

المجموعة  
Group

أسيكو  
ACICO

# ANNUAL REPORT

2024 - 2025

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His Highness Sheikh  
**Sabah Khaled Al-Hamad Al-Sabah**



Crown Prince of the State of Kuwait



His Highness Sheikh  
**Mishal Al-Ahmad Al-Jaber Al-Sabah**



The Emir of the State of Kuwait



# Annual Report

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## Corporate Governance

## **Board of Directors**

Board of Directors from 30/5/2024 until 13/12/2025



■  
**Emad Abdullah Al-Essa**  
.....  
Chairman - Non Executive



■  
**Ahmad Ghassan Al-Khaled**  
.....  
Vice Chairman - Executive



■  
**Ghaida Ghassan Al-Khaled**  
.....  
Board Director - Executive



■  
**Haitham Suleiman Al-Khaled**  
.....  
Board Director - Independent



■  
**Hanadi Anwer Al-Saleh**  
.....  
Board Director - Independent



■  
**Ahmed Faisal Al-Refae**  
.....  
Board Director - Non Executive



■  
**Basel Abdullah Al-Nafeesi**  
.....  
Board Director - Independent



■  
**Mohammad Abdullateef Al-Fares**  
.....  
Board Director - Independent

## **Board of Directors**

Board of Directors effective from 14/12/2025



**Emad Abdullah Al-Essa**  
.....  
Chairman - Independent



**Ahmad Ghassan Al-Khaled**  
.....  
Vice Chairman - Executive



**Ghaida Ghassan Al-Khaled**  
.....  
Board Director - Executive



**Bader Mohammed Al-Qattan**  
.....  
Board Director - Non Executive



**Bandar Sulaiman Al-Jarallah**  
.....  
Board Director - Independent



**Fawaz Salem Al-Mudhaf**  
.....  
Board Director - Independent



**Waleed Khaled Mandani**  
.....  
Board Director - Non Executive



**Khaled Saeed Sbeitah**  
.....  
Board Director - Independent

# Annual Report

## Corporate Governance

Since its founding, ACICO Group's guiding philosophy has been 'Building on Solid Foundations,' a principle that informs every part of its operations, from administration to industry. Over the years, ACICO has become a national industrial landmark that serves the Kuwaiti people and remains environmentally friendly. It has also played a pioneering and vital role in contributing to the realization of Kuwait Vision 2035.

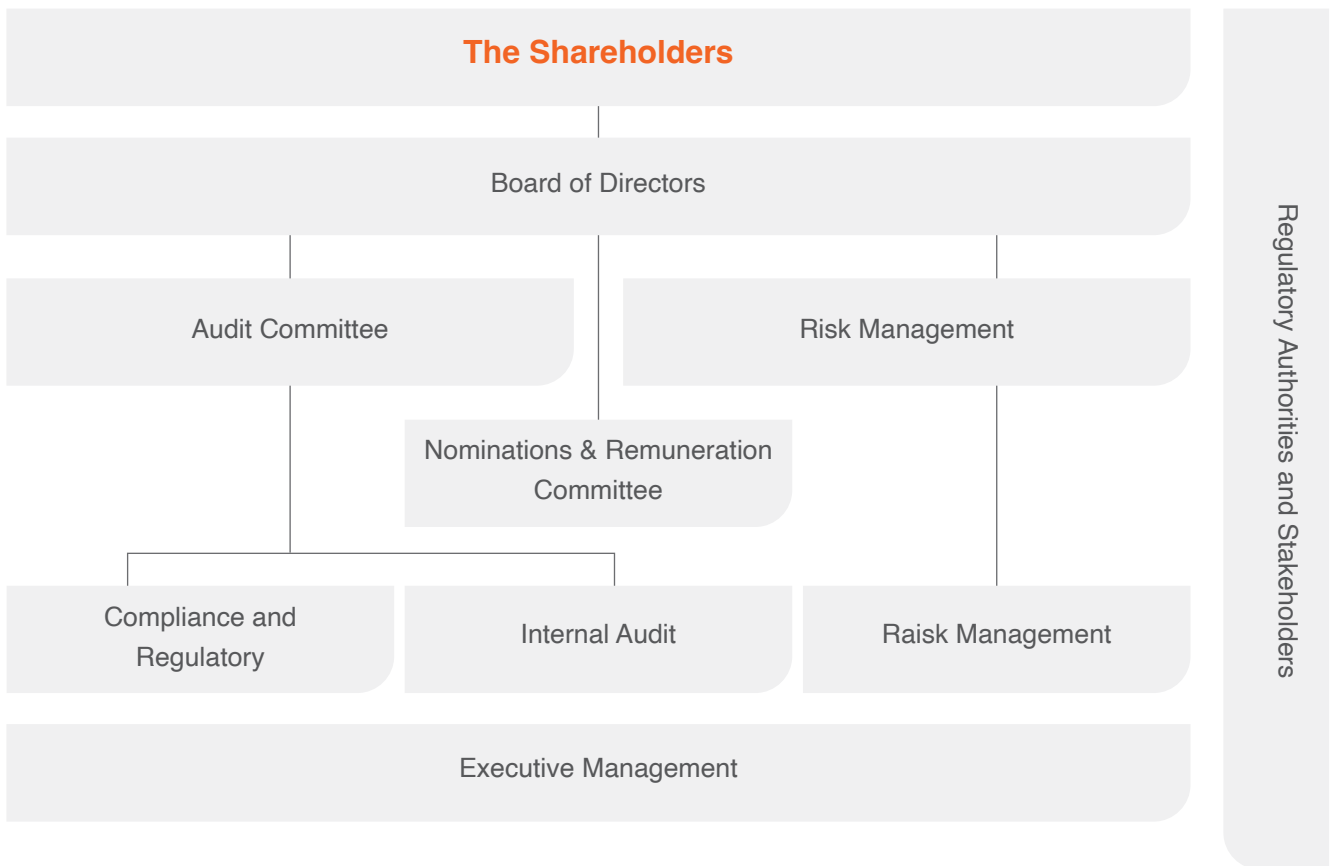
Recognizing the importance of adhering to governance principles, their critical role, and the practices associated with them, the Board of Directors of ACICO Industrial (ACICO) firmly believes that having an appropriate and effective governance system is of utmost importance. Such a system enhances the trust of shareholders, investors, and all stakeholders.

By monitoring the performance of the committees operating under the Board of Directors and adhering to the corporate governance regulations issued by the Capital Markets Authority (CMA), ACICO ensures

full compliance with all relevant laws and regulations, particularly those issued by the CMA, the Ministry of Commerce and Industry, and other regulatory and supervisory bodies.

Additionally, ACICO maintains its competitive edge and protects shareholder value by continuously adapting its internal policies and regulations to reflect new legislative and market developments.

Promoting a culture of professional conduct and ethical values within ACICO is one of the fundamental pillars of its operations. Therefore, ACICO places significant emphasis on ensuring that all employees whether members of the Board of Directors, executive management, or staff comply with ACICO's internal policies, legal requirements, and regulatory standards. This is achieved through the implementation and adherence to a code of conduct and ethics, as well as mechanisms to prevent conflicts of interest. Adherence to this code ensures the protection and recognition of stakeholder rights and encourages them to monitor the ACICO'S various activities.



## Principle One

# Establishing a Balanced Board Structure

### Formation of the Board of Directors

ACICO's Board of Directors has been formed in accordance with governance requirements, aligning with ACICO's activities and strategy. The Board is distinguished by a Broad spectrum of competencies, academic and professional qualifications, and proficiency in financial, legal, governance, internal control, risk management, financial and economic management, and strategic planning. The Board consists of eight members elected at ACICO's General Assembly for a term of three years. The Board is composed of a majority of non-executive members and several independent members, in line with governance requirements. Additionally, the Board includes several committees that ensure balanced decision-making, independence, and impartiality. Each of these committees operates under charters and regulations that define their scope of work, powers, responsibilities, and duties. These regulations are reviewed periodically, along with the Board's charter, to ensure compliance with Law No. 7 of 2010, the Companies Law, and adherence to global best practices. These regulations serve as a roadmap for the Board of Directors' operations.

The table below shows the qualifications and work experience of the board members and their election dates:

#### Board of Directors from May 30, 2024, to December 13, 2025

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Mr. Emad Abdullah Al-Essa	Chairman of the Board - Non-Executive	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"><li>Bachelor's in Business Administration (1985), California Polytechnic University, USA. Over 35 years of experience in real estate and investment companies, project management, real estate development, mergers &amp; acquisitions, and financial restructuring.</li></ul>		
Mr. Ahmad Ghassan Al-Khaled	Vice Chairman of the Board – Deputy CEO of the Industrial Sector	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"><li>Bachelor's in Civil Engineering, George Washington University, USA. Master's in Engineering Management and Business Administration. Over 15 years of experience in construction.</li></ul>		
Ms. Ghaida Ghassan Al-Khaled	Board Member – Deputy CEO of the Strategic Sector	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"><li>Bachelor of Science in Civil Engineering, Kuwait University (1998). Master's in Business Administration. Over 20 years of experience in contracting.</li></ul>		

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Mr. Ahmed Faisal Al-Refae	Board Member – Non-Executive	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>Bachelor's in Business Administration, USA. Over 25 years of experience in industrial, real estate, investment, and banking sectors.</li> </ul>		
Mr. Haitham Suleiman Al-Khaled	Board Member – Independent	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>Bachelor's in Electrical Engineering, Kuwait University (1985). Worked at Zain from graduation until 2011, contributing to the company's transformation into a global enterprise. Served as CEO of Zain Middle East.</li> </ul>		
Mr. Basel Abdullah Al-Nafeesi	Board Member – Independent	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>Bachelor's in Business Administration (Business Information Technology), American University. Over 17 years of professional, executive, and strategic experience in investment, banking, and real estate development.</li> </ul>		
Mr. Mohammad Abdullateef Al-Fares	Board Member – Independent	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>PhD in Mechanical Engineering (1995). Held several leadership positions at Kuwait University, in addition to serving in multiple ministerial roles.</li> </ul>		
Ms. Hanadi Anwer Al-Saleh	Board Member – Independent	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>Bachelor's in Economics, Tufts University. Chairperson of the Board of Directors of Agility.</li> </ul>		
Mr. Mutaz Taher Al-Jazzar	Secretary of the Board of Directors	30/5/2024
<b>Academic Qualifications and Professional Experience</b>		
<ul style="list-style-type: none"> <li>Bachelor's in Law, University of Algiers. 20 years of experience in the legal field and 14 years in regulatory compliance and board secretarial work.</li> </ul>		

## Board of Directors as of December 14, 2025

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Mr. Emad Abdullah Al-Essa	Board Member – Independent	14/12/2025

### Academic Qualifications and Professional Experience

- B.Sc. in Business Administration (Finance Minor) – California State Polytechnic University – USA, 1985.
- Participated in various areas of membership and management across different sectors, including the investment, real estate, and hospitality sectors.
- Chairman, ACICO Industries Company, May 2021 – Present.
- Chief Executive Officer (CEO), Kuwait Real Estate Company, June 2009 – December 2017.
- General Manager, Aqar Real Estate Investments, April 2004 – May 2009.
- Head of Asset Management, Gulf Monetary Group Co., February 2001 – February 2003.
- Investment Manager, Kuwait Real Estate Company, March 1998 – February 2001.
- Investment Analyst Manager, Pearl of Kuwait Real Estate Company, April 1989 – February 1998.
- Chairman – National Slaughter House (1999 – Present).
- Board Member – Arzan Financial Group (2012 – Present).
- Board Member – IFA Hotels & Resorts (2015 – Present).
- Board Member – Hamburg Airport Hotel (2017 – Present).

Mr. Ahmad Ghassan Al-Khaled	Vice Chairman of the Board – Deputy CEO of the Industrial Sector	14/12/2025
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### Academic Qualifications and Professional Experience

- Master's in Business Administration, Thunderbird University – Arizona, 2011.
- Master of Science, Engineering Management – Economics, Finance, and Cost Engineering, The George Washington University – Washington, DC 2005.
- Bachelor of Science, Civil Engineering, The George Washington University – Washington, 2003.
- Chief Operating Officer and Managing Director – Director.
- Industrial Division ACICO Construction Co. 2009 – Present.
- Responsible for the running and sales of ACICO's Cement and Ready-mix division.
- ACICO Construction Co. 2006 – 2009.
- Civil Engineer / Design Engineer Ahmadiyah Contracting Co. 2005 – 2006.

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Ms. Ghaida Ghassan Al-Khaled	Board Member – Deputy CEO of the Strategic Sector	14/12/2025

#### Academic Qualifications and Professional Experience

- Master of Business Administration (MBA), International Business Thunderbird School of Global Management, Arizona, USA.
- Bachelor of Science, Civil Engineering Kuwait University – Graduated with Honors.
- Strategic and results-driven Chief Executive Officer with over 20 years of experience in real estate development, construction, and hospitality management across the GCC.
- Chief Executive Officer ACICO Gulf Real Estate (a subsidiary of ACICO Group), Dubai, UAE, 2020 Present.
- Chief Operating Officer ACICO Construction W.L.L., Kuwait, 2004 – 2016.
- Engineering & Project Control Leadership Roles ACICO Group Kuwait, 2000 – 2004.
- Project Analysis & Control Systems Co. W.L.L. Time & Cost Engineer Kuwait 1998 – 2000.

Mr. Bader Mohammed Al-Qattan	Board Member – Non-Executive	14/12/2025
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#### Academic Qualifications and Professional Experience

- B.Sc. in Mechanical Engineering. January 1997 – June 2022, collage of engineering and Petroleum, Kuwait University, 1997 – 2022.
- Master's in business administration, 2016 – 2018, TRUIM Executive Global MBA, NYU Stern, LSE, HEC.
- Operation Manager, Paper & Equipment Division, Kinko's, October 2022 – January 2004, Mohamed Abdul Mohsen Al-Kharafi & Sons, Kuwait.
- Deputy Factory Manager, Engineer, June 2004 – March 2005, Al Babtain Body Manufacturing Company, Kuwait.
- Assistant Manager, Assets Management, First Investment Company, May 2005 – Nov 2009.
- Chief Executive Investment, Investment Department, Gulf Cable & Electrical Industries Company, Kuwait, Dec 2009 – Dec 2018.
- Chief Executive Officer – Shaiba Industrial Company, Kuwait – 2019 Till date.
- Member of the Kuwait Financial Market Association.
- Member of the Kuwait Society of Engineering.
- Board member in MARSALA Holding Company, Kuwait, 2009 – 2012.
- Vice Chairman in Cost Investment Company, Kuwait, 2010 – 2019.
- Board Member in Port Ghalib Resort Company, Egypt, 2011 – 2013.
- Chairman of First Investment Company, Kuwait, 2012 – Till date.
- Vice Chairman in Dana AlSafat Foodstuff Company, Kuwait, 2014 – 2018.
- Vice Chairman in Shuaiba Paper Industries, Kuwait, 2014 – Till Date.
- Board Member in Al Waseet Financial Business Company, Kuwait, April 2019 – Till date.
- Board Member at Kuwait Clearing Company, Kuwait, May 2019 – Present.
- Member in the Kuwait Economic Society.

Mr. Bandar Sulaiman Al-Jarallah	Board Member – Independent	14/12/2025
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#### Academic Qualifications and Professional Experience

- Bachelor's degree in Business Administration, California State University.
- Founder & CEO Al Fouz International Company.
- CEO, Kuwait Cotton Products Company.
- Managing Director Al Jarallah Transportation Group.
- Board Member IFA Hotels & Resorts.
- Board Member First Takaful Insurance Company.

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Mr. Khaled Saeed Sbeitah	Board Member – Independent	14/12/2025

#### Academic Qualifications and Professional Experience

- Holds an undergraduate degree from the University of Florida.
- He began his career in Kuwait's construction and real estate sector, later advancing into leadership positions across investment, hospitality, and development companies.
- Chairman of IFA Hotels & Resorts KPSC – appointed in April 2023, guiding the group's regional and international hospitality strategy.
- Board Member of Kuwait Real Estate Company.
- Vice Chairman & CEO at Al-Mazaya Holding Co. SAKC, a prominent real estate group – Past role.
- Chairman at Petrochemical Industries Co. KSC, overseeing petrochemical operations – Past role.
- Vice Chairman at First Dubai Real Estate Development Co. KSCC – Past role.
- Director / Board Member at National International Holding Co. KSC – Past role.
- Active member of Young Arab Leaders and the American Institute of Engineers, highlighting his involvement in professional and leadership networks.

Mr. Fawaz Salem Al-Mudhaf	Board Member – Independent	14/12/2025
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#### Academic Qualifications and Professional Experience

- Bachelor's Degree in Finance, University of Central Florida (UCF), 1996.
- Accomplished business leader with over 25 years of experience spanning real estate, education, and international investments.
- Chief Executive Officer, Kuwait Swedish General Trading & Contracting (Kuwait Swedish GTCC) 2005 – Present.
- Chairman, MAS Grand Real Estate 2008 – Present.
- Vice Chairman Al Jeel Al Jadeed Education (AAG) 2021 – Present.
- Director Albion Gate Management Ltd (UK) 2025 – Present.
- Deputy General Manager, Kuwait Swedish Cleaning Company 2001 – 2005.
- Global Portfolio Manager, Kuwait Investment Projects Company (KIPCO) 1996 – 2000.
- Analyst (Early Career) Merrill Lynch, Florida, USA 1995 – 1996.

Mr. Waleed Khaled Mandani	Board Member – Non-Executive	14/12/2025
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#### Academic Qualifications and Professional Experience

- Bachelor of Science in Business Administration, University of Arizona, 1992.
- Over 30 years of experience in competitive global and local financial institutions culminating in C-suite roles.
- Acting Chief Executive Officer, Gulf Bank Kuwait, 2021 – 2025.
- Chief Private Banking Officer & Chief Retail Officer, Kuwait Finance House (KFH), Kuwait, 2015 – 2021.
- Chief Executive Officer, Wealth Management, BNP Paribas, Kuwait, 2005 – 2015.
- Senior Manager, Private Banking & Institutions, Ahli United Bank (previously UBK), Kuwait, 2001 – 2005.
- Head of Corporate & Investment Capital Markets, National Investments Co., Kuwait, 1998 – 2001.
- Local Portfolio Manager, Sons of A. Rahman M. Hussein Co., Kuwait, 1997 – 1998.
- Treasury Corporate Officer, Dealing Room, National Bank of Kuwait, Kuwait, 1993 – 1997.

Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Election Date
Mr. Mutaz Taher Al-Jazzar	Secretary of the Board	14/12/2025

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#### Academic Qualifications and Professional Experience

- Bachelor's degree in law, University of Algeria.
  - Certified Corporate Governance Officer (CCGO).
  - Certified Specialist in Anti-Money Laundering and Terrorism Financing (ICA).
  - Certified Compliance Officer (ICA).
  - Over 20 years of experience in law and 14 years in regulatory compliance.
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## Board of Directors

# Meetings during the year 2025

Meeting Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Meeting Date	13 / 01 / 2025	9 / 2 / 2025	19 / 2 / 2025	16 / 03 / 2025	26 / 3 / 2025	27 / 04 / 2025	15 / 05 / 2025	28 / 06 / 2025	30 / 06 / 2025	06 / 08 / 2025	02 / 10 / 2025	13 / 10 / 2025	11 / 11 / 2025	18 / 11 / 2025	14 / 12 / 2025	23 / 12 / 2025
Mr. Emad Abdullah Al-Essa Chairman of the Board	✓	✓	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmad Ghassan Al-Khaled Vice Chairman of the Board	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Haitham Suleiman Al-Khaled Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Ms. Ghaida Ghassan Al-Khaled Board Member	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed Faisal Al-Refae Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓		
Mr. Basel Abdullah Al-Nafeesi Board Member	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓		
Mr. Mohammad Abdullateef Al-Fares Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Ms. Hanadi Anwer Al-Saleh Board Member	✓	✓	✓	X	X	✓	X	✓	✓	✓	X	✓	X	X		
Mr. Bader Mohammed Al-Qattan Board Member															✓	✓
Mr. Bandar Sulaiman Al-Jarallah Board Member															✓	✓
Mr. Khaled Saeed Sbeitah Board Member															✓	✓
Mr. Fawaz Salem Al-Mudhaf Board Member															✓	✓
Mr. Waleed Khaled Mandani Board Member															✓	✓

## **Board of Directors Meetings During the Year 2025**

### **Summary of the Implementation of Registration, Coordination, and Preservation Requirements for the Minutes of the Board of Directors' Meetings:**

The Secretary of the Board was appointed on June 4, 2024, and reappointed on December 14, 2025. The Secretary has been entrusted with the task of organizing and preserving the minutes of the Board of Directors' meetings. A dedicated register was created by the Secretary to record the minutes of the Board meetings with sequential numbering for the year in which the meeting was held. The register includes details such as the location, date, start and end time of the meeting. Additionally, the Secretary prepared minutes documenting discussions and deliberations, and recorded the Board's decisions during the meetings in this register. Files are also stored electronically to facilitate easy access and retrieval.

