000)	-	-	-	157,149	342,851	-	-	-	-	-
Net movement of treasury shares	-	-	-	-	(11,390)	291,522	-	-	280,132	-	280,132
As at 31 December 2024	40,000,000	860,826	(4,270,058)	(2,819,793)	145,759	(665,339)	6,679,874	39,931,269	39,931,269	(354,125)	39,577,144
Balance as at 1 January 2025	40,000,000	860,826	(4,270,058)	(2,819,793)	145,759	(665,339)	6,679,874	39,931,269	39,931,269	(354,125)	39,577,144
Loss for the year	-	-	-	-	-	-	(1,243,559)	(1,243,559)	(1,243,559)	(9,299)	(1,252,858)
Other comprehensive income	-	-	1,409,327	107,513	-	-	-	-	1,516,840	-	1,516,840
Total comprehensive income/(loss) for the year	-	-	1,409,327	107,513	-	-	(1,243,559)	273,281	273,281	(9,299)	263,982
Net movement on treasury shares	-	-	-	-	67,842	(15,681)	-	-	52,161	-	52,161
Sale of interest in subsidiary to non-controlling interests (Note 3)	-	-	-	-	-	-	(56,279)	(56,279)	(56,279)	56,279	-
As at 31 December 2025	40,000,000	860,826	(2,860,731)	(2,712,280)	213,601	(681,020)	5,380,036	40,200,432	40,200,432	(307,145)	39,893,287

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

I. CORPORATE INFORMATION AND ACTIVITIES

The Securities House K.S.C.P. (the “Parent Company”) is a Kuwaiti public shareholding company incorporated in Kuwait on 28 March 1982 and is regulated by the Capital Market Authorities as a licensed person to engage in the securities activities of investment portfolio manager, collective investment scheme manager investment advisor, securities broker not registered in the exchange, custodian and subscription agent. The Parent Company is also engaged in investment in real estate and other economic sectors. The Parent Company performs its activities in accordance with Shariah principles.

The Parent Company’s principal place of business and registered address is 18th floor, Al-Dhow Tower, Khaled Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

The consolidated financial statements of the “Parent Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2026. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted for use by the State of Kuwait.

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

The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the functional currency of the Parent Company.

2.2 New and revised accounting standards

2.2.1 Effective for the current year

Following standards, interpretations or amendments are effective from the current year and are adopted by the Group. However, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

2.2.2 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> • permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system. • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; 	1 January 2026

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Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<ul style="list-style-type: none"> • add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and • Investments in equity instruments designated at FVTOCI-require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period. 	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements • improve aggregation and disaggregation. 	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.</p> <p>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"> • it is a subsidiary (this includes an intermediate parent) • it does not have public accountability, and • its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. 	1 January 2027
Annual Improvements to IFRS Accounting Standards – Volume II	<p>Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards</p>	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

2.3 Business combination

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets given, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Group uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.4 Consolidation

The Group consolidates the financial statements of the Parent Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent Company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra group transactions that are recognized in assets are eliminated in full. Intra group losses that indicate an impairment is recognized in the consolidated financial statements.

When the Parent Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

2.5 Financial instruments

Recognition/derecognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where 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 recognition of a new liability.

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

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Classification of financial assets and financial liabilities

IFRS 9 requires financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value through Profit or Loss. The Group's business model is based on observable factors such as:

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

The expected frequency, value and timing of sales are also important aspects of the Group's assessment.



Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

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

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

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

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

- Financial assets carried at amortised cost
- Investment securities at FVTPL
- Investment securities at FVOCI

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

Bank balances and cash, short-term murabaha investments, accounts receivables in the nature of financial assets are classified as financial assets carried at amortised cost.

Investment securities at FVTPL

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Included in this classification are certain, equities securities that have been acquired principally for the purpose of selling or repurchasing in the near term.

Investment securities at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Equity instruments at FVOCI are subsequently measured at fair value. Gains and losses on these equity instruments are never recycled to consolidated statement of income. Dividends are recognised in consolidated statement of income, when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in consolidated statement of comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. The cumulative gains or losses will not be reclassified to consolidated statement of income, instead, they will be transferred to retained earnings in the consolidated statement of changes in equity.

Financial liabilities/equity

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost.

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

General approach

Under general approach, assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade"

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment.

For these assets, lifetime ECL are recognized. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Any adjustments to the carrying amount of the financial asset arising from expected credit losses is recognized in consolidated statement of income as an impairment gain or loss.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group recognizes ECL for bank balances and cash and short-term murabaha investments using the general approach described above.

Simplified approach

The Group applies the simplified approach to recognise lifetime expected credit losses for accounts receivable. Accordingly accounts receivable which is not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Event of default

The Group considers an event of default has occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full (without taking into account any collateral held by the Group). Irrespective of this criteria, the Group considers that a default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

2.6 Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible to by the Group.

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

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

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

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and.

Level 3 - inputs are unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

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

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost less impairment.

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

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

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

2.7 Investment in associates

An associate is an entity over which the Group exerts significant influence. Investment in associates is accounted for, under the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for resale under IFRS 5.