### **Declaration of Independent Member's Compliance with Independence Criteria:**

The Nomination and Remuneration Committee has verified that all criteria defining independence are met for independent members as follows:

نموذج استطلاع مدى استقلالية العضو المستقل

م	الاسئلة	إذا كانت الإجابة لا ضع علامة صح هنا	إذا كانت الإجابة نعم، الرجاء اضافة التعليقات
1	هل كان العضو المستقل موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.	✓	
2	هل لدى العضو المستقل لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.	✓	
3	هل يملك العضو المستقل نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنها.	✓	
4	هل العضو المستقل عضو مجلس إدارة في أي شركة من شركات المجموعة	✓	
5	هل العضو المستقل موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.	✓	
6	هل يمتلك العضو المستقل المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة	✓	

إقرار العضو المستقل

أنا عماد عبدالله العيسى، أقر بموجب هذا بأنني سأشغل منصب العضو المستقل في مجلس إدارة شركة اسيكو للصناعات، وأقر أيضاً بأنني سأتمثل واستمر في تلبية جميع المتطلبات المنصوص عليها في الكتاب الخامس عشر حوكمة الشركات، من اللائحة التنفيذية الصادرة من قبل هيئة سوق المال.

كما أنني أقر بما يلي :-

- لا أملك نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ليس لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.
- كما أنني لست عضو مجلس إدارة في أي شركة من شركات المجموعة.
- لست موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.
- لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

كما أؤكد ، بأنني ملتزم بمبدأ الاستقلالية التي حددتها هيئة سوق المال في الكتاب الخامس عشر ، وجميع الأنظمة الأخرى اللاحقة الصادرة عن الجهة المنظمة لهذا الشأن.

الاسم: عماد عبد الله العيسى

التاريخ: 14-12-2025

التوقيع: 

### نموذج استطلاع مدى استقلالية العضو المستقل

م	الاسئلة	إذا كانت الإجابة لا ضع علامة صح هنا	إذا كانت الإجابة نعم، الرجاء اضافة التعليقات
1	هل كان العضو المستقل موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.	✓	
2	هل لدى العضو المستقل لدى أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.	✓	
3	هل يملك العضو المستقل نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنها.	✓	
4	هل العضو المستقل عضو مجلس إدارة في أي شركة من شركات المجموعة	✓	
5	هل العضو المستقل موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.	✓	
6	هل يمتلك العضو المستقل المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة		✓

#### إقرار العضو المستقل

أنا بندر سليمان عبدالعزيز الجارالله، أقر بموجب هذا بأنني سأشغل منصب العضو المستقل في مجلس إدارة شركة اسيكو للصناعات، وأقر أيضاً بأنني سأمثل وأستمر في تلبية جميع المتطلبات المنصوص عليها في الكتاب الخامس عشر حوكمة الشركات، من اللائحة التنفيذية الصادرة من قبل هيئة سوق المال.

كما أنني أقر بما يلي:-

- لا أملك نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ليس لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.
- كما أنني لست عضو مجلس إدارة في أي شركة من شركات المجموعة.
- لست موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.
- لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

كما أؤكد، بأنني ملتزم بمبدأ الاستقلالية التي حدتها هيئة سوق المال في الكتاب الخامس عشر، وجميع الأنظمة الأخرى اللاحقة الصادرة عن الجهة المنظمة لهذا الشأن.

الاسم: بندر سليمان الجارالله

التاريخ: 25 - 12 - 14

التوقيع: 

### نموذج استطلاع مدى استقلالية العضو المستقل

٣	الاسئلة	إذا كانت الإجابة لا ضع علامة صح هنا	إذا كانت الإجابة نعم، الرجاء اضافة التعليقات
1	هل كان العضو المستقل موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.	✓	
2	هل لدى العضو المستقل لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.	✓	
3	هل يملك العضو المستقل نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنها.	✓	
4	هل العضو المستقل عضو مجلس إدارة في أي شركة من شركات المجموعة	✓	
5	هل العضو المستقل موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.	✓	
6	هل يمتلك العضو المستقل المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة		✓

#### إقرار العضو المستقل

أنا فواز سالم جاسم المضيف ، أقر بموجب هذا بأنني سأشغل منصب العضو المستقل في مجلس إدارة شركة اسيكو للصناعات، وأقر أيضاً بأنني سأمتثل واستمر في تلبية جميع المتطلبات المنصوص عليها في الكتاب الخامس عشر حوكمة الشركات، من اللائحة التنفيذية الصادرة من قبل هيئة سوق المال.

كما أنني أقر بما يلي :-

- لا أملك نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
- ليس لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.
- كما أنني لست عضو مجلس إدارة في أي شركة من شركات المجموعة.
- لست موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.
- لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.

كما أؤكد ، بأنني ملتزم بمبدأ الاستقلالية التي حددها هيئة سوق المال في الكتاب الخامس عشر ، وجميع الأنظمة الأخرى اللاحقة الصادرة عن الجهة المنظمة لهذا الشأن.

الأسم: فواز سالم جاسم

التاريخ: 14-12-2025

التوقيع: [Signature]

### نموذج استطلاع مدى استقلالية العضو المستقل

م	الاسئلة	إذا كانت الإجابة لا ضع علامة صح هنا	إذا كانت الإجابة نعم، الرجاء اضافة التعليقات
1	هل كان العضو المستقل موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.	✓	
2	هل لدى العضو المستقل لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.	✓	
3	هل يملك العضو المستقل نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنها.	✓	
4	هل العضو المستقل عضو مجلس إدارة في أي شركة من شركات المجموعة	✓	
5	هل العضو المستقل موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.	✓	
6	هل يمتلك العضو المستقل المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة		✓

#### إقرار العضو المستقل

أنا خالد سعيد العبد اسبيته ، أقر بموجب هذا بأنني سأشغل منصب العضو المستقل في مجلس إدارة شركة اسيكو للصناعات، وأقر أيضاً بأنني سأمتثل واستمر في تلبية جميع المتطلبات المنصوص عليها في الكتاب الخامس عشر حوكمة الشركات، من اللائحة التنفيذية الصادرة من قبل هيئة سوق المال.

#### كما أنني أقر بما يلي :-

- لا أملك نسبة خمسة في المئة أو أكثر من أسهم الشركة المرشح لها أو ممثلاً عنه.
  - ليس لدي أي صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو الإدارة التنفيذية في الشركة أو في أي شركة من المجموعة، أو أي من الأطراف الرئيسية ذات العلاقة.
  - كما أنني لست عضو مجلس إدارة في أي شركة من شركات المجموعة.
  - لست موظفاً بالشركة أو بأي شركة من المجموعة أو لدى أي من أصحاب المصالح.
  - لست موظفاً لدى الأشخاص الاعتباريين الذين يملكون حصص سيطرة في الشركة.
- كما أؤكد ، بأنني ملتزم بمبدأ الاستقلالية التي حددها هيئة سوق المال في الكتاب الخامس عشر ، وجميع الأنظمة الأخرى اللاحقة الصادرة عن الجهة المنظمة لهذا الشأن.

الاسم: خالد سعيد اسبيته

التاريخ: 202/12/14

التوقيع: 

## Principle Two

# Proper Identification of Roles and Responsibilities

Overview of How ACICO defines the Policy for Roles, Responsibilities, and Duties of Board Members and Executive Management, as well as the Authorities Delegated to Executive Management:

One of the primary roles of the Board of Directors is to strike a balance between achieving ACICO's strategic objectives, meeting the aspirations of shareholders and stakeholders, and ensuring that the executive management performs all assigned tasks effectively.

Accordingly, the Board of Directors has approved the roles and responsibilities prepared by the Nomination Committee for each member of the Board and the executive management. This policy reflects a balance of powers and ensures the separation of authorities between the Board of Directors and the executive management.

### Achievements of the Board of Directors During the Year 2025:

- Continued implementation of the financial restructuring plan, achieving advanced stages with creditor banks and reaching desired settlements that serve the interests of ACICO, its shareholders, and all stakeholders.
- Generated extraordinary income of 12,393,672 KD and reduced ACICO's debts in the balance sheet by 99,230,692 KD as a result of the partial execution of a debt settlement agreement with one of the creditor banks.
- Supervised the development of the corporate strategy and business planning in close coordination with the executive management to ensure alignment with ACICO's vision.
- Approved the Capital Expenditure (Capex) Report and the financial forecast report.
- Reviewed internal policies and procedures for the ACICO Group to enhance administrative and technical systems.
- Conducted periodic reviews of the authority matrix for all group companies to ensure optimal implementation of the principle of control.
- Achieved operational profits from both industrial and real estate activities.
- Approved ACICO's general budget in line with the restructuring plan, cost rationalization, and activation of operational performance.

## Formation of Board Committees

The Board of Directors established the subcommittees to ensure the performance of its duties in accordance with the highest standards, for the period from May 30, 2024, to December 14, 2025.



The Board of Directors has formed subcommittees to ensure the performance of its duties in accordance with the highest standards from December 14, 2025, to date.



# Risk Management Committee

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## Tasks and Achievements of the Risk Management Committee During 2025:

The committee achieved several milestones during 2025, with the most notable accomplishments including the following:

- 
- Evaluated credit risks in collection policies and procedures, assessed their alignment with the “risk appetite,” and determined the credit ceiling for the group and its subsidiaries.
- 
- Reviewed the credit and collection status for 2024 and established a Key Performance Indicator (KPI) for the executive management aimed at achieving zero expected credit loss provisions for 2025.
- 
- Reviewed and approved the annual risk appetite reports for 2023 and 2024, as well as the quarterly risk appetite reports for 2025, contributing to enhanced proactive oversight and ensuring that the group’s operational and financial performance aligns with the risk limits approved by the Board of Directors.
- 
- Reviewed risk reports submitted by the Risk Management Department and provided recommendations and risk mitigation plans.
- 
- Monitored cash collection processes and expected credit loss (ECL) provisions at the level of each business unit within ACICO, recommending the adoption of KPIs to reduce aged receivables, thereby enhancing cash flows.
- 
- Reduced strategic risks by recommending the activation of the role of “Strategy, Business Planning, and Program Management” within the existing organizational structure.
- 
- Reviewed risks associated with the debt restructuring plan with creditor banks, including its financial impacts, benefits, and risks to ACICO, and provided relevant recommendations.
- 
- Reviewed capital expenditure (CAPEX) requirements for 2025 and the associated risks, including additional allocations for developing the sand quarry and making improvements to the ship dock during 2025, which are expected to result in annual savings in delay expenses.
- 
- Reviewed and approved the “Performance Dashboard” system for each business sector within ACICO.
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#### Date of Committee Formation and Duration:

The Risk Management Committee was formed on June 4, 2024, and restructured on December 14, 2025. Its term of service extends for a period of three years.

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#### Committee Members from June 4, 2024, to December 13, 2025:

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Mr. Haitham Suleiman Al-Khaled	● Head of the Risk Management Committee
Mr. Ahmed Faisal Al-Refae	● Member of the Risk Management Committee
Ms. Hanadi Anwer Al-Saleh	● Member of the Risk Management Committee
Ms. Ghaida Ghassan Al-Khaled	● Member of the Risk Management Committee

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#### Committee Members from December 14, 2025, to Date:

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Mr. Bandar Sulaiman Al-Jarallah	● Head of the Risk Management Committee
Ms. Ghaida Ghassan Al-Khaled	● Member of the Risk Management Committee
Mr. Bader Mohammed Al-Qattan	● Member of the Risk Management Committee
Mr. Sayed Shahbaz	● Secretary of the Committee

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#### Number of Meetings Held by the Committee During 2025:

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Meeting Number	Meeting Date
(1/2025)	8 - Apr - 2025
(2/2025)	15 - Apr - 2025
(3/2025)	16 - Jun - 2025
(4/2025)	24 - Jun - 2025
(5/2025)	26 - Jun - 2025
(6/2025)	14 - Jul - 2025
(7/2025)	4 - Aug - 2025
(8/2025)	15 - Dec - 2025

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# Nominations and Remunerations Committee

## Key Achievements of the Committee During 2025:

The Committee Achieved Several Milestones During 2025, Including the Following Key Accomplishments:

- Approved the annual evaluation of the Nominations and Remunerations Committee.
- Approved the proposed training plan for Board members and executive management for the year 2025.
- Attracted skilled Kuwaiti talent to the workforce.
- Recommended the appointment of certain candidates for executive management positions within ACICO and evaluated the specific skills of the candidates.
- Ensured that all regulatory conditions and requirements were met by the candidates nominated for Board membership and recommended presenting the candidates' names to the General Assembly.

## Date of Committee Formation and Duration:

The Nominations and Remunerations Committee was formed on June 4, 2024, and restructured on December 14, 2025. Its term of service extends for a period of three years.

## Committee Members from June 4, 2024, to December 13, 2025:

Mr. Emad Abdullah Al-Essa	● Head of the Committee
Mr. Haitham Suleiman Al-Khaled	● Member
Mr. Ahmad Ghassan Al-Khaled	● Member
Ms. Ghaida Ghassan Al-Khaled	● Member

## Committee Members from December 14, 2025, to Date:

Mr. Emad Abdullah Al-Essa	● Head of the Committee
Mr. Bader Mohammed Al-Qattan	● Member
Mr. Ahmad Ghassan Al-Khaled	● Member

## Number of Meetings Held by the Committee During 2025:

Meeting Number	Meeting Date
(1/2025)	27-01-2025
(2/2025)	18-11-2025
(3/2025)	15-12-2025

# Audit Committee

## Tasks and Achievements of the Audit Committee During 2025:

The Committee Achieved Several Milestones During 2025, Including the Following Key Accomplishments:

- Reviewed interim and annual financial statements and submitted recommendations to the Board of Directors.
- Recommended the reappointment of external auditors and approved professional fees related to audit services provided.
- Reviewed and discussed the external auditors' report on internal controls for IT systems and technology.
- Review and endorsement of the Group's Internal Audit Management annual plan, based on risk assessment.
- Oversight of the Internal Audit Management function and review of audit findings across Kuwait operations and overseas branches.
- Supervised the Internal Audit Department and reviewed the results of audit operations in Kuwait and external branches.
- Discussed audit reports prepared by the Group's Internal Audit Department and the consulting entity.
- Assigned an independent audit firm to prepare an evaluation report on ACICO's internal control systems for 2024, in line with the requirements of the Capital Markets Authority.
- Reviewed the efficiency and independence of the Internal Audit Department and conducted a comprehensive annual evaluation of the internal audit function with the Group's Chief Internal Auditor.
- Completed the sustainability report to align with and enhance global sustainability practices.
- Assigned an independent audit firm to prepare an evaluation report on the Internal Audit Department, in line with the requirements of the Capital Markets Authority.
- Reviewed and amended the committee's charter and submitted recommendations for presentation to the Board of Directors.
- Conducted a self-assessment of the Audit Committee's performance to determine the level of performance and evaluate the committee's effectiveness.
- Discussed violations reported by the Capital Markets Authority and worked to avoid any future violations.

## Date of Committee Formation and Duration:

The Audit Committee was formed on June 4, 2024, and restructured on December 14, 2025. Its term of service extends for a period of three years.

## Committee Members from June 4, 2024, to December 13, 2025:

Mr. Mohammad Abdullateef Al-Fares	● Head of the Committee
Mr. Ahmed Faisal Al-Refae	● Member
Mr. Basel Abdullah Al-Nafeesi	● Member

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### Committee Members from December 14, 2025, to Date:

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Mr. Waleed Khaled Mandani	● Head of the Committee
Mr. Khaled Saeed Sbeitah	● Member
Mr. Fawaz Salem Al-Mudhaf	● Member

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The committee held a total of (10) meetings during 2025, as outlined in the table below:

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Meeting Number	Meeting Date
(1/2025)	29-01-2025
(2/2025)	05-03-2025
(3/2025)	26-03-2025
(4/2025)	26-03-2025
(5/2025)	15-05-2025
(6/2025)	04-08-2025
(7/2025)	06-08-2025
(8/2025)	11-11-2025
(9/2025)	11-11-2025
(10/2025)	15-12-2025

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### Summary of How the Requirements for Providing Accurate and Timely Information and Data to Board Members Are Implemented:

ACICO places great importance on ensuring that all necessary information and data are provided to the Board of Directors to enable them to perform their duties effectively. This is achieved through a system of periodic reports that provide organized and regular information and data from the relevant departments. Additionally, the CEO acts as the liaison between the Board of Directors, the executive management, and all employees to ensure that information and data are provided comprehensively and accurately.

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### Principle Three

#### Selection of Competent Individuals for Board Membership and Executive Management

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##### Formation of the Nominations and Remunerations Committee:

- The Nominations and Remunerations Committee was formed with three members, one of whom is an independent Board member, and its Chairman is a non-executive Board member.

## Report on Remunerations Granted to Board Members, Executive Management, and Managers in Accordance with the Approved Remuneration Policy:

### Summary of ACICO's Remuneration Policy:

- ACICO's remuneration policy, particularly regarding Board members, executive management, and managers, aims to establish a remuneration system designed and implemented by ACICO to achieve mutual value for the executive management, the Board of Directors, and ACICO, in alignment with the interests of shareholders. This policy reflects the standards and principles of best practices in the field of sound governance, adapted to suit ACICO's structure and specific circumstances, as well as relevant regulatory requirements.

### Include the two statments as follows:

#### Total Compensation and Benefits for the Board of Directors

Compensation and Benefits through the Subsidiary Company				Compensation and Benefits through Parent Company			Total Number of Members
Variable Compensation and Benefits (Kuwaiti Dinar KWD)		Fixed Compensation and Benefits (Kuwaiti Dinar KWD)		Variable Compensation and Benefits (Kuwaiti Dinar KWD)		Fixed Compensation and Benefits (Kuwaiti Dinar KWD)	
Committe Remuneration	Annual Bonus	Monthly Salaries (Total of the Year)	Health Insurance	Committe Remuneration Attendance Allowances	Attendance Allowances	Health Insurance	
NA	NA	NA	NA	105,000	NA	5,765	8

The total bonuses and benefits awarded to the five highest-paid senior executives, plus the CEO and CFO or their replacements if they are not among them.

Compensation and Benefits through the Subsidiary Company							Compensation and Benefits through Parent Company						Total Number of Members	
Variable Compensation and Benefits (Kuwaiti Dinar KWD)	Fixed Compensation and Benefits (Kuwaiti Dinar KWD)						Variable Compensation and Benefits (Kuwaiti Dinar KWD)	Fixed Compensation and Benefits (Kuwaiti Dinar KWD)						
Annual Bonus	Children's Education Allowance	Transporation Allowance	Housing Allowance	Annual Tickets	Health Insurance	Monthly Salaries	Annual Bonus	Children's Education Allowance	Transporation Allowance	Housing Allowance	Annual Tickets	Health Insurance		Monthly Salaries
NA	NA	NA	NA	NA	NA	NA	130,703	NA	5,400	16,200	3,425	3,250	454,200	5

### Any Material Deviations from the Rumuneration Policy Approved by the Board of Directors:

- There are no material deviations from the remuneration policy approved by the Board of Directors.

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## Principle Four

### Ensuring the Integrity of Financial Reports

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#### **Written Declarations by the Board of Directors and Executive Management on the Accuracy and Integrity of Financial Reports:**

- In line with ACICO's commitment to ensuring the integrity of financial reports, the executive management provides a written declaration to the Board of Directors affirming that the financial reports are presented accurately and fairly, reflecting all financial aspects of ACICO in accordance with the International Accounting Standards approved by the authority. Additionally, the Board of Directors declares the accuracy and integrity of the financial statements through the annual report submitted to the shareholders.
- The Board of Directors has formed the Audit Committee, which consists of three members from ACICO's Board of Directors. This committee aims to establish a culture of compliance within ACICO by ensuring the accuracy and integrity of ACICO's financial reports, as well as verifying the adequacy and effectiveness of the internal control systems implemented in ACICO.
- The charter of the Audit Committee defines all the tasks and responsibilities of the committee, as well as all the conditions and requirements for its formation, in accordance with the governance rules set by the Capital Markets Authority to suit ACICO's structure and specific circumstances, as well as relevant regulatory requirements.

#### **Formation of the Audit Committee:**

- The Board of Directors has established the Audit Committee, which consists of three members from ACICO's Board of Directors. This committee works to foster a culture of compliance within ACICO by ensuring the accuracy and integrity of ACICO's financial reports, as well as verifying the adequacy and effectiveness of the internal control systems implemented in ACICO.
- The Audit Committee's charter outlines all the committee's tasks and responsibilities, along with all the conditions and requirements for its formation, in accordance with the governance rules set by the Capital Markets Authority.

#### **Mechanisms Followed in Case of Conflict Between the Audit Committee's Recommendations and the Board of Directors' Decisions:**

- In adherence to the highest standards of transparency, ACICO's Board of Directors has established specific mechanisms and procedures to be followed in the event of a conflict between the Audit Committee's recommendations and the Board's decisions. For instance, if the Board rejects the committee's recommendations regarding external auditors and/or the internal auditor, the reasons for rejecting the recommendation must be explained and documented in the minutes of the Board meeting and the governance report. The recommendations, the reasons for the Board's decision not to comply with them, and the resulting implications must be clearly stated.
- It is worth noting that, to date, there has been no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

#### **Independence and Impartiality of the External Auditor:**

- The Board of Directors has placed significant emphasis on minimizing conflicts of interest by delegating the Audit Committee to ensure the independence and impartiality of the external auditor. Accordingly, the Audit Committee has established criteria and principles for evaluating the external auditor's independence, enabling the committee to recommend to the Board either the reappointment or replacement of the external auditor, including determining their fees and reviewing their engagement letters. The external auditor is appointed at the Ordinary General Assembly based on the Board's recommendations, while fulfilling the following requirements:
- The external auditor must be accredited by the Capital Markets Authority and meet all conditions outlined in the Authority's decision regarding the registration system for auditors.
- The external auditor must be independent of ACICO and its Board of Directors and must not perform additional tasks beyond auditing and review, that could compromise impartiality and independence.
- Based on these criteria, ACICO has appointed BDO Al-Nisf & Co. to perform the required functions as the independent external auditor.

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## Principle Five

### Establishing Sound Systems for Risk Management and Internal Control

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#### **Formation of an Independent Risk Management Department:**

- ACICO has an independent Risk Management Department established in accordance with the organizational structure approved by the Board of Directors. The Risk Management Department consistently strives to implement ACICO's risk management strategy and policy, as well as monitor all types of risks faced by ACICO, as outlined below (including but not limited to):
  1. Establishing effective systems and procedures for risk management to enable ACICO to perform its primary tasks, which include measuring and monitoring all types of risks ACICO faces. This process is conducted continuously, reviewed periodically, and adjusted as needed to ensure the systems and procedures remain effective.
  2. Developing periodic reporting systems, which serve as essential tools for monitoring risks & mitigating their occurrence.
- The personnel responsible for risk management maintain independence by reporting directly to the Risk Management Committee. They are also equipped with the necessary authority and expertise to perform their roles effectively and fulfill their responsibilities.

#### **Formation of the Risk Management Committee:**

- The Risk Management Committee was formed on June 4, 2024, and restructured on December 14, 2025. The committee plays an active role in discussing and monitoring periodic risk management reports. It is also responsible for tasks and responsibilities related to overseeing ACICO's overall risk framework.

#### **Internal Control and Monitoring Systems:**

- ACICO has established internal control and monitoring systems that cover all company operations. These systems ensure the financial integrity of ACICO, the accuracy of its data, and the efficiency of its operations. The organizational structure incorporates internal control principles, such as the Four Eyes Principle, which includes proper delegation of authorities and responsibilities, complete segregation of duties, avoidance of conflicts of interest, dual review and control, and the establishment of policies and procedures for operations. For example, ACICO conducts periodic reviews of the authority matrix, ensuring the participation and approval of all relevant departments. Additionally, ACICO follows an integrated reporting mechanism through ERP systems to facilitate task segregation.
- The Audit Committee assigned an independent external entity to evaluate the adequacy of ACICO's internal control systems and prepare an Internal Control Report (ICR). This report was submitted to the relevant authority within the specified timeframe.

#### **Formation of an Independent Internal Audit Department:**

- The Internal Audit Department operates with full technical independence and reports directly to the Audit Committee and, subsequently, to the Board of Directors. The appointment of the Internal Audit Manager is based on the recommendation of the Audit Committee.
- The Internal Audit Department provides assurance and consulting services aimed at adding value to ACICO and improving its operations. It assists ACICO in achieving its objectives by following a systematic and organized approach to evaluate and enhance the effectiveness of governance, risk management, and control processes.

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## Principle Six

### Promoting Professional Conduct and Ethical Values

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#### **Code of Conduct:**

- The principles and ethics outlined in the Code of Conduct, as directed by the Board of Directors and executive management, aim to establish ethical work standards and foster a positive environment. By upholding the principle of transparency and adhering to these values and principles, ACICO creates a positive impact within its industry, which in turn reflects positively on society. This approach helps build an organization that becomes a source of pride for all stakeholders.

#### **Minimizing Conflicts of Interest:**

- ACICO is committed to minimizing potential conflicts of interest through its approved Conflict of Interest Policy, which reinforces the Four Eyes Principle. The policy outlines effective and necessary procedures and measures to identify and monitor any potential or actual conflicts of interest. This ensures that all decisions are made in a manner that serves the best interests of the shareholders and ACICO.

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## Principle Seven

### Accurate and Timely Disclosure and Transparency

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#### **Mechanisms for Accurate and Transparent Disclosure Outlining Aspects and Characteristics of Disclosure:**

- ACICO follows specific policies and procedures in accordance with its approved disclosure policy, which undergoes periodic reviews to ensure its effective implementation and to enhance the principle of optimal disclosure and transparency. This policy includes a disclosure matrix that covers all required information to be disclosed, including the type of information, material information, timing of disclosure, and its frequency. This ensures that relevant information is provided to stakeholders, enabling them to make effective decisions.
- Additionally, ACICO's website serves as a clear and user-friendly platform, allowing stakeholders, shareholders, and the public to access accurate and comprehensive disclosed information.

#### **Disclosure Register for Board Members and Executive Management:**

- ACICO has prepared a register containing disclosures of Board members and executive management. This register is updated based on any new disclosures received. Any shareholder of ACICO is allowed to review this register during official working hours without any fee or charge. All register data is updated periodically, and ACICO's official website contains all disclosures from the past five years.

#### **Investor Relations Unit:**

- ACICO has established a specialized Investor Relations Unit responsible for providing accurate, comprehensive, and timely data, information, and reports to investors and shareholders. This unit operates with sufficient independence to ensure the accuracy and timeliness of the information provided without influence from any other party. All information is disclosed through approved channels, such as ACICO's website, with regular updates to ensure that information is continuously available to investors and shareholders at all times.

#### **Development of IT Infrastructure:**

- ACICO is continuously enhancing its use of information technology to communicate with shareholders, investors, and stakeholders. This includes regularly updating ACICO's website, which displays all the latest information and data to help current and potential shareholders and investors exercise their rights and evaluate ACICO's performance. ACICO is committed to maintaining communication with the largest possible number of shareholders, investors, and stakeholders.

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## Principle Eight

### Respecting Shareholders' Rights

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#### **Summary of the Implementation of Requirements to Define and Protect General Shareholders' Rights to Ensure Fairness and Equality:**

- Ensuring fairness and equality among all shareholders is one of the most important requirements outlined in corporate governance rules and the Companies Law. ACICO is committed to protecting the rights of its shareholders in a manner that ensures the interests of both the shareholders and ACICO. In its commitment to providing the highest standards of transparency and equality in all current or future transactions for shareholders, ACICO has developed a clear policy to define and protect shareholders' rights in line with its Articles of Association. This policy explicitly outlines the procedures and controls necessary to ensure that all shareholders can exercise their rights, including but not limited to:
- The right to vote in the election of Board members.
- The right to receive dividend distributions.
- The right to participate in general assemblies in a manner that ensures fairness and equality without violating applicable laws, regulations, and issued decisions and instructions.

#### **Establishing a Special Register Maintained by the Clearing Agency for Continuous Monitoring of Shareholder Data:**

- ACICO is committed to continuously monitoring all matters related to shareholder data. To this end, it has established a special register maintained by the Clearing Agency, which records the names, nationalities, domiciles, and number of shares owned by each shareholder. Any changes to the registered data are updated based on information received by ACICO or the Clearing Agency. Any concerned party has the right to request their specific data from this register through ACICO or the Clearing Agency.

#### **Encouraging Shareholders to Participate and Vote in ACICO's General Assembly Meetings:**

- ACICO ensures that all shareholders are invited to attend general assembly meetings and participate in decision-making. Invitations are sent through all available announcement channels, including the Kuwait Stock Exchange website, ACICO's website, and daily newspapers. This reflects ACICO's commitment to ensuring that all shareholders can exercise their rights fairly without any infringement. The Articles of Association stipulate that every shareholder, regardless of the number of shares they own, has the right to attend and vote in the general assembly. Additionally, all relevant information and data are made available to shareholders. ACICO's Shareholder Rights Protection Policy includes all procedures necessary to safeguard shareholders' rights and ensure their active participation.

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## Principle Nine

### Encouraging Stakeholders to Participate in Monitoring ACICO's Various Activities:

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**In line with its commitment to encouraging stakeholder participation, ACICO takes several measures, including but not limited to:**

#### **Stakeholder Protection Policy:**

- ACICO has implemented a Stakeholder Protection Policy that outlines mechanisms to enhance stakeholder participation in providing services aligned with ACICO's activities and needs. This policy also regulates processes related to purchase orders and contracts with external parties to prevent conflicts of interest.

#### **Access to Information**

- Stakeholders are granted access to information and data related to their activities, enabling them to retrieve such information quickly and systematically.

#### **Exercising Rights**

- Stakeholders are encouraged to exercise their rights in accordance with applicable laws and regulations.

### **Transparency in Decision-Making**

- Stakeholders are provided with all relevant information regarding the group's plans and strategies before voting in meetings or accessing other critical information through established disclosure and transparency mechanisms.

### **Reporting Policy**

- A reporting policy is in place to reinforce the principle of transparency and ensure the protection of stakeholders' rights. This policy facilitates direct communication with the Chairman of the Board to address any concerns or issues.

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## **Principle Ten**

### **Enhancing and Improving Performance**

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#### **Requirements for Providing Continuous Training Programs and Courses to Board Members & Executive Management:**

- During 2025, the Nominations and Remunerations Committee facilitated training for Board members and executive management. The Board members and executive management successfully completed the following training course: Corporate strategy.

#### **Evaluation of the Performance of the Board of Directors as a Whole, Each Board Member, & Executive Management:**

- The performance of the Board of Directors as a whole, as well as the performance of each individual Board member and executive management, is evaluated annually. This annual evaluation reflects ACICO's commitment to continuously improving the Board's performance and its supervisory role. The evaluation of the Board's performance enables the assessment of the Board's efficiency and effectiveness in fulfilling its responsibilities under the supervision of the Chairman of the Board.
- Through the Nominations and Remunerations Committee, strengths and weaknesses are identified, and the training and development needs of members are determined using approved performance evaluation mechanisms.

#### **Efforts of the Board of Directors in Creating Institutional Values Among Company Employees:**

- The Board of Directors makes significant efforts to instill institutional values among ACICO's employees by working toward achieving strategic objectives, improving performance rates, and fostering a culture that motivates employees to work according to the highest standards of professionalism and self-development. ACICO is committed to enhancing employee performance by organizing training courses and encouraging employees to obtain specialized professional certifications relevant to their fields of work. These efforts contribute effectively to creating institutional values among employees and motivate them to work continuously to maintain ACICO's financial integrity.

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## Principle Eleven

### Focusing on the Importance of Social Responsibility

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#### Emphasizing the Importance of Social Responsibility

- A brief on establishing a policy that ensures balance between corporate objectives and societal interests ACICO Group is committed to adopting an integrated approach to corporate social responsibility (CSR) and sustainability, reflecting its dedication to supporting the Kuwaiti community and enhancing its positive impact. This is achieved through practices and initiatives aligned with Environmental, Social, and Governance (ESG) principles.

#### First: Social

- ACICO places significant emphasis on supporting the community and strengthening social cohesion. The company organized a visit to Al-Kharafi Activity Center on the occasion of the International Day of Persons with Disabilities, where it engaged children in interactive activities and distributed gifts. This initiative reflects its commitment to empowering this group and promoting their integration into society. Additionally, the company visited an elderly home care to reinforce intergenerational communication and strengthen human connections, demonstrating its dedication to supporting various segments of Kuwaiti society. And as part of its support for national talent, ACICO participated in the Gulf University for Science and Technology career fair, engaging with students and graduates to attract promising Kuwaiti talent and contribute to their professional development in alignment with labor market needs.

#### Second: Environment

- As part of its commitment to social responsibility and its belief that environmental protection is a fundamental pillar of community development, ACICO organized a beach cleanup campaign. This initiative aims to preserve Kuwait's marine environment, raise environmental awareness, and promote a culture of social responsibility toward protecting and sustaining natural resources.

#### Third: Work Environment

- ACICO fosters a positive work environment that aims to enhance internal engagement among teams across various departments, through organizing diverse sports activities that encourage a healthy lifestyle and strengthen team spirit among employees. Additionally, the annual Ramadan Ghabga plays a key role in strengthening relationships among employees, which is positively reflected in overall organizational performance.

#### Conclusion

- These initiatives reflect ACICO Group's commitment to implementing best practices in sustainability and corporate social responsibility, while reinforcing its role as an active partner in supporting the Kuwaiti community through a balanced approach that integrates social, environmental, and workplace development dimensions.

### **Programs and Mechanisms Used to highlight ACICO's efforts in Social Work**

ACICO Group aims to raise awareness among stakeholders about the importance of active participation in social work by establishing mechanisms to highlight its role in this field and encouraging contributions to various social initiatives. Among the key methods adopted by the Group to emphasize this role during 2025 was effective communication through its various available channels:

- A completely revamped official website.
- Widely circulated daily newspapers.
- Informing employees through multiple channels, including newsletters, internal emails, and a dedicated page for employees on social media platforms.
- ACICO's public-facing social media pages.

# Audit Committee Report

## Audit Committee Report - For the Year Ended 31 December 2025

### Introduction

The Audit Committee is responsible for embedding a culture of compliance within the Company. Its mandate encompasses ensuring the integrity of the Company's financial reporting as well as verifying the adequacy and effectiveness of the internal control systems in place.

### Members of the Outgoing Committee

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Mr. Mohammad Abdullateef Al-Fares	● Chairman of the Committee
Mr. Ahmed Faisal Al-Refae	● Committee Member
Mr. Basel Abdullah Al-Nafeesi	● Committee Member

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### Members of the Newly Formed Committee (Constituted 14 December 2025)

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Mr. Waleed Khaled Mandani	● Chairman of the Committee
Mr. Khaled Saeed Sbeitah	● Committee Member
Mr. Fawaz Salem Al-Mudhaf	● Committee Member

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### Committee Meetings and Key Achievements:

During 2025, the Committee convened ten (10) meetings. The key activities and achievements of the Committee are summarised below:

- 
- Reviewed the interim and annual financial statements and submitted the relevant recommendations to the Board of Directors.
  - Recommended the re-appointment of the external auditors and approved their professional fees in connection with audit services rendered.
  - Reviewed and discussed the external auditors' report on the internal controls over information systems and technology.
  - Reviewed and approved the Group's annual internal audit work plan, underpinned by a comprehensive risk assessment.
  - Provided oversight of the Internal Audit Department and reviewed the findings of audit engagements conducted across Kuwait and the Group's overseas branches.
  - Discussed audit reports prepared by the Group's Internal Audit Department and the appointed advisory firm.
  - Engagement of an independent audit firm to prepare an assessment report on the Company's internal control systems for the year 2024, in alignment with the requirements of the Capital Markets Authority (CMA).
  - Reviewed the efficiency and independence of the Internal Audit Department and conducted a comprehensive annual evaluation of the internal audit function in conjunction with the Group's Chief Internal Auditor.
  - Finalized the Sustainability Report to keep pace with and reinforce global sustainability practices.
  - Engagement of an independent audit firm to prepare an assessment report on the Internal Audit Department's compliance with Capital Markets Authority requirements.
  - Reviewed and amended the Committee's Charter and submitted the relevant recommendations to the Board of Directors for approval.
  - Conducted a self-assessment of the Audit Committee's performance to determine performance levels and evaluate the Committee's overall effectiveness.
  - Addressed violations referred by the Capital Markets Authority and took the requisite measures to prevent the recurrence of any regulatory breaches.
- 

### Committee's Assessment of the Internal Control Environment

Throughout 2025, the Committee has carried out its duties by performing regular reviews of the internal control environment to ensure the effectiveness of established procedures and the proper implementation of measures aimed at addressing any identified gaps in the internal control systems.

## **Board Acknowledgement**

To the Integrity of Reports and Financial Statements

التاريخ: 2026 / 03 / 17

السادة / مساهمين شركة أسيكو للصناعات (ش.م.ك.ع) المحترمين

الموضوع: تعهد مجلس الإدارة بسلامة ونزاهة التقارير والبيانات المالية عن السنة المالية المنتهية في 2025-12-31

يتعهد أعضاء مجلس إدارة شركة أسيكو للصناعات (ش.م.ك.ع) بسلامة ونزاهة البيانات المالية (المدققة) عن السنة المالية المنتهية في 2025/12/31 ، ونؤكد بأن البيانات المالية المجمعة للشركة الأم وشركاتها التابعة تم عرضها بصورة سليمة وعادلة ، وهي تستعرض كافة الجوانب المالية والنتائج التشغيلية للشركة ، وتم إعدادها وفقا للمعايير المحاسبية الدولية المعتمدة من قبل هيئة أسواق المال في دولة الكويت ، وذلك بناءً على ما ورد إلينا من معلومات وتقارير الإدارة التنفيذية ومدققي الحسابات ، كما تم بذل العناية الواجبة للتحقق من سلامة ودقة هذه التقارير.

مع خالص التقدير،،،

الاسم	المنصب	التوقيع
السيد/ عماد عبد الله العيسى	رئيس مجلس الإدارة	
السيد/ أحمد غسان الخالد	نائب رئيس مجلس الإدارة	
السيدة/ غيداء غسان الخالد	عضو مجلس الإدارة	
السيد/ بدر محمد القطان	عضو مجلس الإدارة	
السيد/ بندر سليمان الجارالله	عضو مجلس الإدارة	
السيد/ خالد سعيد اسبيته	عضو مجلس الإدارة	
السيد/ فواز سالم المضيف	عضو مجلس الإدارة	
السيد/ وليد خالد مندني	عضو مجلس الإدارة	

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شركة أسيكو للصناعات (ش.م.ك.ع) عامة رأس المال المدفوع (33,340,009 د.ك.) | سجل تجاري رقم 41903  
ACICO Industries Co. (K.S.C.) Public Paid-up Capital (KD 33,340,009) | Commercial Register 41903

acicogroup.com



## About ACICO Group

# Introduction & Report Overview

## Reporting Scope, Period, and Methodology



### Reporting Scope

This Annual Report presents an overview of ACICO Group's financial performance, operational developments, governance practices, and progress in executing its strategic priorities for the year ended 31 December 2025. The report covers the consolidated activities of ACICO Group and its subsidiaries across its six core sectors: Industrial, Cement, Construction, Homes, Logistics, and Real Estate, spanning operations in Kuwait, the Kingdom of Saudi Arabia, the United Arab Emirates, and the State of Qatar. Unless otherwise stated, all financial information presented in this report is prepared on a consolidated basis.

### Reporting Period

This report covers the financial year from 1 January 2025 to 31 December 2025.

Where relevant, comparative figures for the previous financial year are included to provide greater context for performance trends and to support a clearer understanding of business developments. The financial statements included in this report have been prepared in accordance with applicable financial reporting standards and the regulatory requirements in force in the State of Kuwait.

### Reporting Methodology

This report has been prepared under the supervision of the Board of Directors and Executive Management, with contributions from the Group's finance, operations, risk management, governance, and sector leadership teams.

The preparation process included:

- Consolidation of audited financial data & management accounts
- Review of operational performance across the Group's sectors
- Assessment of key strategic initiatives
- Evaluation of principal risks and compliance with governance requirements

Financial information has been derived from the Group's independently audited consolidated financial statements, while operational data and key performance indicators have been compiled from internal reporting systems and management reviews.

## Group Overview

ACICO Group is a Kuwait-based, publicly listed, vertically integrated industrial and construction platform operating across the Gulf Cooperation Council (GCC) region. Established in 1990 and listed on Bursa Kuwait, the Group has grown into one of the region's established manufacturers of building materials and providers of integrated construction solutions.

Over more than three decades, ACICO has developed a diversified structure spanning six core sectors: Industrial (Autoclaved Aerated Concrete), Cement, Construction, Homes, Logistics, and Real Estate. This integrated model enables the Group to manage key stages of the construction value chain, from manufacturing essential building materials to engineering, project execution, and property development.



The Industrial and Cement divisions form the backbone of the Group's manufacturing platform, supplying building materials to government authorities, contractors, and private developers. Supported by advanced production facilities and internationally recognized quality standards, these divisions reinforce ACICO's position as a reliable supplier aligned with Kuwait's infrastructure and housing development agenda.

Building on this manufacturing base, ACICO Construction and Homes deliver engineering, procurement, and construction (EPC) solutions across residential, commercial, and infrastructure projects. The Group has delivered thousands of residential units regionally and executed a wide portfolio of public and private sector developments.

The logistics sector supports operations through integrated transportation and fleet management, ensuring continuity of supply and project execution. Complementing this platform, ACICO Real Estate manages and develops strategic assets across select regional markets.

Following a period of financial restructuring and operational optimization, ACICO enters its next phase with strengthened financial foundations and a clearer strategic focus, positioning the Group to pursue disciplined growth and support regional infrastructure and housing development.



### Our Vision

To lead the region in integrated building solutions, advancing a disciplined, sustainable, & responsible enterprise that delivers enduring value to our shareholders and strengthens the communities in which we operate.



### Our Mission

- To reinforce our leadership across the industrial and construction sectors through disciplined execution and integrated operations.
- To deliver high-quality, reliable building solutions that consistently exceed the expectations of our customers and partners.
- To create sustainable value by aligning the interests of our shareholders, employees, and stakeholders, while capitalizing on growth opportunities across our markets.



### Our Values

#### Integrity

We build trust by acting responsibly and remaining transparent with our stakeholders.

#### Excellence

We provide rewarding returns to our shareholders and quality to our customers on a business model that aims for sustainable growth.

#### Commitment to Quality

We invest in technology, industrial innovation, quality and value to exceed our customers' expectations.

#### Development

We value our employees and work to develop their talents and strengthen their sense of initiative and leadership.

#### Flexibility

We follow an approach founded on flexibility and speed, and the goal to find smart solutions when facing any situation.

# Board of Directors' Report

**2,000,000**

Cash settlement of KWD 2.0 million during the period.

**14%**

Operating revenues rose to 75.6 million in 2025, compared to 66.6 million in 2024, representing a growth of 14%.

## Dear Shareholders,

On behalf of the Board of Directors of ACICO Group, its executive management, and all its employees, I am pleased to present to you our Annual Report for 2025.