Under the equity method, the investment in associates is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associates' net assets. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The Group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commenced until the date that it effectively ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in Group's share in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss statement. The Group's share of those changes is recognised in the consolidated statement of income and comprehensive income.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of income.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to consolidated statement of income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of income (as a reclassification adjustment) when the associate is disposed of.

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

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.8 Investment in joint venture

A joint arrangement is a contractual arrangement that gives two or more parties joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interests in joint ventures and accounts for it using the equity method.

2.9 Furniture and equipment

Furniture and equipment is carried at cost less accumulated depreciation and impairment losses. The cost of furniture and equipment is depreciated on a straight-line basis over an estimated useful life of years as follows:

- Leasehold improvements and fixtures 5 years
- Furniture 5 years

The carrying amount of furniture and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment in its carrying value. If any such indication exists, an impairment loss is recognised in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.10 Intangible assets

Identifiable non-monetary assets acquired in a business combination and from which future benefits are expected to flow are treated as intangible assets. Intangible assets are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets which have a finite life are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The intangible assets are tested for impairment based on the same policy as that of Goodwill.

Intangible assets comprise of brand and asset management agreements where brand is considered as an intangible asset with indefinite useful life and asset management agreements are considered as intangible assets with finite lives and are amortised over their useful lives of 20 years.

2.11 Goodwill

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of income.

Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of an entity include the carrying amount of goodwill relating to the entity or the portion sold.

Goodwill are tested at least annually for impairment and carried at cost less accumulated impairment losses.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of goodwill.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. That relating to goodwill cannot be reversed in a subsequent period.

The 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 pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal four to five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

2.13 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of income.

2.14 Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents include bank balances and cash and short-term murabaha investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

2.15 Post-employment benefits

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at cessation of employment. The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the reporting date. This basis is considered to be a reliable approximation of the present value of this liability.

2.16 Treasury shares

The cost of the Parent Company's own shares purchased, including directly attributable costs, is classified under equity. Gains or losses arising on sale are separately disclosed under shareholders' equity and these amounts are not available for distribution. These shares are not entitled to cash dividends. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair

value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

- i. Basic management fees from portfolios and collective investment schemes is recognised over the period of time as the Group satisfies the performance obligation by transferring the promised services to the customer.
- ii. Incentive management fees from fiduciary activities is recognised point in time when the Group satisfies the performance obligation by transferring the promised services to the customer.
- iii. Dividend income is recognised when the right to receive payment is established.
- iv. Gain or losses on sale of investments are recognised when the risks and rewards are transferred to the buyer.
- v. Sales revenue from commercial activities is recognised at point in time as the Group satisfies the performance obligation by transferring the promised goods and services to the customer.

2.18 Accounting for leases

Where the Group is the lessee

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

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

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

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

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

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

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

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

Subsequent measurement

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

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

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

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

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

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

2.19 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies outstanding at the year-end are translated into Kuwaiti Dinars at rates of exchange ruling at the reporting date. Any resultant gains or losses are taken to the consolidated statement of income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Translation difference on non-monetary items classified as "at fair value through profit or loss" are reported as part of the fair value gain or loss in the consolidated statement of income whereas, those on non-monetary items classified as "available for sale" financial assets are included in consolidated statement of income and comprehensive income.

The income and cash flow statements of foreign operations are translated into the Parent Company's reporting currency at average exchange rates for the year and their statement of financial position is translated at exchange rates ruling at the year-end. Exchange differences arising from the translation of the net investment in foreign operations (including goodwill) are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, any resultant exchange differences are recognized in the consolidated statement of income as part of the gain or loss on sale.

2.20 Contingencies

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefit is probable. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

2.21 Zakat

Zakat is calculated and paid at 1.0% of the profit of the Group in accordance with the Law No. 46 of 2006. Responsibility for the calculation of Zakat in accordance with Shariah principles and the payment of unsettled zakat lies with the shareholders.

2.22 Significant accounting judgments, estimates 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 accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Significant increase in credit risk

As explained in note 2.5, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or life time ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets, liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Impairment of financial assets

The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through consolidated statement of income except for equity instruments. The determination of expected credit loss involves significant judgement because of the use of external and internal data and assumptions. Refer note 2.5 impairment of financial assets for more information.

Contingent liabilities

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

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. To assess whether there are objective evidence of impairment requires significant judgement regarding one or more of loss events

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Estimation uncertainty

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

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Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics;
- earnings multiple technique; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associates at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment using the market multiple approach which includes significant judgments and estimates concerning sets of comparable entities, liquidity discounts and costs of disposal. The difference between the recoverable amount of the associate and its carrying value is recognized in the consolidated statement of income.

Impairment provision of receivables

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

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

3. SUBSIDIARIES

Details of the subsidiaries are shown below.