This year marked a significant transformation in our strategy. We continued to expand operationally by focusing on efficiency and industrial innovation to enhance our production capacity. At the same time, we achieved tangible progress in financial restructuring, paving the way for a return to profitability and reinforcing ACICO's position as a leading industrial and construction company in the sectors we serve.

## A Strategic Leap Forward

During the year, ACICO took practical steps toward a fundamental transformation of its business by implementing its financial restructuring plan, expanding operations, and pursuing sustainable profitability.

The Board of Directors, executive management, and all departments played a key role in driving these changes through initiatives that enhanced operational efficiency and strengthened our position in local and regional markets.

These efforts resulted in a significant increase in productivity and project volume along with notable progress in debt rescheduling and reduction of financial obligations that enhanced our ability to achieve sustainable growth and expansion into target markets.

These steps were aligned with the Group's comprehensive five-year strategy, designed to improve financial and operational performance and maximize shareholders' value.

## Financial Restructuring and Profitability Improvement

As part of its strategic transformation, the Group continued to prioritize financial restructuring in 2025, achieving significant progress in strengthening its capital structure and reducing leverage.

During the year, the Group entered into a settlement and restructuring agreement with one of its lending financial institutions covering total outstanding debt of KD 128.5 million, including accrued interest.

## Key outcomes of the agreement include:

### Partial settlement through asset monetization:

- A Debt amounting to KWD 60.7 million was settled through the sale of a pledged investment property and,

### The restructuring of remaining obligations by:

- Cash settlement of KWD 2.0 million during the period
- Recognition of a haircut gain of KWD 9.0 million, reflecting a reduction in the Group's outstanding debt

These actions resulted in a tangible reduction in the Group's debt burden and improved its financial flexibility.

The Group continues to make progress in negotiations with local banks to settle the remaining of its debts. Its current financial and operational position, together with the success of the strategy set by the Board of Directors, has supported these negotiations in strengthening the national entity represented by ACICO Group and all its subsidiaries.

With regards to financial results, ACICO continues its efforts to reduce its losses, having made notable progress over the past two years, with the aim of enhancing shareholders' and stakeholders' equity, as well as preserving a unique operational legacy that distinguishes ACICO Group in Kuwait and the region, being one of the pioneers in the building materials industry through its factories and subsidiaries in Kuwait and the GCC

**The Group has achieved tangible improvements toward restoring profitability and laying the foundations for continued sustainable growth, and recorded the following results at year-end:**

The group's operating revenues increased to 75.6 million in 2025, up from 66.6 million in 2024, representing a growth of 14%.

The Group ended the year with a net profit of KWD 2.9 million, compared to a net loss of KWD 11.2 million in the previous year. This was mainly due to the Company recording gains from the settlement of loans amounting to KWD 9.7 million.

**As for the statement of financial position, the Group reported the following results at year-end:**

- Total assets amounted to KWD 241 million in 2025, compared to total assets of KWD 315 million as of 31 December 2024. The decrease in total assets reflects the strategic reorganization of assets and prudent capital management, including the divestment of certain assets and debt settlements as part of the ongoing debt restructuring program.
- Total equity amounted to KWD 29.7 million in 2025, compared to KWD 27.8 million in 2024, driven by the recognition of net profit for the year, including gains resulting from debt restructuring. The Group's financial position remains stable and resilient.
- As part of its restructuring efforts, the Group reduced its on-balance sheet debt by KWD 69.4 million, enhancing financial resilience and improving its capital structure.
- Total liabilities declined to KWD 211.4 million, reflecting continued progress in deleveraging and balance sheet optimization.
- Financing costs decreased significantly to KWD 7.3 million, compared to KWD 15.5 million in the previous year, underscoring improved funding efficiency and debt restructuring impact.

**Overall, these results highlight the Group's disciplined execution of its restructuring strategy, reinforcing financial stability and positioning the business for sustainable and profitable growth.**

### Operational Growth

ACICO GROUP achieved significant progress in projects and operational contracts during the year, reflecting strong customer confidence across individuals, private sector companies, and government entities. The company's products are approved by relevant authorities in Kuwait and other GCC countries.

### Human Capital Investment

In line with our commitment to community development, ACICO GROUP continues to support national initiatives aimed at empowering various segments of society. This reflects our dedication to developing local talent and preparing the next generation of professionals for success in the private sector.

### A Promising and Sustainable Future

We remain focused on strengthening our leadership position by enhancing productivity, fostering innovation, and achieving operational sustainability in response to growing market demand, while ensuring high-quality & environmentally responsible products.

Creating sustainable value for shareholders remains our top priority, and we will continue to build on our achievements to maintain ACICO GROUP's leadership in the industrial and construction sectors in Kuwait and the region.

### Acknowledgment and Appreciation

On behalf of the Board of Directors, I extend my sincere thanks and appreciation to our shareholders, stakeholders, and employees for their continued support.

We are proud of the transformation journey we have undertaken together and confident that ACICO GROUP will continue its path toward leadership, innovation, and excellence.

I would also like to express our deepest gratitude to His Highness the Amir of the State of Kuwait, Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, and to His Highness the Crown Prince, Sheikh Sabah Khaled Al-Hamad Al-Sabah, as well as to all government and regulatory authorities for their continued support of the industrial sector in the State of Kuwait.

with Highest Regards,

Board of Directors

**Board of Directors**



# Executive Management



**Mohamad Yassin**

.....  
Chief Executive Officer



**Ahmad Al-Khaled**

.....  
Deputy CEO, Industries  
Division



**Ghaida Al-Khaled**

.....  
Deputy CEO, Strategic  
Division



**Sonal Gupta**

.....  
Chief Financial Officer



**Vasileios Mavridis**

.....  
Group Chief Operating  
Officer, Factories

## Operational Developments

# Kuwait Vision 2035

Kuwait Vision 2035 aims to transform the country into an attractive regional financial and commercial hub, where the private sector drives economic activity and enhances human development and the business environment. The Vision is anchored in enduring foundations, including Kuwait's strategic geographic location and its comprehensive legislative and judicial framework. It has been aligned with the United Nations Sustainable Development Goals under the 2030 Agenda, as part of an ambitious national development plan that places improving government performance and directing national resources toward comprehensive development at the top of its priorities.

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### Market Overview

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The construction and building materials sector in the GCC is closely linked to the pace of infrastructure development and urban expansion. In Kuwait, sustained government spending on housing projects, public utilities, and transportation networks continues to support construction activity as a key pillar of the national development agenda.

Government-led housing programs remain the primary driver of demand in this sector. Applications submitted to the Public Authority for Housing Welfare have exceeded 100,000 units, reflecting the growing housing needs of Kuwaiti citizens. Population growth and urban expansion are expected to further increase housing demand in the coming years, with estimates suggesting that the backlog of applications could approach 197,000 by 2035.

The development of large-scale residential projects in emerging areas — such as South Sabah Al-Ahmad and Al-Mutlaa — has also increased demand for construction services, industrial building materials, and the logistics services supporting these projects.

Infrastructure investments further stimulate the sector, with projects related to transportation networks, public utilities, and government services continuing to generate growing demand for cement products, precast concrete structures, and construction services. A notable example is the Mubarak Al-Kabeer Port development project on Boubyan Island, where the Engineering, Procurement, and Construction contract for Phase One is valued at approximately USD 4 billion — a clear indicator of the scale of current infrastructure investment.

Across the GCC, construction markets continue to be largely shaped by government-led infrastructure development programs and urban development initiatives, alongside growing private sector investment. In this context, vertically integrated industrial and construction companies are better positioned to manage supply chains, control production costs, and execute projects with maximum efficiency.

Overall, housing expansion and infrastructure modernization are expected to remain among the most significant drivers of demand for construction services and building materials in the region over the coming years.



### Key Sector Trends and Developments

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The construction and building materials sector continue to evolve, driven by housing demand, infrastructure investment, technological advancement, and rising efficiency requirements. A number of structural trends are reshaping the landscape of this sector, both in Kuwait and across the GCC.



### Continued Infrastructure Investment

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Infrastructure expansion continues to play a pivotal role in national development strategies across the GCC. In Kuwait, public sector investment continues to support transportation networks, utility services, and strategic projects. The government budget for the 2025/2026 fiscal year has allocated approximately USD 5.7 billion to more than 90 infrastructure projects, reinforcing demand for cement, precast concrete, ready-mix concrete, and associated construction services.



### Rising Housing Demand

---

The housing sector remains one of the most important drivers of construction activity in Kuwait. Population growth and the accumulation of unmet housing applications continue to sustain demand for residential construction projects. Government housing programs, combined with expansion into new residential areas, generate demand for housing units as well as supporting infrastructure such as utilities, substations, and road networks.



### Growing Adoption of Advanced Building Materials

---

Developers and contractors are increasingly turning to advanced building materials to improve construction efficiency and enhance structural performance. ACICO's cellular concrete products are gaining wider acceptance for the benefits they offer, including thermal insulation, fire resistance, and ease of installation. Manufacturers continue to invest in product innovation and improved production technologies.



### Supply Chain Integration and Reliability Supply chain

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Coordination is a critical factor in the successful execution of construction projects. Companies that combine manufacturing capabilities, logistics services, and construction execution within an integrated platform are generally better positioned to manage supply risks, control production costs, and maintain reliable project delivery schedules. It is for this reason that the Group has established a dedicated logistics sector to serve its operations.



### Meeting Housing and Infrastructure Demand

---

The sustained demand for housing and supporting infrastructure in Kuwait presents significant growth opportunities for companies specializing in building materials manufacturing and construction services. ACICO aims to excel in both manufacturing and project execution, enabling the Group to support housing project development while supplying materials and infrastructure services across its Industrial, Construction, and Homes sectors.



### Enhancing Manufacturing and Operational Efficiency

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With an increasing focus on efficiency and cost control in construction projects, demand for reliable materials suppliers remains critical. ACICO's diversified manufacturing base and continued investment in facility upgrades support production reliability and product development in line with evolving industry requirements. Improved coordination between manufacturing outputs, logistics operations, and project execution further enhances delivery efficiency and cost transparency across the Group's projects.



### Consolidating Position to Continue Market Contribution

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Housing expansion, infrastructure investment, and industrial modernization are expected to continue shaping construction markets. ACICO Group's integrated operating model, combined with its strengthened financial structure, provides a solid foundation for playing a disciplined role in capturing these opportunities while maintaining operational and financial stability.

# Operational Developments



**Thermal Insulation**

Our Blocks support green building practices, by reducing the reliance on heating and cooling appliances. Offering high thermal efficiency and insulation, our Blocks enable an estimated 30% reduction in costs and energy consumption.



**Lightweight**

Our Blocks are approx. one-fourth the weight of traditional concrete blocks, offering more efficient handling, transportation and construction costs. They are easy to modify and customize to suit specific construction and design needs.



**Easy to Shape & Precise**

The innovative manufacturing process of ACICO AAC Blocks allows versatile application. They are easy to shape onsite through sawing, drilling, nailing or machined with regular wood-work tools. Furthermore, the specific dimensions and measurements of the Blocks can be customized at the manufacturing stage, thus expending less time for on-site trimming and allowing faster construction.



**Fire Resistant**

Upholding safety, ACICO AAC Blocks are non-combustible and have a four-hour fire rating which is twice the amount of regular concrete blocks. This makes our Blocks an excellent and responsible choice for high-rise buildings, residential projects and large commercial spaces.



**High Compressive Strength**

Optimizing durability, our Blocks are designed and manufactured with high load-bearing capacity, supporting more weight than required as a safety and performance parameter.



**Environmental**

Upholding sustainability, our Blocks are efficiently manufactured with a low ecological footprint to reduce their impact on the environment during and after the production process.



ACICO Group continues its journey toward financial sustainability through the execution of its restructuring strategies and the consolidation of operational efficiency. The results of these efforts are clearly reflected in the performance of ACICO Industrial, which has sustained its leadership in the building materials sector and reinforced the Group's position as a key partner in major construction projects across Kuwait and the GCC.

Throughout the year, ACICO Industrial achieved meaningful growth in production and sales, delivering approximately 666,000 cubic meters of cellular concrete blocks, in addition to 26,000 cubic meters of cellular concrete components in support of multiple projects across Kuwait. An agreement was also reached to expand the production capacity for white brick by more than 300,000 cubic meters, in response to growing market demand. This was accompanied by the development of storage facilities to ensure smooth production flow and operational efficiency.

ACICO Industrial's product range covers a wide spectrum of cellular concrete solutions, including white brick, roof slabs, and lintels — products distinguished by their light weight, superior thermal insulation, high compressive strength, environmental sustainability, and fire resistance. These products hold approvals from all Kuwaiti government authorities, including the Ministry of Public Works, the Public Authority for Housing Welfare, the Ministry of Electricity and Water, and the Ministry of Defense, as well as approvals across GCC countries.

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## 666,000

We delivered  
Approximately 666,000  
cubic meters of cellular  
concrete blocks, in  
addition to 26,000 cubic  
meters of concrete  
components.

A significant quality milestone was achieved when the Group's cellular concrete production facilities in Kuwait and Saudi Arabia were awarded the Kuwaiti Quality Mark, making ACICO the first cellular concrete manufacturer in the GCC to receive this certification — an achievement that reflects the depth of its commitment to the highest international quality standards.

Through continuous investment in advanced technology and human capital development, alongside strategic contracts serving government and private projects within public-private partnership frameworks, ACICO Industrial continues to solidify its position at the forefront of companies contributing to infrastructure and urban development across Kuwait and the Gulf — advancing toward a future that combines sustainable growth with industrial excellence.

# ACICO Construction

## Kuwait

Private Projects

**4,400+** Residential villas

Hotel & Resort Projects

**146** Hotels & Resorts

### Governmental Projects:

- Educational buildings & facilities
- Municipality buildings
- Market projects

## Qatar

Private Projects

**1,000+** Villas

## KSA

Private Projects

**1,150+** Villas and townhouses across Al Khobar, Jubail, and Jeddah areas

### Governmental Projects:

- Mosques

## UAE

Private Projects

**1,350+** Villas

- Twin Tower, Sheikh Zayed Road
- ACICO Group Business Park Hotel & Resort Projects
- Fujaira Beach Resort

### Governmental Projects:

- Medical cities
- Service buildings
- Educational buildings and facilities

### Government Projects

- Medical cities
- Service buildings
- Educational buildings & facilities



Through its Construction Company, ACICO Group's design and contracting services are delivered through its Construction and Homes sectors, which provide engineering, procurement, and construction services alongside turnkey residential solutions.

During the reporting period, the Construction division expanded its project portfolio, securing 198 contracts covering 334 residential villas and 649 electrical substations. Project execution remained active throughout the year, with 200 villas and 305 electrical substations under construction and 302 villas completed and delivered.

The Group maintained a strong presence in Kuwait's residential development market. The Homes sector plays an important role in delivering integrated residential solutions, combining engineering design, project management, and construction execution within a unified delivery approach. This approach draws on the latest construction systems, whether conventional methods or ACICO's advanced load-bearing wall system.

As part of its ongoing drive to improve productivity, operational improvements included the enhancement of production lines and the expansion of Hollow Core production capacity within the precast concrete segment, alongside improvements to storage facilities to ensure smooth production flow and operational efficiency.

In terms of certifications and classifications, ACICO Construction has held a Grade A classification from the Kuwait Central Tenders Committee since 2010 and is approved by all government authorities as a precast concrete supplier — a status that has facilitated its expansion into Saudi Arabia, the United Arab Emirates, and Qatar. The company continues to consolidate its regional presence through strategic partnerships with major contractors and infrastructure developers, advancing toward a future defined by sustainability, growth, and leadership in the construction sector.

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## 302

All 302 villas were delivered on schedule, meeting the highest standards of quality.

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## 200

Project execution remained active throughout the year, with 200 villas and 305 transfer stations under construction.

# ACICO Cement

## ACICO Interlock Facts

- Four product categories
- ISO 9001, 14001 and 45001 certifications
- Locally and internationally sourced raw materials
- Quality-tested for endurance and strength

## ACICO Ready-Mix Concrete Facts

- Three main stations located in Mina'a Abdullah, Sulaibiya, and Mutlaa
- Production output of 1,100 cubic meters per hour
- Logistics fleet consisting of 220 advanced concrete transit mixers & 37 concrete pumps



### Medium Duty Pavers

Highways, walkways and Traffic light intersections



### Curbstones

Borders



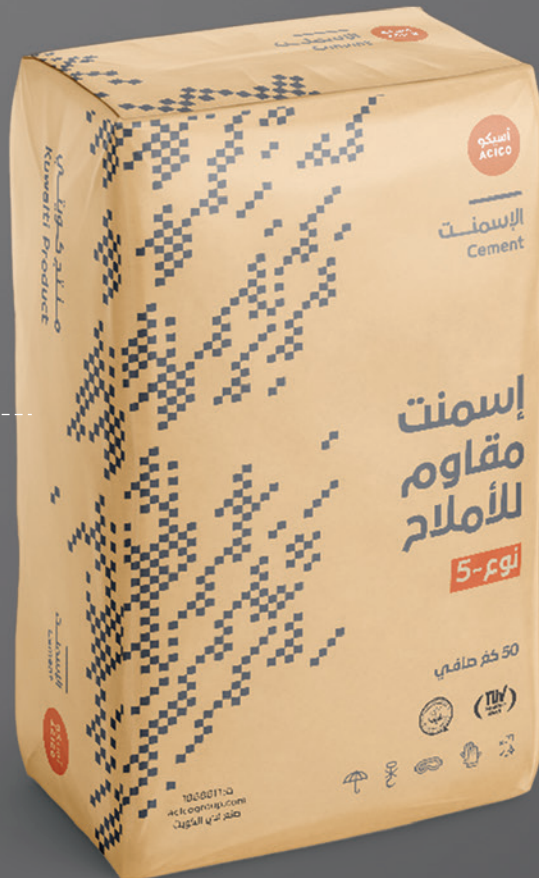
### Blocks

Buildings and villas



### Heavy Duty Pavers

Parking lots and petrol stations



Made locally with international standards



Production rate is about 1100 meters cubic per hour

## ACICO Cement Facts

- Locally produced to best international standards
- 76,615 sqm factory in Mina'a Abdullah, Kuwait
- Manufacturing capacity of 3 Million Ton of cement per year
- ACICO Cement Products: Ordinary Portland Cement (OPC) – Type I, Moderate Sulphate
- Resistant Cement (MSRC) – Type II, Sulfate Resistant Cement (SRC) – Type V, White Cement
- Ground Granulated Blast Furnace Slag (GGBS) – Grade 120 & Grade 100, and Micro Silica



الإسمنت  
Cement

ACICO Cement delivered strong operational performance during the year, reflecting the depth of the Group's strategy to reinforce its presence and efficiency across the markets it serves. The company successfully expanded its customer base and increased production volumes to meet growing demand, maintaining its position as one of the region's largest cement manufacturers since its establishment in 2006.

In terms of figures, ACICO Cement produced more than 921,000 tons of cement products during the year, maintaining a market share of approximately 21% of the subsidized cement market. It continued to serve more than 40 companies in Kuwait and Saudi Arabia through existing contracts and new projects across diverse sectors. The company's product portfolio includes cement, ready-mix concrete, interlocking tiles, and cement blocks, making it an integrated supplier that supports both the Group's internal construction activities and external market requirements.

These achievements are underpinned by a robust operational structure. The ACICO Cement plant is located in the Shuaiba Industrial Area in Kuwait, spanning 52,000 square meters and equipped with state-of-the-art German machinery that ensures the highest levels of quality and production efficiency. Through its flexible operational approach, the company has been able to serve the construction, residential, industrial, and infrastructure project sectors, while maintaining strict adherence to quality and safety standards throughout all stages of production and supply.

In a further demonstration of its national leadership, ACICO Cement is developing and certifying new, more environmentally friendly products, positioning itself to be the first company in Kuwait to market these innovative cement types — a step that embodies the Group's commitment to a more sustainable and competitive future in the building materials sector.

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**21%**

We produced over 921,000 tons of cement products during the year, sustaining an approximate 21% share of the subsidized cement market.

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**40**

Serving over 40 companies across Kuwait and Saudi Arabia through existing contracts and new projects spanning multiple sectors.



### **Our Fleet**

- Trailers
- Lorry Cranes
- Trucks and Semi-trailer Trucks
- Diesel Tankers
- Cement Silo Trailers
- D8r Bulldozer
- Bulldozer
- Mixer Trucks
- Light Lorry
- Forklifts



## اللوجستية Logistics

ACICO Logistics plays a central role in the cohesion of the Group's ecosystem, forming the artery that connects its various operational sectors and ensures the smooth flow of supply chains — from ports to warehouses, from factories to project sites. The year saw a tangible strengthening of this role through targeted initiatives to enhance fleet efficiency, encompassing equipment upgrades, asset restructuring, and the development of in-house maintenance programs — collectively contributing to a reduction in operating costs and an improvement in operational readiness.

The current ACICO Logistics fleet comprises a comprehensive range of equipment covering all operational requirements: heavy transport vehicles including trailers, flatbeds, trucks, and tankers; earthmoving equipment such as bulldozers, excavators, and loaders; lifting equipment including cranes, crane trucks, and concrete pumps; static equipment such as generators and air compressors; and a general transportation fleet. These capabilities have been deployed in service of the Group's internal operations as well as in support of external projects and infrastructure development activities.

ACICO Logistics continues its path toward building a more efficient and sustainable logistics platform, guided by a clear strategy centered on reducing reliance on external leasing and maximizing internal capacity — making it an indispensable operational asset in ACICO Group's ongoing journey of growth and expansion.