Subsidiaries	Country of incorporation	Percentage of ownership	
		2025	2024
Manarat Educational Services Company W.L.L. ("Manarat") *	Kuwait	100.0%	-
Juzur Canary Restaurant Company W.L.L. ("Juzur Canary")	Kuwait	70.0%	70.0%
Al Zad Financial and Economic Consultancy K.S.C.C. ("Al Zad") **	Kuwait	70.0%	80.0%
Bayt Al-Hikma Economic and Financial Consultancy Company K.S.C.C. [Formerly: Gatehouse Capital Economic and Financial Consultancy Company K.S.C.C.] ("Bayt Al-Hikma") ***	Kuwait	99.9%	99.9%
Securities House for Real Estate Services K.S.C.C.	Kuwait	99.9%	99.9%
Silverstone Capital Ltd.	Cayman Islands	100.0%	100.0%
Blue Pillar Advisors Ltd. (previously held through Bayt Al-Hikma) ***	Cayman Islands	100.0%	100.0%
GSH USA Inc. (previously held through Bayt Al-Hikma) ***	United States	100.0%	100.0%
Held through Silverstone Capital Ltd. Greystone Capital Inc.	United States	100.0%	100.0%

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- * Effective as of 1 September 2025, the Parent Company acquired 99.9% of the issued share capital of Manarat for a total consideration of KD 3,500,000. Details of this transaction are disclosed in Note 11.
- ** In August 2025, the Parent Company sold a 10% interest in Al Zad to the non-controlling interests without consideration. The transaction resulted in net movement on non-controlling interests amounting to KD 56,279
- *** During the current year, Bayt Al-Hikma restructured its shareholders' equity and reduced its share capital. Pursuant to the restructuring, the Parent Company became the direct owner of the subsidiary companies, Blue Pillar Advisors Ltd. and GSH USA Inc.

4. DISCONTINUED OPERATIONS

During the previous year, the Parent Company sold its 50% interest in joint venture, First Kuwaiti for Education Holding Company WLL (the "Joint Venture") (Note 9) to the Joint Venture partner for a consideration amounting to KD 6,500,000. The consideration was received on 26 March 2025.

The results of the discontinued operations are as presented below:

	Kuwaiti Dinars	
	2025	2024
Share in results of joint venture (Note 9)	-	(90,669)
Gain on sale before tax (see below)	-	2,596,663
Profit before tax for the year	-	2,505,994
Taxes	-	(112,770)
Profit after tax for the year from discontinued operations	-	2,393,224
Attributable to:		
Equity holders of the Parent Company (Note 5)	-	2,393,224
Non-controlling interests	-	-
Profit after tax for the year from discontinued operations	-	2,393,224
Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the Parent Company	-	6.1 fils

The carrying value / net assets of the discontinued operations on the date of sale were as follows:

	Kuwaiti Dinars	
	2024	
Carrying value sold (Note 9)	3,903,337	
Total consideration	6,500,000	
Gain on sale before tax (see above)	2,596,663	

Net cash flow from the transaction were as follows:

	Kuwaiti Dinars	
	2024	
Total cash consideration from sale	6,500,000	

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5. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

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

	Kuwaiti Dinars	
	2025	2024
(Loss) / profit for the year attributable to equity holders of the Parent Company	(1,243,559)	1,494,048
	Shares	
Weighted average number of shares outstanding for the year	390,136,131	392,552,408
Basic and diluted (loss) / earnings per share attributable to the equity holders of the Parent Company	(3.2) Fils	3.8 Fils

Basic and diluted loss per share from continuing operations:

	Kuwaiti Dinars	
	2025	2024
(Loss) / profit for the year attributable to equity holders of the Parent Company	(1,243,559)	1,494,048
Less:		
Profit for the year attributable to equity holders of the Parent Company from discontinued operations (Note 4)	-	2,393,224
Loss for the year attributable to equity holders of the Parent Company from continuing operations	(1,243,559)	(899,176)
	Shares	
Weighted average number of shares outstanding for the year	390,136,131	392,552,408
Basic and diluted loss per share attributable to the equity holders of the Parent Company from continuing operations	(3.2) Fils	(2.3) Fils

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	Kuwaiti Dinars	
	2025	2024
Bank balances and cash	2,917,618	690,595
Balances with custodians	394,157	313,329
	3,311,775	1,003,924

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7. MURABAHA RECEIVABLE

	Kuwaiti Dinars	
	2025	2024
Current - denominated in Kuwaiti Dinar *	76,350	-
Non-current - denominated in Kuwaiti Dinar *	2,366,850	2,575,716
Non-current - denominated in Kuwaiti Dinar **	616,665	579,840
	3,059,865	3,155,556
Balance in original currency - US Dollar *	8,000,000	8,360,000
Balance in original currency - Pound Sterling **	1,500,000	1,500,000

* This represents the balance receivable from the sale of a foreign associate in 2022. The balance is receivable over instalments ending in 2028 and is guaranteed by the purchaser's pledge of its interest in the associate in favour of the subsidiary company. During the year, the Group recognised Nil income, net of provision, on this receivable (2024: Nil).

** This represents an unsecured Murabaha provided to a foreign unrelated party during the previous year. The Murabaha is payable in full in 2027. During the year, the Group recognised Nil income, net of provision, on this Murabaha (2024: Nil)

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Kuwaiti Dinars	
	2025	2024
Held for trading		
Quoted equity securities	345,847	372,743
Designated upon initial recognition		
Unquoted local equity securities	661,875	302,500
Unquoted foreign equity securities	10,483,009	8,342,805
	11,490,731	9,018,048

During the year, the Group had a realised gain on quoted equity investments amounting to KD 54,308 (2024: KD 38,571), a realised gain on unquoted equity investments amounting to KD 644,339 (2024: loss of KD 414,242). During the year, the Group had an unrealised gain on quoted equity investments amounting to KD 27,692 (2024: KD 15,820), an unrealised loss on unquoted equity investments amounting to KD 460,166 (2024: KD 231,826).

9. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

Details are shown below.

Associates	Country of incorporation	Percentage of ownership	
		2025	2024
Gatehouse Financial Group Limited ("Gatehouse")	United Kingdom	31.7%	31.7%
Wareef Al Jubail Project Company ("Wareef Al Jubail")	Kuwait	39.5%	39.5%
Saudi Projects Holding Group ("Saudi Projects") Held through Silverstone Capital Ltd.	Kuwait	24.8%	24.8%
Madrono Capital, LLC ("Madrono")	United States	50.0%	50.0%

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Movement on the investment in associates and joint venture is shown below.

	Kuwaiti Dinars	
	2025	2024
At the beginning of the year	25,081,415	29,021,955
Acquisitions - discontinued operations	-	193,090
Disposals – discontinued operations (Note 4) *	-	(3,903,337)
Share in results	(1,213,225)	786,048
Share in results - discontinued operations (Note 4)	-	(90,669)
Share in other comprehensive income / (loss)	107,513	(47,564)
Foreign currency translation adjustment	1,409,327	(370,018)
Dividend and capital reduction received (a)	(210,311)	(508,090)
At the end of the year	<u>25,174,719</u>	<u>25,081,415</u>

* During the prior year the group disposed its interest in joint venture, First Kuwaiti for Education Holding Company WLL (Note 4).

The Group received dividend amounting to KD 114,525 (2024: KD 107,835) from Madrono. The Group received capital reduction proceeds amounting to KD 95,786 and Nil (2024: KD 152,730 and KD 247,525) from Wareef Al Jubail and Saudi Projects respectively.

At 31 December 2025, the Group performed an impairment test on its investment in associates which resulted in Nil impairment (2024: Nil). The recoverable amount of the investment in Gatehouse has been determined based on fair value less cost to sell using market multiples approach.

The following table illustrates summarised financial information of investment in associates:

	Kuwaiti Dinars				Total
	Gatehouse	Wareef Al Jubail	Saudi Projects	Madrono	
31 December 2025					
Current assets	34,374,348	143,444	223,096	265,979	
Non-current assets	553,134,348	5,392,395	3,592,881	-	
Current liabilities	(534,314,632)	(26,677)	(909,404)	(2,645)	
Non-current liabilities and non-controlling interests	(12,650,396)	(3,637)	(1,503,884)	-	
Net assets	<u>40,543,668</u>	<u>5,505,525</u>	<u>1,402,689</u>	<u>263,334</u>	
Revenues	5,942,792	564,650	271,733	438,087	
(Loss) / profit for the year	(4,356,450)	163,583	(118,347)	320,577	
Share of net assets	12,860,451	2,174,351	347,165	131,667	15,513,634
Goodwill	9,661,085	-	-	-	9,661,085
Carrying amount of interest in associates	<u>22,521,536</u>	<u>2,174,351</u>	<u>347,165</u>	<u>131,667</u>	<u>25,174,719</u>

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31 December 2024	Kuwaiti Dinars				Total
	Gatehouse	Wareef Al Jubail	Saudi Projects	Madrone	
Current assets	18,631,622	136,618	501,004	175,767	
Non-current assets	539,687,840	5,644,733	3,142,373	-	
Current liabilities	(501,554,362)	(194,227)	(594,383)	(1,342)	
Non-current liabilities and non-controlling interests	(14,747,289)	(2,629)	(1,527,961)	-	
Net assets	42,017,811	5,584,495	1,521,033	174,425	
Revenues	13,730,604	535,064	536,001	383,340	
Profit / (loss) for the year	1,421,818	443,203	(49,192)	324,625	
Share of net assets	13,328,049	2,205,538	376,456	87,212	15,997,255
Goodwill	9,084,160	-	-	-	9,084,160
Carrying amount of interest in associates	22,412,209	2,205,538	376,456	87,212	25,081,415

10. RIGHT OF USE ASSETS

	Kuwaiti Dinars	
	2025	2024
As at 1 January	1,286,445	1,173,781
Additions	2,845,024	836,850
Reversal due to lease cancellation	(1,132,094)	(328,152)
Depreciation - continuing operations	(545,054)	(396,034)
As at 31 December	2,454,321	1,286,445

The Group leases office spaces and building for its operations. Lease contracts are typically made for fixed periods ranging from 3 to 8 years.

Depreciation allocated to the consolidated statement of income under cost of sales of commercial activities amounted to KD 206,117 (2024: KD 228,734) and allocated to the consolidated statement of income under general, administrative and selling expenses amounted to KD 338,937 (2024: KD 167,300).