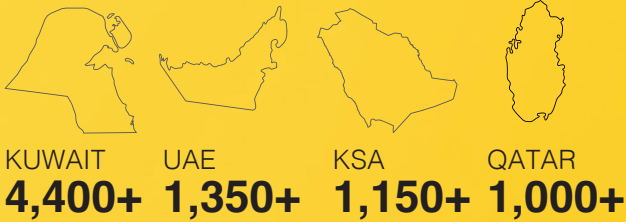
# ACICO Homes



## Cost-efficient

With the benefit of ACICO Group's vertically integrated business model, ACICO Homes is able to provide end-to-end innovative and sustainable solutions that ensure long-term value to clients - saving time, effort, and money.

Number of villas built regionally: **Approx. 8,000**



## Government Paperwork

ACICO Homes handles all the necessary administrative paperwork with local authorities, including licenses, construction permits, services and utilities permits and acquiring other necessary municipality approvals.



## Turnkey solutions

All construction requirements are provided under one roof. ACICO homes offers full consultation, design and construction supervision as well as acquiring the necessary approvals and building and site permits. We also source all building materials for your future home.



## Construction Duration

With ACICO Homes' unique building system, clients are guaranteed full construction and fast delivery.



البيوت  
Homes

Over four decades, ACICO Homes has established itself as a trusted partner in building dream homes, and its performance during the year was a natural extension of this accumulated legacy. The company continued to deliver integrated residential solutions in Kuwait, Saudi Arabia, the United Arab Emirates, and Qatar, with a particular focus on new residential areas and projects emerging across these markets.

ACICO Homes follows a “one-stop-shop” principle that ensures homeowners a seamless, end-to-end building experience — from the initial consultation through to key handover. Each client is assigned a dedicated engineer who accompanies them through all stages of design, execution, and finishing, drawing on the full suite of ACICO Group’s products to guarantee both material quality and construction standards simultaneously. This approach enables ACICO Homes to meet the varied tastes and modern lifestyle requirements of its clients across different budget levels.

ACICO Homes’ technical distinction is rooted in a unique building system based on German innovation, centered on the use of cellular concrete in the construction of environmentally friendly, energy-efficient villas and chalets that comply with both local and international standards. The system encompasses cellular concrete blocks, structural components including roof slabs, windows and door lintels, as well as a load-bearing wall system that enables the completion and delivery of a full residential plot in record time — making ACICO Homes the ideal choice for those seeking the perfect combination of quality, speed, and sustainability in building their dream home.

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**30**

A 30-year warranty on the structural framework from the date of completion.

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**5**

A 5-year warranty covering waterproofing and the air conditioning unit.

# Health, Safety, and Human Resources

Safety performance is monitored through a defined set of indicators that provide a data-driven view of workplace risk:

- Lost Time Injury (LTI) Frequency Rate, measuring lost-time injuries per 200,000 hours worked
- Total Recordable Incident Rate (TRIR), tracking recordable incidents per 200,000 hours worked
- Motor Vehicle Incident (MVI) Frequency Rate, monitoring vehicle incidents per million kilometers driven
- ISO compliance, ensuring all business units maintain valid ISO 45001 Occupational Health and Safety and ISO 14001 Environmental Management certifications



## Workforce Overview

ACICO Group's workforce supports the Group's operations across the manufacturing, construction, logistics, and real estate sectors. As of 2025, the Group employed engineers, technicians, operators, and administrative staff, distributed across its offices and worksites in a number of markets, spanning its six main business sectors.

The workforce includes engineers, project managers, manufacturing specialists, logistics operators, technicians, and administrative personnel, all of whom play an essential role in supporting industrial production, project execution, and the management of the Group's day-to-day operational activities.

## A Positive Work Environment

ACICO is committed to enhancing employee contributions and wellbeing through a range of initiatives aimed at fostering a culture of open communication and creating a positive and motivating work environment, including informal dialogue sessions that bring employees together with senior management, encouraging the exchange of ideas and strengthening feedback channels across the Group.

Group activities also contribute to strengthening professional ties among employees, including a Reading Club, a padel tournament, a football tournament, and other activities that help reinforce the spirit of collaboration and communication across different teams.

Health and wellbeing initiatives included a health screening campaign and a vaccination campaign implemented in cooperation with the Ministry of Health, in addition to several awareness activities such as a mental health awareness walkathon. The Group's internal training programs also included specialized workshops on team development, leadership motivation, and conflict resolution, alongside training activities designed to strengthen collaboration, teamwork, and problem-solving skills.

## Health and Safety Culture

Health and safety are a core priority across ACICO's operations. The Group promotes a workplace culture built on transparency, proactive engagement, and continuous learning to support safe working environments across project sites, factories, and operational facilities.

Employees are encouraged to report near misses and potential hazards without fear of blame, enabling early identification of risks and strengthening accountability. Through a structured "learning from incidents" framework, observations and incidents are reviewed and analyzed, with lessons learned and preventive measures shared across business units. This process helps translate operational experience into stronger procedures and improve risk awareness.

Leadership engagement plays an important role in reinforcing safety standards. Senior management conducts structured Management Safety Walks, engaging directly with site teams to identify potential hazards and reinforce safe working practices. Safety performance indicators are also reviewed regularly to maintain oversight and accountability across the organization.

ACICO continues to support workforce capability through regular safety training programs that strengthen technical knowledge and risk awareness. Proactive hazard identification is further encouraged through recognition initiatives such as the "Best Catch Award," which acknowledges individuals who demonstrate vigilance in identifying risks or reporting near misses.

ACICO

# Talent Development and Capacity Building





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ACICO Group places the development of technical expertise and professional capabilities among its workforce at the forefront of its priorities. The Group invests in training programs and knowledge transfer to support its operations across the manufacturing, construction, logistics, and administrative sectors.



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Training initiatives focus on strengthening both technical and managerial skills. Employees participate in programs aimed at developing operational expertise, teamwork, communication, and leadership skills required to manage complex projects and external work environments.



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ACICO also supports the attraction of national talent through collaboration with a number of universities, technical institutes, and national employment initiatives, with the aim of strengthening its talent base. The Group regularly participates in recruitment events such as the Watheefti career fair, which allows it to engage with students from higher education institutions, most notably the American University of the Middle East, Gulf University, and Kuwait Technical College.



### ACICO Business Park

Located in Port Saeed, Deira, Dubai, is a premier business complex offering excellent connectivity for local and international enterprises. It features a range of office spaces, from compact units to larger layouts, catering to diverse business needs.



### Radisson Blu Resort, Fujairah

Nestled between the mountains and the Indian Ocean, this hotel offers exceptional service, 500 meters of private beach, close to Dibba city center and just 90 minutes from Dubai.



## العقارية Real Estate

ACICO Real Estate represents a strategic pillar within the Group's ecosystem, responsible for managing and developing a diversified portfolio of real estate assets in Kuwait, the United Arab Emirates, Saudi Arabia, and the United Kingdom. Its performance during the year was marked by clear operational maturity — expanding the managed real estate portfolio, improving occupancy rates, and enhancing the investment value of existing assets to ensure the generation of sustainable long-term returns.

This performance was anchored in an effective asset management strategy built around three core pillars: maintaining and enhancing the quality of real estate assets; improving the tenant experience and elevating the level of services provided; and rehabilitating and modernizing a number of major projects, including comprehensive redesigns of select properties — all within a framework aimed at maximizing asset returns and strengthening ACICO's position in the real estate markets it serves.

ACICO Real Estate is advancing confidently into a new phase defined by greater operational efficiency and higher investment ambition, supported by a solid track record in integrated property management and an established presence across multiple markets. This positions the company as a premier partner in meeting real estate market aspirations and delivering sustainable growth in the value of the assets it manages.



## Annual Financial Statements

## Independent Auditor's Report

To the Shareholders of ACICO Industries Company - K.S.C. (Public)  
State of Kuwait

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section in our report, 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) ("IFRS Accounting Standards").

#### Basis for Qualified Opinion

We were unable to obtain direct bank confirmations for certain banks' balances amounting to KD 149,376 and borrowings amounting to KD 61,406,165 as at 31 December 2025 (2024: KD 148,950 and KD 64,776,222 respectively). Accordingly, we were unable to determine whether any adjustments might be necessary to the accompanying consolidated financial statements in relation to these banks' balances and borrowings.

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 this report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that, except for the matter described in "Basis of Qualified Opinion" above, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Material Uncertainty related to the Going Concern Basis

We draw attention to Note (40) to the accompanying consolidated financial statements regarding the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

#### Emphasis of a matter

We draw attention to Note (36) to the accompanying consolidated financial statements, which describe the lawsuits filed by and against the Group. Our opinion is not further modified in respect of this matter.

#### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a qualified opinion on 26 March 2025.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in 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. In addition to the matters described in the “qualified opinion” and “Material Uncertainty Related to the Going Concern Basis” sections, we have identified that the matter outlined below is one of the key audit matters to be communicated in our report.

Valuation of investment properties and investment properties classified as non-current assets held for sale  
Investment properties and investment properties classified as non-current assets held for sale amounting to KD 26,263,000 (2024: KD 104,412,757) form an important part of the Group’s total assets. Determination of the fair value of those properties requires significant judgement that relies heavily on opinions and estimates. Therefore, the valuation of investment properties and investment properties classified as non-current assets held for sale is considered a key audit matter. The Group performs an annual valuation through accredited external valuers to determine the fair value of investment properties. These valuations rely on certain key assumptions such as estimated rental revenue, discount rates, occupancy rates, market knowledge, developers’ risk, and historical transactions. In estimating the fair value of these properties, valuers used discounted cash flow method and the sales comparison method, taking into account the nature and use of investment properties and investment properties classified as non-current assets held for. We reviewed those assumptions in the valuation reports issued by the accredited external valuers and assessed the adequacy of the disclosures as provided in Notes (12) and (16) to the accompanying consolidated financial statements.

#### **Other information included in the Group’s annual report for the financial year ended 31 December 2025**

Management is responsible for the other information. “Other information” consists of the information included in the Group’s annual report for 2025, other than the consolidated financial statements and the auditors’ report thereon. We have obtained the report of the Parent Company’s Board of Directors’ before the date of the auditor’s report, and we expect to obtain the remaining sections of the Group’s annual report for the year 2025 after the date of the auditor’s report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is not materially identical with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to this auditor’s report date, we conclude that there is a material misstatement therein, we are required to report that fact.

As indicated in the “Basis for Qualified Opinion” paragraph above, we were unable to obtain sufficient appropriate audit evidence regarding direct bank confirmations for certain banks’ balances and banks’ borrowings as at 31 December 2025. Accordingly, we were unable to conclude whether the other information contains any material misstatement with respect to this matter.

#### **Responsibilities of Management & 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 International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Among the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore considered as a key audit matter. We disclosed these matters in our auditor's report unless local laws or

regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

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

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

Kuwait: 17 March 2026



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**Faisal Saqer Al Saqer**  
License No. 172 – “A”  
BDO Al Nisf & Partners

**ACICO Industries Company - K.S.C. (Public)**  
**And its Subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Financial Position**

As at 31 December 2025

	Note	2025 KD	2024 KD
<b>Assets</b>			
Cash and cash equivalents	5	19,268,549	14,998,044
Accounts receivable and other debit balances	6	22,017,908	17,311,404
Contract assets	7	1,046,090	228,716
Due from related parties	8	1,316,400	1,460,940
Inventories	9	16,776,041	18,668,034
Properties under development		3,704,691	4,178,760
Properties held for trading		466,933	559,640
Financial assets at fair value through other comprehensive income	10	774,495	827,606
Investment in associates	11	-	359,221
Investment properties	12	550,665	68,055,705
Right-of-use assets	13	2,707,650	1,917,972
Property, plant and equipment	14	124,225,352	127,887,949
Goodwill	15	21,749,327	22,275,968
		<b>214,604,101</b>	<b>278,729,959</b>
Investment properties classified as non-current assets held for sale	16	26,263,000	36,357,052
<b>Total assets</b>		<b>240,867,101</b>	<b>315,087,011</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Due to banks	17	15,824,490	16,045,595
Accounts payable and other credit balances	18	34,779,441	42,822,448
Dividends payable to shareholders		1,905,017	1,905,017
Contract liabilities	7	2,906,105	2,284,330
Due to related parties	8	4,928	174,961
Lease liabilities	19	2,595,002	1,887,900
Term loans	20	126,895,720	196,096,735
Murabaha payables	21	20,853,186	20,853,186
Provision for end of service indemnity	22	5,392,665	5,198,684
<b>Total liabilities</b>		<b>211,156,554</b>	<b>287,268,856</b>
<b>Equity:</b>			
Capital	23	33,340,009	33,340,009
Statutory reserve	24	489,681	489,681
Treasury shares	26	(489,681)	(489,681)
Treasury shares reserve		2,481,018	2,481,018
Effect of change in other comprehensive loss of associates		(201,575)	(225,645)
Revaluation surplus		-	64,739
Fair value reserve		(4,663)	48,448
Other reserve		1,650,648	1,650,648
Foreign currency translation adjustments		8,141,851	9,072,936
Accumulated losses		(21,037,701)	(23,971,412)
Equity attributable to shareholders of the Parent Company		<b>24,369,587</b>	<b>22,460,741</b>
Non-controlling interests	35	5,340,960	5,357,414
<b>Total equity</b>		<b>29,710,547</b>	<b>27,818,155</b>
<b>Total liabilities and equity</b>		<b>240,867,101</b>	<b>315,087,011</b>

  
**Mr. Emad Abdullah Al-Essa**  
Chairman

**ACICO Industries Company - K.S.C. (Public)**  
**And its Subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Profit or Loss**

For the year ended 31 December 2025

	Note	2025 KD	2024 KD
Operating revenue	27	<b>75,639,625</b>	66,626,946
Operating costs	28	<b>(64,352,557)</b>	(54,266,042)
Net real estate revenue	29	<b>4,943,022</b>	7,618,354
Write down of properties held for trading		-	(38,773)
Change in fair value of investment properties	12	-	570,976
Change in fair value of investment properties classified as non-current assets held for sale	16	<b>(4,874,071)</b>	(83,404)
Gross profit from operations		<b>11,356,019</b>	20,428,057
General and administrative expenses	28	<b>(8,068,753)</b>	(8,546,948)
Selling expenses		<b>(1,383,362)</b>	(1,496,842)
Depreciation and amortization	13 & 14	<b>(122,919)</b>	(172,570)
Net provisions charged	30	<b>(647,369)</b>	(3,615,231)
Profit from operations		<b>1,133,616</b>	6,596,466
Group's share of results from associates	11	<b>(383,291)</b>	(505,600)
(Loss) / gain from sale of investment properties	12	<b>(6,925,078)</b>	1,118,000
Loss from sale of investment properties classified as non-current assets held for sale	16	<b>(1,522,570)</b>	(186,000)
Gain from extinguishment of term loans and Murabaha payable	20 & 21	<b>9,694,916</b>	3,279,756
Provision for legal claim no longer required / (charged)	36	<b>7,187,037</b>	(525,099)
Finance expenses		<b>(7,294,061)</b>	(15,515,750)
Impairment loss on goodwill	15	<b>(526,641)</b>	(4,531,710)
Write-off of property, plant and equipment	14	<b>(1,962,938)</b>	(2,007,472)
Other income	31	<b>3,625,007</b>	1,122,374
Profit / (loss) for the year before contribution to NLST and Zakat		<b>3,025,997</b>	(11,155,035)
NLST		<b>(120,254)</b>	-
Zakat		<b>(48,102)</b>	-
Profit / (loss) for the year		<b>2,857,641</b>	(11,155,035)
Attributable to:			
Shareholders of the Parent Company		<b>2,868,972</b>	(7,713,260)
Non-controlling interests		<b>(11,331)</b>	(3,441,775)
Profit / (loss) for the year		<b>2,857,641</b>	(11,155,035)
		<b>Fils</b>	Fils
Basic and diluted earnings / (loss) per share attributable to shareholders of the Parent Company	34	<b>8.68</b>	(23.34)

**ACICO Industries Company - K.S.C. (Public)**  
**And its Subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2025

	Note	2025 KD	2024 KD
<b>Profit / (loss) for the year</b>		<b>2,857,641</b>	<b>(11,155,035)</b>
<b>Other comprehensive (loss) / income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		<b>(936,208)</b>	77,422
Other comprehensive income / (loss) of associates	11	<b>24,070</b>	(45,179)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Change in fair value of financial assets at fair value through other comprehensive income		<b>(53,111)</b>	390,585
<b>Other comprehensive (loss) / income for the year</b>		<b>(965,249)</b>	422,828
<b>Total comprehensive income / (loss) for the year</b>		<b>1,892,392</b>	<b>(10,732,207)</b>
Attributable to:			
Shareholders of the Parent Company		<b>1,908,846</b>	(7,292,961)
Non-controlling interests	35	<b>(16,454)</b>	(3,439,246)
<b>Total comprehensive income / (loss) for the period</b>		<b>1,892,392</b>	<b>(10,732,207)</b>

**ACICO Industries Company - K.S.C (Public)  
And its Subsidiaries  
State of Kuwait**

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

Equity attributable to shareholders of the Parent Company																												
	Capital		Statutory reserve		Treasury shares		Treasury share reserve		Effect of change in other comprehensive loss of associates		Revaluation surplus		Fair value reserve		Other reserve		Foreign currency translation adjustments		Accumulated losses		Sub-total		Non-controlling Interests		Total			
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	
Balance as at 31 December 2023 (Restated)	33,340,009	489,681	489,681	(489,681)	2,481,018	(180,466)	64,739	(342,137)	1,650,648	8,998,043	(16,258,152)	29,753,702	8,796,660	38,550,362														
Total comprehensive (loss) / income for the year	-	-	-	-	-	(45,179)	-	390,585	-	74,893	(7,713,260)	(7,292,961)	(3,439,246)	(10,732,207)														
Balance as at 31 December 2024	33,340,009	489,681	489,681	(489,681)	2,481,018	(225,645)	64,739	48,448	1,650,648	9,072,936	(23,971,412)	22,460,741	5,357,414	27,818,155														
Total comprehensive income / (loss) for the year	-	-	-	-	-	24,070	-	(53,111)	-	(931,085)	2,868,972	1,908,846	(16,454)	1,892,392														
Transfer of revaluation surplus to accumulated losses	-	-	-	-	-	-	(64,739)	-	-	-	64,739	-	-	-														
Balance as at 31 December 2025	33,340,009	489,681	489,681	(489,681)	2,481,018	(201,575)	-	(4,663)	1,650,648	8,141,851	(21,037,701)	24,369,587	5,340,960	29,710,547														

**ACICO Industries Company - K.S.C. (Public)**  
**And its Subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Cash Flows**

For the year ended 31 December 2025

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
<b>Cash flows from operating activities:</b>		
Profit / (loss) for the year before contribution to NLST and Zakat	<b>3,025,997</b>	(11,155,035)
Adjustments:		
Write down of properties held for trading	-	38,773
Change in fair value of investment properties	-	(570,976)
Change in fair value of investment properties classified as non-current assets held for sale	<b>4,874,071</b>	83,404
Depreciation and amortization	<b>4,827,453</b>	4,466,969
Net provisions charged	<b>647,369</b>	3,615,231
Group's share of results from associates	<b>383,291</b>	505,600
Loss / (gain) from sale of investment properties	<b>6,925,078</b>	(1,118,000)
Loss from sale of investment properties classified as non-current assets held for sale	<b>1,522,570</b>	186,000
Gain from extinguishment of term loans and Murabaha payable	<b>(9,694,916)</b>	(3,279,756)
Provision for legal claim (no longer required) / charged	<b>(7,187,037)</b>	525,099
Finance expenses	<b>7,294,061</b>	15,515,750
Impairment loss of goodwill	<b>526,641</b>	4,531,710
Write-off of property, plant and equipment	<b>1,962,938</b>	2,007,472
Interest income	<b>(333,051)</b>	(459,884)
Gain from disposal of property, plant and equipment	<b>(1,603,612)</b>	(54,205)
Gain on early termination of right-of-use assets	<b>(48,475)</b>	(66)
Reversal of accrued expenses	<b>(530,122)</b>	(344,937)
Excess income received from a legal claim	<b>(413,312)</b>	-
Gain on derecognition of property, plant, and equipment resulting from a legal case	-	(3,196)
Provision for end of service indemnity	<b>867,568</b>	967,247
	<b>13,046,512</b>	15,457,200
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	<b>(5,228,814)</b>	(2,968,329)
Contract assets	<b>(817,374)</b>	(113,875)
Due from related parties	<b>144,540</b>	57,886
Inventories	<b>2,276,231</b>	(2,493,565)
Properties under development	<b>(3,178)</b>	-
Net movement in properties held for trading	<b>(7,303)</b>	(10,033)
Accounts payable and other credit balances	<b>273,748</b>	(498,992)
Contract liabilities	<b>621,775</b>	(675,239)
Due to related parties	<b>(170,033)</b>	(31,713)
Cash generated from operations	<b>10,136,104</b>	8,723,340
End of service indemnity paid	<b>(668,381)</b>	(746,826)
Zakat paid	-	(56,211)
Net cash generated from operating activities	<b>9,467,723</b>	7,920,303
<b>Cash flows from investing activities:</b>		
Paid for purchase of investment properties	<b>(7,532)</b>	(133,011)
Paid for purchase of investment properties classified as non-current assets held for sale	<b>(2,092)</b>	(145,800)
Proceeds from sale of investment properties	-	35,318,990
Proceeds from sale of investment properties classified as non-current assets held for sale	<b>469,341</b>	907,059
Paid for purchase of property, plant and equipment	<b>(2,330,240)</b>	(881,936)
Proceeds from sale of property, plant and equipment	<b>1,732,605</b>	20,381
Interest income received	<b>333,051</b>	459,884
Net cash generated from investing activities	<b>195,133</b>	35,545,567

**ACICO Industries Company - K.S.C. (Public)**  
**And its Subsidiaries**  
**State of Kuwait**

**Consolidated Statement of Cash Flows**

For the year ended 31 December 2025

	<b>2025</b>	2024
	<b>KD</b>	KD
<b>Cash flows from financing activities:</b>		
Net movement in due to banks	<b>(221,105)</b>	(319,948)
Net movement in term loans	<b>(3,046,010)</b>	(3,861,383)
Net movement in murabaha payables	-	(34,587,463)
Lease payments	<b>(1,209,347)</b>	(798,307)
Finance expenses paid	<b>(1,053,580)</b>	(3,737,742)
Cash dividends paid to the Parent Company's shareholders	-	(427)
Net cash used in financing activities	<b>(5,530,042)</b>	(43,305,270)
Net increase in cash and cash equivalents	<b>4,132,814</b>	160,600
Foreign currency translation adjustments	<b>137,691</b>	(501,119)
Cash and cash equivalents at the beginning of the year	<b>14,998,044</b>	15,338,563
Cash and cash equivalents at the end of the year (Note 5)	<b>19,268,549</b>	14,998,044
<b>Material non-cash transactions:</b>		
Due to banks	-	1,116,609
Accounts payable and other credit balances	-	(9,019,664)
Term loans	<b>(62,943,052)</b>	6,779,436
Murabaha payables	-	1,375,420
Property, plant and equipment	-	(251,801)
Investment properties	<b>60,000,000</b>	-
Investment properties classified as non-current assets held for sale	<b>2,943,052</b>	-
Additions to right-of-use assets	<b>(2,607,694)</b>	(2,462,699)
Additions to lease liabilities	<b>2,607,694</b>	2,462,699
Proceeds from sale of property, plant and equipment	-	(107,999)
Accounts receivable and other debit balances	-	107,999

## Notes to the Consolidated Financial Statements

### 1. Incorporation and Activities

ACICO Industries Company - K.S.C. (Public) (“the Parent Company”) is a Kuwaiti public shareholding Company established under Memorandum of Incorporation No. 16540 dated 23 June 1990, with its latest amendments dated 15 July 2025 related to the Parent Company’s capital (Note 23), and is listed on Boursa Kuwait. The Parent Company has been registered in the Commercial Register under No. 41903 dated 17 July 1991.

The main activities for which the Parent Company was incorporated are as follows:

- Manufacture of breakers, panels, frames, and prefabricated concrete buildings.
- Production of thermal concrete.
- Export and import office.
- Owning properties and movables for the Parent Company’s account.
- Selling and buying shares and bonds for the Parent Company’s account.
- Industrial consulting.
- Organizing and managing trade fairs.
- Wholesale sale of construction materials, metal building materials, plumbing and heating equipment, and supplies.
- Import of chemical materials.
- Buying and selling land and real estate exclusively for the benefit of the Parent Company.
- Wholesale sale of sand and gravel.
- Cutting, shaping, and preparing stones for use in construction, building, and roadworks.
- Exploiting quarries to extract stones, sand, and clay.
- Investing the financial surplus in portfolios managed by specialized companies and entities.
- Environmental laboratories for chemicals test.
- Management of third party properties.
- Import of gravel.
- Manufacturing of lightweight foam concrete blocks.

The Parent Company is located in Sharq, Al – Hamra Business Tower, 34th floor and its registered address is P.O. Box 24079, Safat 13101 - State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company’s Board of Directors on 17 March 2026. The Annual General Assembly of the Parent Company’s Shareholders has the power to amend these consolidated financial statements after issuance.

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

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

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

#### ***Amendments to IAS 21 - Lack of Exchangeability***

In August 2023, the IASB issued amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments had no material impact on the Group’s financial statements.

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

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

### ***IFRS 18 - Presentation and Disclosure in Financial Statements:***

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In April 2024, the IASB issued IFRS 18, which replaces IAS 1 “Presentation of Financial Statements”. IFRS 18 introduces new presentation requirements in the statement of profit or loss, including specific total and subtotal values. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires disclosure of newly defined management performance measures, which represent subtotals of revenues and expenses, and includes new requirements for aggregating and disaggregating financial information based on the defined “roles” of the initial financial statements and notes.

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

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

### ***Amendments to IFRS 9 - “Financial Instruments” and IFRS 7 - “Financial Instruments: Disclosures”:***

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

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

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

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

### ***IFRS 19 “Subsidiaries without Public Accountability: Disclosures”:***

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

The Group does not expect IFRS 19 to apply to it.

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## **3. Material accounting policies**

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### **3.1 Statement of compliance**

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

### **3.2 Basis of preparation**

The consolidated financial statements are prepared on the basis of historical cost except for the financial assets at fair value through other comprehensive income, investment properties, and investment properties classified as non-current assets held for sale, which are carried at fair value. These consolidated financial statements are presented in Kuwaiti Dinars (“KD”), which is the Parent Company’s functional and presentation currency once the consolidated financial statements are prepared.

The preparation of consolidated financial statements of IFRS requires the use of certain significant accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas of material judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

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

### 3.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (referred to as Group):

Name of the Subsidiary Direct Ownership:	Country of incorporation	Percentage of ownership (%)	
		2025	2024
ACICO Arabia for General Trading & Contracting Company - W.L.L. (a)	State of Kuwait	<b>94.33</b>	94.33
ACICO Construction Company - K.S.C. (Closed) ("ACC")	State of Kuwait	<b>70.70</b>	70.70
Aslan Real Estate Company - Sole Proprietorship	State of Kuwait	<b>100</b>	100
ACICO Kuwait Company - W.L.L. (a)	State of Kuwait	<b>99</b>	99
ACICO Gulf Real Estate Company - W.L.L. and its wholly owned subsidiary Prime Hub Business Center L.L.C. (a)	State of Kuwait	<b>99</b>	99
Aselera Logistics for Goods Transportation Company - Sole Proprietorship	State of Kuwait	<b>100</b>	100
ACICO Africa (PTY) LTD	South Africa	<b>100</b>	100
Al Masaken United Real Estate Company - K.S.C. (Closed)	State of Kuwait	<b>86.30</b>	86.30
Aerated Concentrate Industries Company - Qatar - W.L.L.	State of Qatar	<b>100</b>	100
Sky Star International for Businessmen Services Company - W.L.L.	United Arab Emirates	<b>100</b>	100
Aerated Concrete Industries Company - Saudi Arabia - W.L.L.	Kingdom of Saudi Arabia	<b>100</b>	100
ACICO Gulf for blocks and General Trading Company – W.L.L.	State of Kuwait	<b>100</b>	100
Approved Gravel Co. For Gravel Wholesale Trading - Sole Proprietorship	State of Kuwait	<b>100</b>	100
<b>Name of the Subsidiary Indirect Ownership:</b>			
Kuwait Ideal General Construction of Buildings Company - W.L.L. (a)	State of Kuwait	<b>99.90</b>	99.90
ACICO Industries for Precast and Construction Company - K.S.C.C. (a)	State of Kuwait	<b>99.59</b>	99.59
ACICO Europe Holding B.V. (under liquidation)	Netherlands	-	99.90

#### a) The remaining investments are registered in the name of a related party and there is a waiver letter that the beneficial ownership of this investment is in favor of the Group

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

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

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

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

and circumstances, including:

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

The consolidated financial statements include the financial statements of the subsidiaries from the date on which effective control begins until the date on which effective control ceases. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control over the subsidiary. All balances and intra-company transactions, including the mutual profits and unrealized losses and profits are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests of the net assets of the consolidated subsidiaries are stated in a separate item of the Group's equity. Profits or losses and each item of other comprehensive income relating to the Parent Company's Shareholders and non-controlling interests even if this results recognizing a deficit in the non-controlling interests balance.

Changes in a subsidiary's ownership interest that do not result in change in the control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the adjusted balance of the non-controlling interests amount by which the non-controlling and the fair value of the consideration paid or received are recognised directly in equity attributable to the Parent Company's owners. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of non-controlling interests.
- Derecognises the cumulative foreign currencies translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profits or losses.
- Reclassifies the Parent Company's interest in the items that were previously recorded in the other comprehensive income to the profit or loss or to retained earnings as required for these items.

### **3.4 Presenting assets and liabilities in the consolidated statement of financial position**

The nature of Group's activity, as an entity established for the purposes of investment, requires classification of assets and liabilities in descending order as per its liquidity in the consolidated statement of financial position, as the management believes that this presentation provides information more relevant and reliable to the Group's activities. This way of presentation of assets and liabilities requires submission of other information about the maturities of all financial assets and liabilities in the notes to the consolidated financial statements. The Group provides this information based on the length of the remaining contractual term as at the consolidated financial statements date.

The Group's financial assets mainly include cash and cash equivalents, accounts receivable and other debit balances, contract assets, due from related parties, financial assets at fair value through other comprehensive income.

The Group's financial liabilities mainly include due to banks, accounts payable and other credit balances, dividends payable to shareholders, contract liabilities, due to related parties, lease liabilities, term loans and murabaha payables.

The amounts expected to be collected for assets or to be paid for the liabilities are presented, at minimum, in notes as assets and liabilities due within one year from the consolidated financial statements date.

### 3.5 Contract assets and liabilities

Contract assets and liabilities represent net amount of costs incurred plus recognized profits, less the sum of recognized losses and progress billings for all contracts in progress. Cost comprises direct materials, direct wages and an appropriate allocation of overheads. For contracts where progress billings exceed costs incurred plus recognized profit (less recognized losses), the excess is included under liabilities.

### 3.6 Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and inspection, are normally charged to consolidated statement of profit or loss in the period in which the expenses are incurred. In situations where it can be clearly demonstrated that the expenses have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plants and equipment beyond its originally assessed standard of performance, the expenses are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, their cost and accumulated depreciation are eliminated from the accounts and any profit or loss resulting from their disposal is included in the consolidated statement of profit or loss. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified in the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Long-term lease of land acquired in a business combination is held at cost less impairment losses. The contractual lease period for these leases expires on 11 April 2029 and are renewable for further periods.

### Depreciation is computed on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

	<b>Years</b>
Buildings	30
Machinery and equipment	20 - 30
Vehicles	3 - 10
Tools	3 - 5
Furniture and fixtures	3 - 5
Computer and equipment	3 - 5

The depreciation of certain machinery and equipment and certain vehicles is calculated based on number of production hours.

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

Capital works in progress are recorded at cost less any impairment loss. Such capital works in progress are classified within appropriate categories of items of property, plant and equipment when completed as deemed as ready for use. Depreciation of such assets starts when they are ready for use in the intended purpose, in the same way as other items of property, plant and equipment.

Property, plant and equipment items are derecognized when disposed of or when it is not expected to receive any future economic benefits from them.

### **3.7 Inventories**

Inventories are valued at the lower of cost or net realizable sale value after providing allowances for any obsolete or slow-moving items. Inventories cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable selling value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

### **3.8 Properties under development**

Properties under development are developed for future sale in the ordinary course of business by transfer to inventory properties, rather than to be held for rental or capital appreciation. and are stated at the lower of cost or net realizable value. Sold properties in the course of development are stated at cost plus attributable profit/loss less progress billings. The cost of properties under development includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property. The property is considered to be completed when all related activities, including the infrastructure and facilities for the entire project, have been completed.

### **3.9 Properties held for trading**

Properties acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as properties held for trading and are measured at lower of cost or net realizable value.

Cost includes freehold and leasehold rights for land, amount paid to contractors for construction, borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, properties transfer taxes, construction overheads and other related costs.

Net realizable value represents the estimated selling price in the ordinary course of business based on market prices as at the date of the consolidated financial statements discounted at the periods' effect if material, less the costs of completion and estimated selling expenses. Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

The cost of properties held for trading recognized in consolidated statement of profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs incurred based on the relative size of this property. When reducing value of properties held for trading, this reduction is recognized to other operating expenses.

### **3.10 Investment in associates**

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. It is not represented in control or joint control over such decisions. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for any changes subsequent to the date in which the Company acquired a share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investments are classified as held for sale, in which case they are accounted for as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its consolidated other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in the associate (which includes any long-term interests that constitute the Company's net investment in the associate) are recognised only to the extent that the Group has an obligation or has made a payment on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost in the acquisition over the Group's share in net fair value of designated assets, liabilities and contingent liabilities recognized for the associate as at the acquisition transaction date, is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

The Group determines at the date of each financial period whether there is an indication that the investment in the associate may be impaired and determining whether it is necessary to recognize any impairment in the investment. If there is such evidence, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

### **3.11 Investment properties**

Investment properties include complete properties, properties under construction or redevelopment held for gaining rentals or increase in the market value or both. Investment properties are initially recognized at cost, which contains purchase price and its related transaction costs. Subsequent to the initial recognition, the investment properties are recognized at their fair value at end of the reporting period. Gains or losses generated

from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they generated.

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

Investment properties are derecognized when they have been disposed of (i.e. at the date of transfer of control to the purchaser) or when they are definitively withdrawn from use and no future economic benefit is expected from its disposal. Profits or losses arising on disposal or termination of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of its development for selling purposes. If a property being used by the owner is transferred to investment property, the Group will account for such property as per the applicable accounting policy for property and equipment up to date of the usage change and transfer.

### **3.12 Non-current assets held for sale**

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount 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 also 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. The Group's non-current assets held for sale are measured at fair value as they consist of investment property stated at fair value. Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Non current assets that cease to be classified as held for sale (or cease to be included in a disposal group classified as held for sale) are measured at the lower of:

- Its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale.
- Its recoverable amount as at the date of the subsequent decision not to sell.

The Group's non-current assets held for sale are measured at fair value as they consist of investment properties stated at fair value.

### **3.13 Goodwill**

Goodwill represents the excess in total transferred consideration and the recognised amount of non-controlling interests and any interests that have been previously held over the fair value of the assets, liabilities and contingent liabilities as at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of assets, liabilities and contingent liabilities over cost, the Group is required to reassess the measurement and identification of net assets and to measure the cost of the acquisition and recognize immediately in the consolidated statement of profit or loss any excess remaining after that reassessment.

For the purpose of ensuring that the goodwill is impaired, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are annually reviewed, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the carrying amount of any goodwill allocated to the unit is reduced at the amount of impairment and then the other assets of the same unit are reduced in a pro-rata under the carrying amount of each asset in the unit. An impairment losses related to the goodwill is not reversed in a subsequent period.

Where goodwill forms a part of a cash-generating unit and a part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of represents a part of the carrying amount of the operation when determining the profit or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

### **3.14 Financial instruments**

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The interests, distributions, profits, and losses relating to financial instrument classified as liabilities are included as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are recorded at net when the Group has a legally enforceable right to settle the assets and liabilities at net and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The financial assets and liabilities included in the consolidated statement of financial position comprise cash and cash equivalents, accounts receivable and other debit balances, contract assets, due from related parties, financial assets at fair value through other comprehensive income, due to banks, accounts payable and other credit balances, contract liabilities, lease liabilities, term loans, Murabaha payable and due to related parties.

#### **Financial assets:**

##### ***Recognition, initial measurement and derecognition***

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

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and contractual cash flows. Where the Group covers the business model mainly in order to collect the contractual cash flows from assets only or to collect the contractual cash flows and the cash flows resulted from sale of the assets. If none of the objectives applies (i.e. financial assets held for trading), the financial assets are classified as a part of the business model "Sell" and measured as per the fair value through profits or loss. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of those financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the assets. The financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognized when: the contractual rights to receive cash flows from the financial assets

have been expired. Or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all risks and rewards of ownership associated with the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. If the Company has retained control, it shall continue to recognize the financial assets to the extent of its continuing involvement in the financial assets.

### **Classification of financial assets**

Financial assets are classified in the consolidated financial statements into the following categories upon initial recognition:

- Debt instruments carried at amortised cost.
- Equity instruments at fair value through other comprehensive income.

### **Subsequent measurement:**

#### ***Equity instruments at fair value through other comprehensive income (FVOCI)***

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Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 “Financial Instruments: Presentation” and is not held for trading. Such classification is determined on an instrument-by- instrument basis.

Profits and losses on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to an impairment assessment.

Upon disposal, cumulative gains or losses are reclassified from accumulated changes in fair value to retained earnings in the statement of changes in equity. The Group classifies investments in unquoted equity instruments under the financial assets at fair value through other comprehensive income in the consolidated statement of financial position.

#### ***Debt instruments carried at amortised cost***

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Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at fair value through profit or loss:

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

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses, if any. Profits and losses are recognized in the consolidated statement of profit or loss when the asset is derecognised, adjusted or impaired.

The financial assets recorded at consolidated amortized cost include cash and cash equivalents, accounts receivable and other debit balances, contract assets and due from related parties, that are classified as debt instruments at amortized cost.

### ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand and at banks, deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### ***Accounts receivable and other debit balances***

Accounts receivable and other debit balances are amounts due from customers for sale of goods or rendering services in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Accounts receivable, which are not designated under any of the above, are classified as “other debit balances”.

### ***Impairment of financial assets***

The Group recognizes a provision for expected credit losses (“ECLS”) for all debt instruments not held at fair value through profit or loss.

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

For unbilled debit balances and accounts receivables and other debit balances, the Group has applied the standard’s simplified approach and has calculated ECLS based on ECLS over the financial assets lifetime. Accordingly, the Company does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:

- **Stage 1** - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- **Stage 2** (not credit impaired) - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- **Stage 3** (credit impaired) - financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

“12-month expected credit losses” are recognized for the first stage while “lifetime expected credit losses” are recognized for the second stage.

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

## **Financial liabilities**

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost using the effective interest rate method.

### ***Accounts payable and other credit balances***

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Accounts payable and other credit balances include trade payables and other credit payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### ***Borrowings***

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Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

### ***Murabaha payable***

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Murabaha payables are reported with full credit balances after deducting finance charges pertaining to future periods. Those finance charges are amortized on a time apportionment basis using effective interest method.

## **Derecognition of financial liabilities**

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

## **Offsetting financial assets and liabilities**

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

## **3.15 Impairment of non-financial assets**

At the consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the Group's assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

### **3.16 Share premium**

Share premium represents an increase of the cash collected upon issuance of shares from the nominal value of the issued shares. Share premium is not available for distribution except in cases stipulated by the law.

### **3.17 Treasury shares**

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, profits are credited to a separate account in shareholders' equity "treasury shares reserve" which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and treasury shares reserve respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

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

### **3.18 Equity and reserves**

Capital represents the nominal value of shares that have been issued.

Statutory reserve represents the amounts retained from the profits for the year and which were held in those accounts in accordance with the requirements stipulated in the Parent Company's Memorandum of Incorporation, and the Companies' Law and its Executive Regulations.

Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

Accumulated losses represent the profit for the year and the accumulated losses of the prior years.

### **3.19 Dividends to shareholders**

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

When distributing such non-cash dividends, the difference between the carrying value of that liability and the carrying value of the distributed assets is recognized in the consolidated statement of profit or loss.

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

### **3.20 Provision for end of service indemnity**

Provision for end of service indemnity of employees is made under the Kuwaiti Labour Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

### **3.21 Provisions**

Provisions are recognized where the Group has a present legal or probable obligation as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. At the end of each financial period, provisions are reviewed and adjusted to reflect the best current estimate. When the time value of money has material effect, the amount recognized as a provision must be the present value of the expected expenses required to settle the obligation. Provisions for future operating losses are not recognized.

### **3.22 Financing costs**

Financing costs include interests and other costs incurred by the Entity with regard to borrowing of funds. Financing costs directly attributable to the acquisition, construction or production of assets qualified for capitalization of financing from third party, which are assets that require long time to get ready for their intended use or sale, are added to the cost of those assets, until they become substantially ready for their intended use or sale. Investment revenues received from temporary investment of specific loans, invested during period of non-utilization in disbursement are deducted from the recoverable costs of finance.

All other financing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

### **3.23 Revenue recognition**

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

The Group follows a 5-step process:

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

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

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

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

The Group shall transfer control of goods or services over time (and not at a point in time) upon fulfillment of any of the following criteria:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not establish an asset that has an alternative usage to the Entity. The Entity has enforceable right in payments against the completed performance to date.

Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. The following items should be considered by the Group whether or not control over the assets is transferred:

- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

### ***Contract liabilities and assets***

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

### ***Costs to obtain the contract***

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Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Group's revenue streams represent the following:

### ***Sale of goods***

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

When such items are either customized or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for the work completed to date. Revenue for these performance obligations is recognized over time as the customization or integration work is performed.

When contracts involve supply of goods and installation services in exchange for a fixed fee, revenue is recognized over a period of time and is accounted for as a single performance obligation due to the high interdependence between the elements of the contract. When such contracts include after sales services, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of the relative stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

### ***Rendering of services***

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Service revenue is recognized on accomplishment of rendering services to clients. Revenues are recognised over time to satisfy the performance obligations in general during the financial period.

### ***Construction contracts***

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Revenue from construction contracts is recognized over time on a cost-to-cost method (input method), i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Profit is only recognized when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners.

Anticipated losses on contracts are recognized in full as soon as they become apparent.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenditure in the period in which they are incurred.