11. INTANGIBLE ASSETS AND GOODWILL

	Kuwaiti Dinars	
	2025	2024
Intangible assets:		
Asset management agreements		
At beginning of the year	3,200,000	3,600,000
On acquisition of Manarat (see below)	30,779	-
Amortisation for the year	(430,779)	(400,000)
At end of the year	2,800,000	3,200,000

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Goodwill:		
At beginning of the year	750,000	1,000,000
On acquisition of Manarat (see below)	3,250,000	-
Impairment (see below)	(250,000)	(250,000)
At end of the year	3,750,000	750,000

Related to:

Manarat Educational Services Company W.L.L. (“Manarat”)	3,250,000	-
Juzur Canary Restaurant Company W.L.L. (“Juzur Canary”),	500,000	750,000
	3,750,000	750,000

Business Combination

Acquisition of Manarat Educational Services Company W.L.L. (“Manarat”)

During the current year and effective as of 1 September 2025, the Parent Company acquired 99.9% of the issued share capital of Manarat for a total consideration of KD 3,500,000. The acquisition was based on the financial position of Manarat as of 31 August 2025.

The values assigned to the identifiable assets and liabilities as at the date of acquisition are shown below:

	KD
Total Consideration	3,500,000
Less	
Recognised amounts of identifiable assets and liabilities acquired:	
Cash and cash equivalents	583,144
Accounts receivable and other assets	749,392
Right of use assets	1,505,586
Accounts payable and other liabilities	(904,632)
Lease payments payable	(1,534,532)
Employees’ end of service benefits	(179,737)
Total identifiable net assets	219,221
Intangible assets arising from business combination	3,280,779
Allocated as follows:	
Intangible assets	30,779
Goodwill	3,250,000
	3,280,779

The cash consideration paid in the acquisition, net of cash balances acquired amounted to KD 2,916,856.

Impairment testing

The Group determines whether goodwill are impaired, at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units (CGUs) to which these items are allocated. The recoverable amount has been determined based on value-in-use calculations.

At 31 December 2025, the Group performed an impairment test on its investments in subsidiaries, Manarat and Juzur Canary, where they have goodwill book values as at 31 December 2025 amounting to KD 3,250,000 and KD 750,000 respectively. The test yielded recognition of an impairment amounting to Nil in Manarat and KD 250,000 in Juzur Canary (2024: KD 250,000 in Juzur Canary). Based on the impairment testing performed by the management the recoverable value of the Cash Generating Units “CGU” is assessed to be higher than the carrying amount. The recoverable amount has been determined based on value-in-use calculations.

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The management used the following approach to determine values to be assigned to the following key assumptions, in the value in use calculations:

Key assumption Basis used to determine value to be assigned to key assumption

Projections' period	Financial budget approved by management covering a five-year period.
Growth rate	Increase in competition expected but no significant change in market share of any CGU as a result of ongoing service quality improvements and expected growth from technology and license upgrades. The growth rates are consistent with forecasts included in industry and country reports. Compounded annual growth in revenue of 2.9% for Manarat and 4.8% for Juzur Canary (2024: 6.2 %) during the projected five-year period. Value assigned reflects past experience and changes in economic environment. Cash flows beyond the five-year period have been extrapolated using a growth rate of 1.5% for Manarat and 1.5% for Juzur Canary (2024: 1.5%). This growth rate does not exceed the long-term average growth rate of the market in which the CGU operates.
Discount rate	Discount rates of 11.9% for Manarat and 10.3% for Juzur Canary (2024: 11.3%). Discount rates reflect specific risks relating to the relevant CGU.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors results in any of the goodwill allocated to appropriate cash generating units being impaired.

12. MURABAHA PAYABLES

	Kuwaiti Dinars	
	2025	2024
Current	2,225,000	3,498,767
Non-current	4,600,000	3,000,000
	6,825,000	6,498,767

Murabaha payable represents the value of assets purchased on a deferred settlement basis.

The facilities are unsecured and carries a profit rate of 5.53% during the year (2024: 5.50%).

13. LEASE LIABILITIES

	Kuwaiti Dinars	
	2025	2024
As at 1 January	1,295,028	1,204,525
Additions	2,874,070	836,850
Profit on lease liabilities	105,495	52,977
Payments	(592,014)	(468,762)
Reversal due to lease cancellation	(1,127,841)	(330,562)
As at 31 December	2,554,738	1,295,028

The Group does not have any lease contracts that contains variable lease payments not included in the measurement of lease liabilities.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are continuously monitored by the Group.

14. SHARE CAPITAL, RESERVES, DIRECTORS' REMUNERATION AND TREASURY SHARES

a) Share capital

The authorised, issued and fully paid up share capital of the Parent Company is KD 40,000,000 (2024: KD 40,000,000) comprising of 400,000,000 shares (2024: 400,000,000) of 100 fils each.

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On 30 May 2024, the extra-ordinary general assembly of the shareholders of the Parent Company approved the reduction of the authorized, issued, and paid-up share capital by 15,000,000 shares of 100 fils per share amounting to KD 1,500,000, as follows:

Non-cash reduction of 5,000,000 shares of 100 fils per share amounting to KD 500,000 through writing-off 5,000,000 treasury shares outstanding at 31 December 2023, and

Cash reduction of 10,000,000 shares of 100 fils per share amounting to KD 1,000,000.

b) Statutory reserve

In accordance with the Parent Company's articles of association, 10% of the profit for the year before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat is required to be transferred to the statutory reserve. No transfer has been made to statutory reserve, since losses have been incurred during the year (2024: transfer of KD 156,121).