### ***Interest income***

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

### ***Income from sale of properties***

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Income from sale of properties is recognised on an accrual basis, when all the following conditions are met:

- On completion of sale transaction and signing the contracts.
- When investment of the buyer (sale value) is sufficient to indicate his commitment to pay value of the property as at the reporting date.
- Receivables category of the Group shall not be less than the sale in the future.
- When the Group transfer the control to the purchaser.
- If the works required for completing the building can be measured and recorded on an accrual basis easily, or if such works are not significant as for the total value of the contract.

### ***Other income***

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Other income is recognized on accrual basis.

### **3.24 Leases**

#### ***The Group as a lessor***

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Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Other lease contracts are classified as financing leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### ***Operating lease***

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

#### ***Group as a lessee***

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The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognizes right-of-use assets and the lease liabilities regarding all lease arrangements when it acts as the lessee.

#### ***Right-of-use assets***

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

#### ***Lease Liabilities***

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The Group recognizes lease liabilities at the commencement date of the lease and are measured by the present value of the lease payments to be paid during the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option when the Group is reasonably certain that this option is exercised, and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is re-measured if there is an amendment or change in the lease term or a change in the content of the fixed lease payments or a change in the evaluation that is made to determine whether the underlying assets will be purchased.

#### ***Short-term leases and leases of low-value assets***

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The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of

office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **3.25 Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)**

The contribution to KFAS is calculated at 1% of profit before deduction of the contribution to KFAS, NLST, Zakat and Board of Directors' remuneration after deducting the transferred amount to statutory reserve. Contribution to KFAS is not calculated for the year ended 31 December 2025, as there are accumulated losses.

### **3.26 National Labor Support Tax (NLST)**

National Labor Support Tax (NLST) is calculated at 2.5% of the profit before deduction of contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting cash dividends received from Companies listed in Bursa Kuwait in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 of 2006 and their executive regulations.

### **3.27 Zakat**

Zakat is calculated at 1% of the profit before deducting KFAS, NLST, Zakat provision and Board of Directors' remuneration, and after excluding cash dividends received from Kuwait shareholding companies. This is in accordance with Law No. 46 of 2006 and Ministerial Order No. 58 of 2007 and its implementing executive rules.

### **3.28 Related party transactions**

Related parties represent major shareholders, directors and key management personnel of the Company, their family members and the entities they own. All related party transactions are conducted in the ordinary course of business and are approved by the Group's management.

### **3.29 Foreign currency**

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currency are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are carried on a basis of the historical cost and which are dominated in foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items, or on the retranslation of monetary items, are included in consolidated statement of profit or loss for the year. Exchange differences arising from non-monetary items such as equity instruments classified as investments at fair value through other comprehensive income are included under "accumulated changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such differences are recognized in the consolidated statement of profit or loss in the year in which the foreign operations are disposed off.

Regarding the partial disposal of a subsidiary including foreign operations without the Group losing control on the subsidiary, interests with percentage of ownership from differences of accumulated currency translation are redistributed to non-controlling interests, and not recognized in the consolidated statement of profit and loss. For all other partial disposals (such as partial disposals of associates or joint arrangements not resulting in the Group

losing significant influence or joint control), interests with percentage of ownership from differences of currency translation are reclassified to the consolidated statement of profit or loss.

### **3.30 Contingencies**

Contingent liabilities are recognised in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Otherwise, the contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent liabilities acquired in a business combination are measured on initial recognition at fair value as of the acquisition date. At the end of subsequent reporting periods, the contingent liabilities are measured at the higher of the amount that will be recognized as per IAS (37) or the recognized amount on initial recognition less the accumulated amount of revenues recognized in accordance with the policies of IFRS 15.

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

### **3.31 Segment Information**

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are disclosed in a manner consistent with the internal reporting reviewed by the chief operating decision-maker, i.e. the person being responsible for allocating resources, assessing performance and making strategic decisions on the geographic segments.

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## **4 Material accounting judgments and key sources of estimation uncertainty**

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In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on the management's previous experiences and other relevant internal and external factors. Actual results may vary from these estimations.

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

### **Material accounting judgements**

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

#### ***Classification of financial assets***

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics.

#### ***Revenue recognition***

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the

revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and the accounting policy of revenue stated in Note 3.23 are met requires significant judgment.

### ***Classification of properties***

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Upon acquisition of properties, the Group classifies the properties into one of the following categories, based on the intention of the management for the use of the properties:

#### **1. Properties under development**

When the purpose of the Group is to develop lands and properties for sale in the future, both lands and construction costs are classified as properties under development.

#### **2. Properties held for trading**

When the intention of the Group is to sell properties in the ordinary course of business of the Group, the properties are classified as properties held for trading.

#### **3. Investment properties**

When the intention of the Group is to lease or hold properties for capital appreciation or if the intention is not determined, the properties are classified as investment properties.

### ***Provision for expected credit losses***

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The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables involve significant judgments.

### **Leases**

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

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

### **Estimation uncertainty**

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

### ***Impairment of goodwill***

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The Group determines whether there is an impairment of goodwill on annual basis at least. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset or cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### ***Impairment of non-financial assets***

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The Group's management estimates whether there is an indication to impairment of non-financial assets. Impairment exists when the carrying amount of the asset (or cash generating unit) exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. Calculation of the fair value less selling costs is carried out based on the available data from selling transactions in arm's length transactions from similar assets or available market prices less additional costs required for derecognition of the asset. The value

in use calculation is based on a discounted cash flow model. It does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of asset (or cash generating unit). The recoverable amount is most sensitive to the discount rate used through the cash flow discount model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

#### ***Fair value of unquoted financial assets***

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If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

#### ***Useful lives of depreciable assets***

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Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

#### ***Provision for expected credit losses for receivables and other debit balances***

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The Group uses a provision matrix to calculate ECLs for accounts receivable and other debit balances. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates and expected credit losses is a significant estimate. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

#### ***Valuation of investment properties***

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The Group records its investment properties at fair value where changes in the fair value are recognized in the consolidated statement of profit or loss, two basic methods are used for determining the fair value of the investment properties:

- **Income capitalization:** Through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of return from the property as per market inputs, which is known as capitalization rate.
- **Comparative analysis:** which base on estimations made by an independent real estate valuer by reference to new actual deals done among other parties for similar properties in location and condition and relying on expertise of such independent real estate valuer.

#### ***Leases***

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The main items of estimation uncertainty for application of IFRS 16 include the following:

- Assessment of the lease term.
- Determination of the proper discount rate for the lease payments.
- Assessment whether right-of use assets have impaired.

## 5. Cash and cash equivalents

	2025 KD	2024 KD
Cash on hand and at banks	10,791,993	9,341,895
Short-term bank deposits (a)	8,476,556	5,656,149
	<b>19,268,549</b>	14,998,044

a) The effective interest rate on short-term bank deposits ranges from 3.3% to 4.4% (2024: 4.7%) per annum, and those deposits mature within a period of three months.

## 6. Accounts receivable and other debit balances

	2025 KD	2024 KD
Trade receivables (a)	24,232,222	23,000,506
Retention receivables (a)	3,071,849	2,966,316
Post-dated cheques (a)	60,000	62,097
	<b>27,364,071</b>	26,028,919
Provision for expected credit losses (b)	(14,236,356)	(13,734,607)
	<b>13,127,715</b>	12,294,312
Advance payments to suppliers	5,024,519	2,360,459
Prepaid expenses	1,018,140	903,212
Refundable deposits	1,505,819	569,538
Other debit balances	1,341,715	1,183,883
	<b>22,017,908</b>	17,311,404

### a) Trade receivables, retention receivables and post-dated cheques:

Trade receivables, retention receivables and postdated cheques are non-interest bearing.

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

Allowance for expected credit losses are provided for when there is no reasonable expectation of recovery. Failure to make payments within 540 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

The following table details the risk profile of trade receivables, retention receivables and post dated cheques based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

## 2025

	Not due	1-180 days	181-360 days	361-540 days	More than 541 days	Total
ECL rate %	0.45%	1.68%	11.08%	15.54%	100%	
Estimated total gross carrying amount at default	11,168,346	964,995	516,873	712,263	14,001,594	27,364,071
Allowance for ECL	(50,587)	(16,220)	(57,288)	(110,667)	(14,001,594)	(14,236,356)
	11,117,759	948,775	459,585	601,596	-	13,127,715

## 2024

	Not due	1-180 days	181-360 days	361-540 days	More than 541 days	Total
ECL rate %	0.24%	5.22%	13.2%	22.33%	100%	
Estimated total gross carrying amount at default	10,484,012	910,374	564,269	621,339	13,448,925	26,028,919
Allowance for ECL	(24,958)	(47,491)	(74,509)	(138,724)	(13,448,925)	(13,734,607)
	10,459,054	862,883	489,760	482,615	-	12,294,312

### b) Provision for expected credit losses:

Movement in provision for expected credit losses is as follows:

	2025 KD	2024 KD
Balance as at the beginning of the year	13,734,607	12,791,709
Charged during the year (Note 30)	1,030,527	1,205,230
Provision no longer required (Note 30)	(490,869)	(228,336)
Used during the year	(20,561)	(42,730)
Foreign currency translation adjustments	(17,348)	8,734
Balance as at the end of the year	14,236,356	13,734,607

## 7. Contract assets / liabilities

	2025 KD	2024 KD
Contract costs incurred to date plus recognized profits (less recognized losses)	23,536,235	12,744,777
Progress billings	<b>(25,396,250)</b>	(14,800,391)
	<b>(1,860,015)</b>	(2,055,614)
Represented by:		
Contract assets	1,046,090	228,716
Contract liabilities	<b>(2,906,105)</b>	(2,284,330)
	<b>(1,860,015)</b>	(2,055,614)

## 8. Related party disclosures

The Group has entered into various transactions with related parties such as major shareholders, Board of Directors, key management personnel, associates and other related parties. Prices and terms of payment relating to these transactions are approved by the Group's management. Significant related parties' balances and transactions are as follows:

### Balances included in the consolidated statement of financial position:

	Major shareholders	Associates	Other related parties	2025	2024
	KD	KD	KD	KD	KD
Due from related parties	799,439	990,031	5,126,603	6,916,073	7,068,430
Provision for expected credit losses (a)	<b>(714,176)</b>	<b>(400,000)</b>	<b>(4,485,497)</b>	<b>(5,599,673)</b>	(5,607,490)
Net due from related parties	<b>85,263</b>	<b>590,031</b>	<b>641,106</b>	<b>1,316,400</b>	1,460,940
Due to related parties	-	-	4,928	4,928	174,961

### a) The movement in the provision for expected credit losses on due from related parties is as follows:

	2025 KD	2024 KD
Balance as at the beginning of the year	5,607,490	3,602,639
Charged during the year (Note 30)	-	2,000,000
Foreign currency translation adjustments	<b>(7,817)</b>	4,851
Balance as at the end of the year	<b>5,599,673</b>	5,607,490

Transactions included in the consolidated statement of profit or loss are as follows:

Key management benefits:	2025 KD	2024 KD
Salaries and short-term benefits	484,506	534,292
End of service indemnity	18,529	68,434
	503,035	602,726

## 9. Inventories

	2025 KD	2024 KD
Raw materials	10,902,715	11,720,846
Finished goods	2,963,678	4,148,166
Spare parts	6,069,129	6,344,178
	19,935,522	22,213,190
Less: Provision for inventories (a)	(3,159,481)	(3,545,156)
	16,776,041	18,668,034

a) The movement in provision for inventories is as follows:

	2025 KD	2024 KD
Balance as at the beginning of the year	3,545,156	3,148,900
Charged during the year (Note 30)	9,846	796,737
Provision no longer required (Note 30)	(390,561)	(400,181)
Usage during the year	(1,437)	(1,669)
Foreign currency translation adjustments	(3,523)	1,369
Balance as at the end of the year	3,159,481	3,545,156

## 10. Financial assets at fair value through other comprehensive income

	2025 KD	2024 KD
Unquoted equity securities	774,495	827,606
	774,495	827,606

## 11. Investment in associates

Name of associate	Country of incorporation	Percentage of holding		Principal activities	Carrying value	
		2025	2024		2025	2024
		%	%		KD	KD
<b>Acico Kuwaiti Syria Company – W.L.L.</b>	Syria	50%	50%	Industrial	-	-
<b>Al-Masaken International for Real Estate Development -K.S.C. (Public)</b>	State of Kuwait	35%	35%	Real Estates	-	359,221

### The movement during the year is as follows:

	2025	2024
	KD	KD
Balance as at the beginning of the year	<b>359,221</b>	910,000
Group's share of results from associates	<b>(383,291)</b>	(505,600)
Group's share of other comprehensive income / (loss) of associates	<b>24,070</b>	(45,179)
Balance as at the end of the year	-	359,221

As at 31 December 2025, the market value of the Group's ownership interest in Al-Masaken International for Real Estate Development - K.S.C. (Public) was KD 1,925,000 (2024: KD 1,400,000) based on latest price.

## 12. Investment properties

### The movement during the year is as follows:

	2025	2024
	KD	KD
Balance at the beginning of the year	<b>68,055,705</b>	101,179,292
Additions	<b>7,532</b>	133,011
Disposals (a)	<b>(67,507,712)</b>	(34,200,990)
Change in fair value	-	570,976
Foreign currency translation adjustments	<b>(4,860)</b>	373,416
Balance as at the end of the year	<b>550,665</b>	68,055,705

- a) During the year ended 31 December 2025, and as part of the Group's restructuring plan, the Group entered into a settlement agreement with a local financial institution to settle the Parent Company loan through sale of investment property (Hotel) in United Arab Emirates – Dubai by total sale price of KD 60,000,000 which resulted in a loss of KD 6,925,078 after deducting foreign currency translation adjustments recorded in the consolidated statement of profit or loss.

The fair value of the investment properties as of 31 December 2025 has been arrived at based on the valuation carried out by accredited external valuers. In estimating the fair value of investment properties, the comparative analysis approach has been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 2 fair value based on inputs to the valuation technique used.

As of 31 December 2024, Investment properties with a carrying value of KD 67,500,179 have been pledged against term loans (Note 20).

The management of the Group has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

### 13. Right-of-use assets

The Group leases several assets including land and buildings used in operations. The average lease term is ranging from 1 to 12 years renewable. Leased lands represent the Group's right to use plots of land leased from the Public Authority for Industry - State of Kuwait.

The movement during the year is as follows:

	Land KD	Buildings KD	Total KD
<b>Cost:</b>			
As at 31 December 2024	1,099,832	4,609,561	5,709,393
Additions	961,342	1,646,352	2,607,694
Disposals	(137,552)	(1,096,916)	(1,234,468)
<b>As at 31 December 2025</b>	<b>1,923,622</b>	<b>5,158,997</b>	<b>7,082,619</b>
<b>Accumulated amortization:</b>			
As at 31 December 2024	929,608	2,861,813	3,791,421
Charged for the year	236,576	855,409	1,091,985
Related to disposals	(91,701)	(416,736)	(508,437)
<b>As at 31 December 2025</b>	<b>1,074,483</b>	<b>3,300,486</b>	<b>4,374,969</b>
<b>Net carrying value:</b>			
<b>As at 31 December 2025</b>	849,139	1,858,511	2,707,650
As at 31 December 2024	170,224	1,747,748	1,917,972
<b>Annual depreciation rate %</b>	20%	20%	

The amortization charged for the year was allocated as follows:

	2025 KD	2024 KD
Operating costs	1,091,985	708,714
Consolidated statement of profit or loss	-	2,344
	<b>1,091,985</b>	711,058

## 14. Property, plant and equipment

	Leasehold lands	Buildings	Machinery and equipment	Vehicles	Tools	Furniture and fixtures	Computer & equipment	Capital work in progress	Total
	KD	KD	KD	KD	KD	KD	KD	KD	KD
<b>Cost:</b>									
As at 31 December 2024	25,714,671	36,188,365	84,140,739	25,799,493	2,209,737	2,018,474	1,770,871	9,131,623	186,973,973
Additions	-	74,691	1,376,782	286,267	90,625	42,499	40,758	483,618	2,395,240
Disposals	-	-	(175,073)	(200,305)	-	-	-	-	(375,378)
Write-off (c)	-	-	(2,361,652)	-	-	-	-	-	(2,361,652)
Foreign currency translation adjustments	-	(81,895)	(113,098)	(3,053)	(1,695)	826	(714)	(73,748)	(273,377)
<b>As at 31 December 2025</b>	<b>25,714,671</b>	<b>36,181,161</b>	<b>82,867,698</b>	<b>25,882,402</b>	<b>2,298,667</b>	<b>2,061,799</b>	<b>1,810,915</b>	<b>9,541,493</b>	<b>186,358,806</b>
Accumulated depreciation and impairment loss:									
<b>As at 31 December 2024</b>	<b>-</b>	<b>14,090,234</b>	<b>23,145,901</b>	<b>16,323,891</b>	<b>1,991,357</b>	<b>1,916,974</b>	<b>1,617,667</b>	<b>-</b>	<b>59,086,024</b>
Charged for the year	-	1,236,791	1,197,817	1,159,636	54,190	35,345	51,689	-	3,735,468
Related to disposals	-	-	(59,546)	(186,839)	-	-	-	-	(246,385)
Related to write-off	-	-	(398,714)	-	-	-	-	-	(398,714)
Foreign currency translation adjustments	-	(27,735)	(19,701)	5,222	(903)	868	(690)	-	(42,939)
As at 31 December 2025	-	15,299,290	23,865,757	17,301,910	2,044,644	1,953,187	1,668,666	-	62,133,454
<b>Net carrying value:</b>									
<b>As at 31 December 2025</b>	<b>25,714,671</b>	<b>20,881,871</b>	<b>59,001,941</b>	<b>8,580,492</b>	<b>254,023</b>	<b>108,612</b>	<b>142,249</b>	<b>9,541,493</b>	<b>124,225,352</b>
As at 31 December 2024	25,714,671	22,098,131	60,994,838	9,475,602	218,380	101,500	153,204	9,131,623	127,887,949

**Depreciation charged for the year was allocated as follows:**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Operating costs	<b>3,612,549</b>	3,585,685
Consolidated statement of profit or loss	<b>122,919</b>	170,226
	<b>3,735,468</b>	3,755,911

- a)** The Group's factory buildings located in Kuwait are constructed on plots of land leased from the Public Authority of Industry – State of Kuwait (Note 13).
- b)** Certain property, plant and equipment with a carrying value amounting to KD 8,419,330 (2024: KD 9,745,787) are pledged against term loans obtained from local and foreign banks (Note 20).
- c)** Based on management's recommendation, property, plant, and equipment with a net book value of KD 1,962,938 (2024: KD 2,007,472) were written off during the current year. Subsequent to the consolidated statement of financial position date, the Board of Directors approved the property, plant and equipment write-off in the meeting held on 17 March 2025.

**15. Goodwill****The movement during the year is as follows:**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Balance as at the beginning of the year	<b>22,275,968</b>	26,807,678
Impairment loss during the year	<b>(526,641)</b>	(4,531,710)
Balance as at the end of the year	<b>21,749,327</b>	22,275,968

The carrying value of goodwill is tested for impairment on an annual basis (or more frequently if evidence exists that goodwill might be impaired) by estimating the recoverable amount of the cash-generating unit ("CGU") using value-in-use calculations unless fair value based on active market price is higher than the carrying value of the CGU. The recoverable amount of each CGU has been determined based on a value in use calculation, using cash flow projections approved by senior management covering a five-year period. The average discount rate used ranges from 9.71% to 11.31% (2024: ranges from 10.07% to 16.42%) applied to cash flow projections over a five-year period. Cash flows beyond the five-year period are extrapolated using the projected average growth rate of 3% (2024: 2.7% to 3.1%).

Based on the impairment testing of goodwill performed by independent external accredited valuer, the Group recognized an impairment loss on goodwill amounting to KD 526,641 (2024: KD 4,531,710) on the consolidated statement of profit or loss.

**16. Investment properties classified as non-current assets held for sale**

As part of the Group's strategic restructuring plan, management decided to divest a portion of its investment properties. Consequently, during the year ended 31 December 2022, investment properties with a carrying value of KD 49,901,939 were reclassified as "investment properties classified as non-current assets held for

sale” in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations.” The investment properties classified as non-current assets held for sale does not represent a separate major line of business or geographical area of operations as the Group continues to carry on the line of business through other investment properties in the same geography (Gulf Cooperation Council). Accordingly, the operations have not been classified as “Discontinued operations” in the consolidated statement of profit or loss.

**Investment properties classified as non-current assets held for sale represent the following:**

	2025 KD	2024 KD
Developed properties	26,263,000	36,286,226
Properties under construction	-	70,826
	<b>26,263,000</b>	<b>36,357,052</b>

**The movement during the year was as follows:**

	2025 KD	2024 KD
Balance at the beginning of the year	36,357,052	37,261,936
Additions	2,092	145,800
Disposals (a)	(4,969,048)	(1,093,059)
Change in fair value	(4,874,071)	(83,404)
Foreign currency translation adjustments	(253,025)	125,779
Balance as at the end of the year	<b>26,263,000</b>	<b>36,357,052</b>

a) During the financial year ended 31 December 2025, Dubai courts issued a decision imposing restrictions on one of the Group’s investment properties in favor of one of the payable banks, for the purpose of selling the property through public auction. The auction took place on 25 April 2025, and the investment property, which had a carrying value of KD 4,522,428, was sold for KD 2,943,052. This resulted in a loss of KD 1,545,292 after deducting foreign currency translation adjustments, which has been recognized in the consolidated statement of profit or loss. The sale proceeds were used to partially repay the outstanding loan owed to the bank.