The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

c) Directors' remuneration

No Directors' remuneration was recommended for the year 2025 (2024: Nil).

d) Treasury shares

These shares were acquired based on an authorization granted to the Board of Directors by the shareholders and in accordance with Ministerial Decrees No. 10 of 1987 and No. 11 of 1988 and are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	2025	2024
Number of treasury shares	9,356,539	10,000,000
Percentage to share capital	2.4%	2.5%
Cost (Kuwaiti Dinars)	681,020	665,339
Market value (Kuwaiti Dinars)	745,716	778,000

15. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and executive officers of the Parent Company, and close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party balances and transactions consist of the following:

	Kuwaiti Dinars	
	2025	2024
Management fee income	9,061	9,021
Key management compensation:		
Salaries and other short term benefits	220,447	242,393
Employees' end of services	32,387	39,749
	<u>252,834</u>	<u>282,142</u>

16. SEGMENTAL INFORMATION

For management purposes the Group is organised into three major business segments:

Proprietary investment management	Investing of Group's funds in securities and real estate and managing the Group's liquidity requirements.
Asset management, advisory and brokerage services	Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and collective investment schemes, providing advisory services, and providing online trading brokerage services.
Commercial activities	Commercial activities include education and food sectors.

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Kuwaiti Dinar

	Proprietary investment management		Asset management, advisory and brokerage		Education sector		Food sector		Subtotal		Discontinued operations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Segment revenue	674,615	(85,890)	4,555,091	3,560,963	1,365,492	-	1,833,231	1,749,163	8,428,429	5,224,236	-	-	8,428,429	5,224,236
Segment results	(2,140,910)	(2,941,139)	3,343,971	2,449,737	334,528	-	(464,785)	(300,932)	1,072,804	(792,334)	-	-	1,072,804	(792,334)
Gain on sale of a joint venture	-	-	-	-	-	-	-	-	-	-	-	2,596,663	-	2,596,663
Share in results of associates and joint venture	(1,213,225)	786,048	-	-	-	-	-	-	(1,213,225)	786,048	-	(90,669)	(1,213,225)	695,379
Impairment of goodwill	-	-	-	-	-	-	(250,000)	(250,000)	(250,000)	(250,000)	-	-	(250,000)	(250,000)
Amortisation of intangibles	-	-	(400,000)	(400,000)	(30,779)	-	-	-	(430,779)	(400,000)	-	-	(430,779)	(400,000)
Profit on Murabaha payable and lease liabilities	(364,469)	(354,960)	-	-	(29,545)	-	(37,644)	(33,540)	(431,658)	(388,500)	-	-	(431,658)	(388,500)
KFAS, Zakat and NLST	-	45,604	-	-	-	-	-	-	-	45,604	-	(112,770)	-	(67,166)
(Loss) / profit for the year	(3,718,604)	(2,464,447)	2,943,971	2,049,737	274,204	-	(752,429)	(584,472)	(1,252,858)	(999,182)	-	2,393,224	(1,252,858)	1,394,042
Assets:														
Segment assets	12,373,091	11,786,973	867,791	1,186,593	2,624,062	-	929,473	991,943	16,794,417	13,965,509	-	-	16,794,417	13,965,509
Investment in associates	25,174,719	25,081,415	-	-	-	-	-	-	25,174,719	25,081,415	-	-	25,174,719	25,081,415
Others	9,514,055	9,927,342	2,800,000	3,200,000	799,720	-	66,925	48,968	13,180,700	13,176,310	-	-	13,180,700	13,176,310
	47,061,865	46,795,730	3,667,791	4,386,593	3,423,782	-	996,398	1,040,911	55,149,836	52,223,234	-	-	55,149,836	52,223,234
Liabilities:														
Account payable and accruals	2,606,185	2,908,807	85,202	46,198	809,406	-	457,584	347,243	3,958,377	3,302,248	-	-	3,958,377	3,302,248
Murabaha payable	6,825,000	6,498,767	-	-	-	-	-	-	6,825,000	6,498,767	-	-	6,825,000	6,498,767
Lease liabilities	727,026	836,850	-	-	1,381,193	-	446,519	458,178	2,554,738	1,295,028	-	-	2,554,738	1,295,028
Employees' end of service benefits	1,522,676	1,392,260	65,044	10,286	193,979	-	136,735	147,501	1,918,434	1,550,047	-	-	1,918,434	1,550,047
	11,680,887	11,636,684	150,246	56,484	2,384,578	-	1,040,838	952,922	15,256,549	12,646,090	-	-	15,256,549	12,646,090
Other segmental information:														
Capital expenditure	-	-	21,253	-	34,354	-	49,503	35,701	105,110	35,701	-	-	105,110	35,701
Depreciation	124,018	82,243	64,607	85,057	214,108	-	344,883	341,710	747,616	509,010	-	-	747,616	509,010

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17. FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities as defined in Note 2.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and Key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	Kuwaiti Dinar					
	31 December 2025	31 December 2024				
Investment securities at fair value through profit or loss						
Quoted equity securities	345,847	372,743	Level 1	Last bid price/unit price	N/A	N/A
Unquoted equity securities	11,144,884	8,645,305	Level 3	Adjusted net asset value	Discount for lack of marketability	Lower discount rate, results in higher fair value
	<u>11,490,731</u>	<u>9,018,048</u>				

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	Kuwaiti Dinars				
	As at 1 January 2025	Gain recorded in the consolidated statement of income	Gain recorded in consolidated other comprehensive income	Net purchases, sales and settlements	As at 31 December 2025
Financial assets at fair value					
<i>Unquoted equity securities</i>	<u>8,645,305</u>	<u>184,173</u>	<u>-</u>	<u>2,315,406</u>	<u>11,144,884</u>
	Kuwaiti Dinars				
	As at 1 January 2024	Loss recorded in the consolidated statement of income	Gain recorded in consolidated other comprehensive income	Net purchases, sales and settlements	As at 31 December 2024
Financial assets at fair value					
<i>Unquoted equity securities</i>	<u>5,125,410</u>	<u>(646,068)</u>	<u>-</u>	<u>4,165,963</u>	<u>8,645,305</u>

During the year, there have been no transfers between the hierarchies.

Description of significant unobservable inputs to valuation of financial assets:

Local unquoted securities represent unlisted securities on local stock exchange. Unquoted equity securities are valued based on net book value method using latest available financial statement of the investee entity, wherein the underlying assets are fair valued, or based on last traded prices, adjusted for impairment losses, if any.

18. RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. Market risk is subdivided into profit rate risk, currency risk and equity price risk. The Group is also subject to operational risk. The independent risk control process does not include business risks such as changes in the environment technology and industry. They are monitored through the Group's strategic planning process.

18.1 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 concentrations of risks with individuals or groups of customers in specific locations or business through diversification of financing activities.

Maximum exposure to credit risk and risk concentration

With respect to credit risk arising from the financial assets of the Group, which comprise bank balances and cash, short-term murabaha investments, murabaha receivables and certain accounts receivable, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of contractual financial instruments. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The Group's bank balances and short-term murabaha investments are held with high credit quality banks and financial institutions. In addition, murabaha receivables and receivable balances are monitored on an ongoing basis.

As a result, the Group's exposure to bad debts is not significant.

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

The table below shows the maximum exposure to credit risk and risk concentration for the contractual financial instruments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements or credit enhancements:

	Kuwaiti Dinars	
	Gross maximum exposure	
	2025	2024
Bank balances and short-term Murabaha investments:		
- Banks and financial institutions	3,311,775	1,003,924
- Accounts receivable	2,002,540	1,651,555
- Murabaha receivable	3,059,865	3,155,556
- ECL	-	(34,320)
	8,374,180	5,776,715

The bank balances and short-term murabaha investments are from counter parties who are under investment grade credit rating.

Collateral and other credit enhancements

As disclosed in Note 7, the Group has collateral against receivable on sale of investments at 31 December 2025 KD 2,443,200 (31 December 2024: KD 2,575,716).

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18.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in short-term murabaha or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

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

The liquidity profile of financial liabilities reflects the projected cash flows which includes future profit payments over the life of these financial liabilities. The liquidity profile of financial liabilities at 31 December is as follows:

31 December 2025	Kuwaiti Dinars				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Accounts payable and accruals	-	377,393	1,107,790	1,730,785	3,215,968
Murabaha payable	-	341,045	2,126,557	4,825,365	7,292,967
Lease liabilities	113,831	132,242	715,117	1,856,036	2,817,226
Total financial liabilities	113,831	850,680	3,949,464	8,412,186	13,326,161

31 December 2024	Kuwaiti Dinars				
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Accounts payable and accruals	-	449,879	1,121,584	1,730,785	3,302,248
Murabaha payable	-	1,315,956	2,435,757	3,267,880	7,019,593
Lease liabilities	68,610	41,800	331,230	997,702	1,439,342
Total financial liabilities	68,610	1,807,635	3,888,571	5,996,367	11,761,183

18.3 Market Risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market variables such as profit rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration as disclosed in Note 18.4, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

18.3.1 Profit Rate Risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is not exposed to profit rate risk on its profit bearing assets and liabilities (short-term murabaha investment and Murabaha payables) as a result of reasonably possible changes in profit rates since the Group is not exposed to any fixed rate profit bearing assets and liabilities.

18.3.2 Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is managed by the Group on the basis of determined limits and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, and consequently the Group does not hedge foreign currency exposures.

The effect on profit for the year (due to change in the fair value of monetary assets and liabilities) and on equity, as a result of change in currency rate, with all other variables held constant is shown below:

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Currency	Change in currency rate by 3%			
	31 December 2025		31 December 2024	
	Effect on profit for the year	Effect on other comprehensive income	Effect on profit for the year	Effect on other comprehensive income
GBP	18,534	675,646	18,275	672,366
USD	432,390	3,950	289,155	2,616
Euro	21,443	-	78,344	-
SAR	246	65,231	-	66,166

18.3.3 Equity Price Risk

Equity price risk arises from changes in the fair values of equity investments. The equity price risk exposure arises from the Group's investment portfolio. The Group manages this through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Group's quoted investments are listed on the Stock Exchanges of the GCC countries.

The effect on profit for the year (as a result of a change in the fair value of financial assets at fair value through profit or loss) and on equity (as a result of a change in the fair value of financial assets carried at fair value through other comprehensive income) due to a reasonably possible change in active market indices, with all other variables held constant is as follows:

Market index	Change in equity market index by 3%			
	31 December 2025		31 December 2024	
	Effect on profit for the year	Effect on other comprehensive income	Effect on profit for the year	Effect on other comprehensive income
Kuwait	7,904	-	10,283	-
UAE	1,580	-	-	-
Qatar	891	-	900	-

18.3.4 Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

18.4 Asset Concentrations

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

The distribution of assets by geographic region is as follows:

Geographic region	Kuwaiti Dinars	
	2025	2024
Kuwait	15,629,510	13,885,007
United Kingdom	23,138,201	23,019,591
United States of America	14,117,196	10,510,837
Europe	-	2,572,268
GCC	2,264,929	2,235,531
	55,149,836	52,223,234

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The distribution of investments by industry sector is as follows:

	Kuwaiti Dinars	
	2025	2024
Industry sector		
Banks and financial and investment institutions	22,867,383	22,412,209
Real estate	13,666,400	10,937,299
Services	131,667	459,955
Education	-	290,000
	36,665,450	34,099,463

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled. The maturity profile for financial assets at fair value through profit or loss, and at fair value through other comprehensive income is based on management's estimate of liquidation of those investments.

The maturity profile of assets and liabilities at 31 December was as follows:

2025	Kuwaiti Dinars		
	Up to 1 year	Over 1 year	Total
Assets:			
Cash and cash equivalents	3,311,775	-	3,311,775
Accounts receivable and prepayments	2,243,821	-	2,243,821
Murabaha receivable	76,350	2,983,515	3,059,865
Investments at fair value through profit or loss	345,847	11,144,884	11,490,731
Investments in associates	-	25,174,719	25,174,719
Right of use assets	-	2,454,321	2,454,321
Furniture and equipment	-	864,604	864,604
Intangible assets	-	2,800,000	2,800,000
Goodwill	-	3,750,000	3,750,000
Total assets	5,977,793	49,172,043	55,149,836
Liabilities:			
Accounts payable and accruals	2,227,592	1,730,785	3,958,377
Murabaha payable	2,225,000	4,600,000	6,825,000
Lease liabilities	441,636	2,113,102	2,554,738
Employees' end of service benefits	-	1,918,434	1,918,434
Total liabilities	4,894,228	10,362,321	15,256,549
LIQUIDITY SURPLUS	1,083,565	38,809,722	39,893,287

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2024	Kuwaiti Dinars		
	Up to 1 year	Over 1 year	Total
Assets:			
Cash and cash equivalents	1,003,924	-	1,003,924
Accounts receivable and prepayments	1,791,905	-	1,791,905
Receivable on sale of joint venture	6,500,000	-	6,500,000
Murabaha receivable	1,775,631	1,379,925	3,155,556
Investments at fair value through profit or loss	503,813	8,514,235	9,018,048
Investments in associates	-	25,081,415	25,081,415
Right of use assets	-	1,286,445	1,286,445
Furniture and equipment	-	435,941	435,941
Intangible assets	-	3,200,000	3,200,000
Goodwill	-	750,000	750,000
Total assets	11,575,273	40,647,961	52,223,234
Liabilities:			
Accounts payable and accruals	1,571,463	1,730,785	3,302,248
Murabaha payable	3,498,767	3,000,000	6,498,767
Lease liabilities	441,640	853,388	1,295,028
Employees' end of service benefits	-	1,550,047	1,550,047
Total liabilities	5,511,870	7,134,220	12,646,090
LIQUIDITY SURPLUS	6,063,403	33,513,741	39,577,144

20. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of others. The balances of these portfolios are not presented in the Group's financial position.

	Kuwaiti Dinars	
	2025	2024
Investment portfolios managed on behalf of others	262,391,610	204,283,800
Funds managed on behalf of others	13,214,557	3,695,814
Foreign collective investment schemes managed on behalf of others	299,015,169	284,802,197
	574,621,336	492,781,811

Management, Advisory and Brokerage fees from fiduciary activities

	Kuwaiti Dinars	
	2025	2024
Basic management fees – portfolios	2,264,234	2,083,295
Basic management fees – funds	63,103	66,000
Incentive management fees – portfolios	50,106	-
Incentive management fees – funds	102,381	-
Total management fees	2,479,824	2,149,295

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Advisory fees – foreign collective investment schemes	385,231	753,116
Brokerage fees	1,690,036	658,552
Total advisory and brokerage fee income	<u>2,075,267</u>	<u>1,411,668</u>

21. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

To maintain or adjust the capital structure, the Group may reduce the amount of borrowings, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024. The Group has an external bank borrowing of KD 6,825,000 as of 31 December 2025 (31 December 2024: KD 6,498,767).

22. SUBSEQUENT EVENTS - GEOPOLITICAL DEVELOPMENT

In the light of the current escalating conflict in the Middle East and the potential consequential impact on economic activities and inflation, management acknowledges that this matter may require revisions of certain assumptions and estimates related to valuation of investments, impairment of non-financial assets and goodwill, if the conflict proves prolonged. However, at this stage management is unable to reliably estimate any potential impact, as events are unfolding day-by-day.



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