The fair value of the investment properties classified as non-current assets held for sale as at 31 December 2025 has been arrived at based on the valuation carried out by accredited external valuers. In estimating the fair value of investment properties, the discounted cashflow and income approach has been used, considering the nature and usage of the investment properties classified as non-current assets held for sale. The fair value measurement of investment properties classified as non-current assets held for sale has been categorized as levels 3 fair value based on inputs to the valuation technique used.

Certain investment properties classified as non-current assets held for sale with a carrying value of KD 26,263,000 (2024: KD 35,910,432) are pledged against term loans (Note 20).

## 17. Due to banks

Due to banks represents overdraft facilities and carry an interest rate range from 1.5% to 2.5% (2024: 1.5% to 2.5%) per annum over the Central Bank of Kuwait discount rate and are payable on demand.

## 18. Accounts payable and other credit balances

	2025 KD	2024 KD
Trade payables	11,827,010	12,554,063
Advances from customers	6,913,461	5,635,590
Retention payables and subcontractors' payables	228,364	563,596
Accrued staff leave	1,131,425	1,135,128
Accrued KFAS (Note 32)	1,871	1,871
Accrued Zakat	237,220	189,118
Provisions for legal claims (Note 36)	-	7,218,553
Provisions for projects and maintenance works	2,194,873	1,857,531
Accrued finance expenses	8,001,370	9,464,942
Accrued expenses and other payables	4,243,847	4,202,056
	<b>34,779,441</b>	<b>42,822,448</b>

## 19. Lease liabilities

	2025 KD	2024 KD
Balance at the beginning of the year	1,887,900	180,412
Additions	2,607,694	2,462,699
Interest expenses charged	92,614	55,182
Paid for lease liabilities	(1,209,347)	(798,307)
Impact of termination of leases	(774,506)	(12,373)
Foreign currency translation adjustments	(9,353)	287
	<b>2,595,002</b>	<b>1,887,900</b>

### Lease liabilities are as follows:

	2025 KD	2024 KD
Current portion	922,972	810,573
Non-current portion	1,672,030	1,077,327
	<b>2,595,002</b>	<b>1,887,900</b>

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## 20. Term loans

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Term loans carry an annual interest rate ranging from 1.50% to 2.50% (2024: 1.50% to 2.50%) per annum over the Central Bank of Kuwait discount rate.

During the financial year ended 31 December 2025, the Parent Company and one of its subsidiaries (ACICO Construction Company – K.S.C.(Closed)) executed an amendment to the settlement and restructuring agreement with a financial institution relating to outstanding aggregated debt as of 31 December 2024 totaling of KD 128,452,585, including accrued interest. The amended settlement as follows:

- a)** Partial settlement of a debt in the amount of KD 60,694,916 through sale of an investment property located in United Arab Emirates (Dubai), pledged to the same lending financial institution for sale amount of KD 60,000,000, with exemption of the remaining balance of KD 694,916 that has been recorded as a gain from extinguishment of term loans in the consolidated statement of profit or loss for the year ended 31 December 2025. The sale of the investment property resulted in a loss of KD 6,925,078 (Note 12).
- b)** The remaining balance of the debt was transferred from the subsidiary to the Parent Company and restructured as follow:
  - 1.** Cash settlement of KD 2,000,000 paid during the year.
  - 2.** Restructuring of the remaining amount of KD 65,757,669 which comprised:
    - i.** A commitment reward of KD 38,535,774, divided equally between a cash discount of KD 19,267,887 and a debt to be converted to preferred shares issued by the Parent Company with an amount of KD 19,267,887. Each component of the reward is split into two tranches; tranche 1 is extended upon signing the agreement and tranche 2 is extended upon the transfer of the relevant property and signing the notarized contracts necessary to schedule the debt and arrange the promised pledge.
    - ii.** Accordingly, a cash discount of KD 9,000,000 was recognized as a gain from extinguishment of term loans in the consolidated statement of profit or loss for the year ended 31 December 2025.
    - iii.** Reschedule the remaining debt of KD 27,221,895 for a period of 10 years ending 31 December 2034 with a yearly payment starting from 31 December 2030 where each annual installment is not less than 5% of the remaining debt.

During the year ended 31 December 2025, ownership of the property was transferred, and the loan balance from that financial institution as at 31 December 2025 amounted to KD 56,757,669.

Term loans (Continued)

During the year ended 31 December 2024, the Parent Company finalized an agreement with one of its local creditor banks to settle a term loan with an amount of KD 5,758,957 which resulted in recognizing an amount of KD 2,015,636 as a gain from extinguishment of term loans in the consolidated statement of profit or loss.

**Term loans are secured by pledge of the following:**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Certain investment properties (Note 12)	-	67,500,179
Certain investment properties classified as non-current assets held for sale (Note 16)	<b>26,263,000</b>	35,910,432
Certain property, plant, and equipment (Note 14)	<b>8,419,330</b>	9,745,787

The Group is not adhering to specific covenants of the term loans as the Group is presently in discussions with its financial lenders to restructure, reschedule, and renew its credit facilities (Note 40).

**21. Murabaha payables**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Murabaha payables	<b>22,005,542</b>	21,497,028
Less: unamortized future finance charges	<b>(1,152,356)</b>	(643,842)
Present value of Murabaha payables	<b>20,853,186</b>	20,853,186

The annual profit rate attributable to Murabaha payable is ranging from 1.50% to 1.75% (2024: 1.50% to 2.50%) per annum over the Central Bank of Kuwait discount rate.

During the year ended 31 December 2024, the Parent Company finalized an agreement with one of its local creditor banks to settle a Murabaha payables through sale of one of the investment properties owned by a subsidiary of the Group with an amount of KD 34,509,000 which resulted in recognizing an amount of KD 1,264,120 as a gain from extinguishment of Murabaha payables in the consolidated statement of profit or loss.

The Group is not adhering to specific covenants of the Murabaha payables as the Group is presently in discussions with its financial lenders to restructure, reschedule, and renew its credit facilities (Note 40).

**22. Provision for end of service indemnity**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Balance at the beginning of the year	<b>5,198,684</b>	4,975,738
Charge for the year	<b>867,568</b>	967,247
Paid during the year	<b>(668,381)</b>	(746,826)
Foreign currency translation adjustments	<b>(5,206)</b>	2,525
Balance at the end of the year	<b>5,392,665</b>	5,198,684

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## 23. Capital

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The authorized capital of the Parent Company comprises of 740,000,000 (2024: 333,400,090) shares of 100 fils each. As at 31 December 2025, the issued and paid-up capital comprises of 333,400,090 shares of 100 fils each of KD 33,340,009 (2024: 333,400,090 shares of 100 fils each of KD 33,340,009) and all shares are in cash.

The Shareholders' Extraordinary General Assembly held on 29 May 2025, approved to increase the Parent Company's authorized capital from KD 33,340,009 divided into 333,400,090 shares with a nominal value of 100 fils per share, to KD 74,000,000 divided into 740,000,000 shares with a nominal value of 100 fils per share.

The above was registered in the Commercial Register under number 41903 on 15 July 2025.

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## 24. Statutory reserve

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As required by Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses is to be transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount. Since there are accumulated losses, there was no transfer to statutory reserve during the year.

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## 25. Voluntary reserve

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As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses is to be transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholder's Annual General Assembly, upon recommendation by the Board of Directors. Since there are accumulated losses, there was no transfer to voluntary reserve during the year.

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## 26. Treasury shares

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	2025 KD	2024 KD
Treasury shares number (share)	2,935,360	2,935,360
Percentage of issued shares (%)	0.88%	0.88%
Market value (KD)	1,003,893	240,406
Cost (KD)	489,681	489,681

The Parent Company's management has allocated the statutory reserve balance equal to the cost of treasury shares as at 31 December 2025. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

## 27. Operating revenue

	2025 KD	2024 KD
<b>Types of revenue:</b>		
Industrial operations	52,103,390	53,882,169
Contracting operations	23,536,235	12,744,777
<b>Total operating revenue</b>	<b>75,639,625</b>	<b>66,626,946</b>
<b>Geographical markets:</b>		
State of Kuwait	73,105,313	63,067,311
State of Qatar	1,486,949	2,148,340
Kingdom of Saudi Arabia	1,047,363	1,411,295
<b>Total operating revenue</b>	<b>75,639,625</b>	<b>66,626,946</b>
<b>Timing of revenue recognition:</b>		
Goods and services transferred at a specific point in time	52,103,390	53,882,169
Goods and services transferred over time	23,536,235	12,744,777
<b>Total operating revenue</b>	<b>75,639,625</b>	<b>66,626,946</b>

## 28. Staff costs

Staff costs during the year are divided into the following items:

	2025 KD	2024 KD
Operating costs	10,780,765	10,289,448
General and administrative expenses	5,263,717	6,081,668
	<b>16,044,482</b>	<b>16,371,116</b>

## 29. Net real estate revenue

	2025 KD	2024 KD
Net rental revenue	2,119,167	7,618,354
Management and incentive fees	2,823,855	-
	<b>4,943,022</b>	<b>7,618,354</b>

### 30. Net provisions charged

	2025 KD	2024 KD
Provision for expected credit losses on trade and other receivables (Note 6)	1,030,527	1,205,230
Provision for expected credit losses on due from related parties (Note 8)	-	2,000,000
Provision for inventories (Note 9)	9,846	796,737
Other provisions	488,426	241,781
<b>Total provisions charged during the year</b>	<b>1,528,799</b>	<b>4,243,748</b>
Provision for expected credit losses no longer required for trade and other receivables (Note 6)	(490,869)	(228,336)
Provision for inventories no longer required (Note 9)	(390,561)	(400,181)
<b>Total provisions no longer required during the year</b>	<b>(881,430)</b>	<b>(628,517)</b>
	<b>647,369</b>	<b>3,615,231</b>

### 31. Other income

	2025 KD	2024 KD
Interest income	333,051	459,884
Gain from disposal of property, plant and equipment	1,603,612	54,205
Gain on early termination of right-of-use assets	48,475	66
Reversal of accrued expenses	530,122	344,937
Raw materials sales	248,130	162,264
Excess income received from a legal claim (Note 36)	413,312	-
Miscellaneous income	448,305	101,018
	<b>3,625,007</b>	<b>1,122,374</b>

### 32. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses and the Parent Company's share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve. No contribution to KFAS has been calculated for the year ended 31 December 2025, since there is accumulated losses.

**The movement in KFAS Payable is as follows:**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Accrued KFAS at the beginning of the year	<b>1,871</b>	1,871
Charged during the year	-	-
Accrued KFAS at the end of the year (Note 18)	<b>1,871</b>	1,871

**33. Board of Directors' meeting and Shareholders' Annual General assembly**

The Board of Director's meeting held on 17 March 2026, proposed not to distribute cash dividends and not to distribute Board of Director's remuneration for the year ended 31 December 2025. These proposals are subject to the approval of the Shareholder's Annual General Assembly.

**Extraordinary General Assembly**

The Shareholders' Extraordinary General Assembly held on 29 May 2025, approved to increase the Parent Company's authorized capital from KD 33,340,009 divided into 333,400,090 shares with a nominal value of 100 fils per share, to KD 74,000,000 divided into 740,000,000 shares with a nominal value of 100 fils per share.

**Ordinary General Assembly**

The Shareholders' Annual General Assembly held on 22 May 2025, approved the consolidated financial statements for the year ended 31 December 2024. Also approved not to distribute cash dividends for the year ended 31 December 2024 and not to distribute Board of Directors' remuneration for the year then ended.

The Shareholders' Annual General Assembly held on 30 May 2024, approved the consolidated financial statements for the year ended 31 December 2023. Also approved not to distribute cash dividends for the year ended 31 December 2023 and not to distribute Board of Directors' remuneration for the year then ended.

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

There are no potential dilutive ordinary shares. Basic and diluted earnings / (loss) per share is computed by dividing the profit / (loss) for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Profit / (loss) for the year attributable to shareholders of the Parent Company	<b>2,868,972</b>	(7,713,260)
	<b>Shares</b>	Shares
Number of issued shares at the beginning of the year	<b>333,400,090</b>	333,400,090
Less: Weighted average number of treasury shares	<b>(2,935,360)</b>	(2,935,360)
Weighted average number of shares outstanding at the end of the year	<b>330,464,730</b>	330,464,730
Basic and diluted earnings / (loss) per share attributable to shareholders of the Parent Company's (fils)	<b>8.68</b>	(23.34)

### 35. Non-controlling interests

Name of the subsidiary	Country of incorporation	Principal activities	Non-controlling interests ownership percentage %		Carrying value of non-controlling interests in the subsidiary	
			2025	2024	2025	2024
			%	%	KD	KD
<b>ACICO Construction Company - K.S.C. (Closed) (a)</b>	State of Kuwait	Concrete constructions and contracting	29.30	29.30	4,712,673	4,715,847
<b>Al Masaken United Real Estate Company - K.S.C. (Closed)</b>	State of Kuwait	Real estate and Investments	13.70	13.70	628,287	641,567
					<u>5,340,960</u>	<u>5,357,414</u>

#### a) ACICO Construction Company - K.S.C. (Closed)

#### Summarized consolidated statement of financial position:

	2025 KD	2024 KD
Currents assets	<b>45,824,550</b>	69,107,198
Current liabilities	<b>(83,344,400)</b>	(40,453,806)
Net current assets	<b>(37,519,850)</b>	28,653,392
Non-current assets	<b>91,551,717</b>	92,245,228
Non-current liabilities	<b>(37,947,659)</b>	(104,803,579)
Net non-current assets	<b>53,604,058</b>	(12,558,351)
Net assets	<b>16,084,208</b>	16,095,041
Net assets attributable to non-controlling interests	<b>4,712,673</b>	4,715,847

#### Summary of consolidated statement of profit or loss and other comprehensive income:

	2025 KD	2024 KD
Revenues	<b>61,825,938</b>	50,183,736
Net loss for the year	<b>(9,812)</b>	(11,661,682)
Total comprehensive loss for the year	<b>(9,812)</b>	(11,661,682)
Total comprehensive loss attributable to non-controlling interests	<b>(2,875)</b>	(3,416,873)

### 36. Contingent liabilities and legal cases

#### The Group had the following contingent liabilities:

	2025 KD	2024 KD
Letters of guarantee	3,209,061	3,598,318
Letters of Credit	-	584
	<b>3,209,061</b>	<b>3,598,902</b>

#### i) The Group's outstanding legal cases as of the date of the consolidated statement of financial position were as follows:

ACICO Industries – Dubai branch (“Defendant”) has been involved in a longstanding legal dispute with Kele Contracting Company L.L.C. (“Plaintiff”), originating in 2013. Kele Contracting L.L.C initially claimed AED 68,252,151 plus 9% annual interest. After multiple court proceedings, verdicts, and appeals between 2013 and 2021, the Dubai courts issued a final enforceable judgment in 2023 obligating the Defendant to pay AED 62,126,172 plus interest.

Subsequently, enforcement actions commenced in Dubai, including the auction of factory equipment and a vehicle, with partial proceeds used to repay the plaintiff.

In light of the judicial rulings issued by the Dubai Courts confirming that the Parent Company was not a party to the case under which execution is being carried out against ACICO Dubai Branch, and based on the legal opinion of the Group's external counsel, and given that the ruling cannot be enforced against the Parent Company within the jurisdiction of the ruling itself - the Emirate of Dubai - it consequently cannot be enforced in a foreign jurisdiction, namely the State of Kuwait (due to the non-application of the conditions of the execution of foreign judgments). Accordingly, management has assessed the claim as a contingent liability (possible, not probable).

Accordingly, a previously recognized legal claims provision of KD 7,187,037 was reversed in the consolidated statement of profit or loss during the year ended 31 December 2025, following the cessation of the purpose for which the provision had been established. The Group will continue to monitor the situation for any that may require future provisioning.

#### The movement in the provision for the legal claim included in “accounts payable and other credit balances” during the year is as follows:

	2025 KD	2024 KD
Balance as at the beginning of the year	7,218,553	6,666,027
Provision for legal claim charged	-	525,099
Partial repayment of legal liability	-	(3,196)
Provision no longer required	(7,187,037)	-
Foreign currency translation adjustments	(31,516)	30,623
Balance at the end of the year	-	7,218,553

- ii) On 13 September 2020, Kuwait Cement Company (the Plaintiff) filed lawsuit No. 2284/2020 against the Minister of Commerce and Industry, the Chairman of the Public Authority for Industry, the Director General of the Public Authority for Industry, the Director General of the General Administration of Customs, and other parties including ACICO Construction Company (a subsidiary of the Group).

The plaintiff requested the court to cancel a decision related to the non-implementation of Industrial Cooperation Committee Decision No. 6 dated 10 May 2020, which imposed final anti-dumping duties on imports of cement products, including clinker, originating from the Islamic Republic of Iran. The plaintiff also requested the continuation of implementation of Customs Instructions No. 67 of 2020 relating to the imposition of anti-dumping duties.

**The litigation progressed as follows:**

- Court of First Instance (29 June 2021): The court dismissed the lawsuit due to the absence of the challenged decision preventing implementation of the GCC decision.
- Court of Appeal (27 December 2021): The appeal was accepted, the first-instance judgment was cancelled, and the court ordered continuation of the customs instructions imposing anti-dumping duties.
- Court of Cassation: Appeals were filed against the appellate judgment. On 16 March 2022, the Court of Cassation ordered suspension of execution of the appeal judgment pending final determination.

On 24 December 2025, the Court of Cassation issued rulings on several appeals, including acceptance of certain appeals and termination of litigation in others. The matter relating to Appeal No. 2235/2021 Administrative/2 filed by Kuwait Cement Company remains under consideration, with the next hearing scheduled for 1 April 2026.

As at the reporting date, the case remains ongoing and no provision has been recognized, as management does not expect a material financial obligation to arise from this matter.

- iii) During the year ended 31 December 2025, one of the Group's subsidiaries received an amount KD 639,838 from a legal case (No 224255940) raised against one of its customers for the accrued receivable balance of KD 226,526 (Note 30) where a full provision for ECL was recorded previously. Accordingly, The Group has reversed the provision for ECL of KD 226,526 and record the excess of KD 413,312 as other income (excess income received from a legal claim) (Note 31)

- iv) In addition to the above, there are legal cases being raised by and against the Group as at 31 December 2025. According to the available information, it was not possible to assess probable outflows which could result from those cases until a final verdict is rendered by the court. Accordingly, no provision has been made in the consolidated financial statements in relation to these legal cases.

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## 37. Segment reporting

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Management monitors the operating results of its segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the interim condensed consolidated statement of profit or loss as explained below:

**Segment results include revenue and expenses directly attributable to a segment:**

- **Industrial operations:** Consist majorly of manufacturing and production of autoclaved aerated reinforced concrete, cement product and precast building components.
- **Real estate operations:** Consists of real estate activities majorly selling and buying of lands and real estate provided by the subsidiaries.
- **Contracting operations:** Consist of contracting activities majorly constructions of villas and other projects provided by the subsidiaries.

The following are the details of the above segments, which constitute the Group's operating segments as of 31 December:

	2025				
	Industrial operations	Real estate operations	Contracting operations	Unallocated expenses	Total
	KD	KD	KD	KD	KD
Operating revenue	52,103,390	-	23,536,235	-	75,639,625
Net real estate revenue	-	4,943,022	-	-	4,943,022
Profit / (loss) for the year	17,004,104	(9,054,105)	2,201,703	(7,294,061)	2,857,641
Depreciation and amortization	(122,919)	-	-	-	(122,919)
Finance expenses	-	-	-	(7,294,061)	(7,294,061)
Total assets	188,544,736	38,864,789	13,457,576	-	240,867,101
Total liabilities	35,440,994	3,739,632	8,402,532	163,573,396	211,156,554

	2024				
	Industrial operations	Real estate operations	Contracting operations	Unallocated expenses	Total
	KD	KD	KD	KD	KD
Operating revenue	53,882,169	-	12,744,777	-	66,626,946
Net real estate revenue	-	7,618,354	-	-	7,618,354
Loss / (profit) for the year	(3,536,667)	8,220,884	(323,502)	(15,515,750)	(11,155,035)
Depreciation and amortization	(172,570)	-	-	-	(172,570)
Finance expenses	-	-	-	(15,515,750)	(15,515,750)
Total assets	198,912,931	108,259,596	7,914,484	-	315,087,011
Total liabilities	60,072,185	2,008,765	8,237,985	216,949,921	287,268,856

## Geographic information

The Group operates in five geographical markets: Kuwait, United Arab Emirates, Saudi Arabia, Qatar and other countries. The following table shows the distribution of the Group's segment operating revenues, operating costs, assets and liabilities.

2025						
	State of Kuwait	United Arab Emirates	Kingdom of Saudi Arabia	State of Qatar	Other countries	Total
	KD	KD	KD	KD	KD	KD
Operating revenue	73,105,313	-	1,047,363	1,486,949	-	75,639,625
Operating costs	(61,372,635)	-	(1,442,512)	(1,537,410)	-	(64,352,557)
Total assets	164,406,903	37,254,363	24,889,761	12,014,882	2,301,192	240,867,101
Total liabilities	205,084,066	1,615,003	4,081,394	362,999	13,092	211,156,554

2024						
	State of Kuwait	United Arab Emirates	Kingdom of Saudi Arabia	State of Qatar	Other countries	Total
	KD	KD	KD	KD	KD	KD
Operating revenue	63,067,311	-	1,411,295	2,148,340	-	66,626,946
Operating costs	(51,088,699)	-	(1,078,381)	(2,098,962)	-	(54,266,042)
Total assets	166,792,963	107,861,666	25,908,709	12,577,179	1,946,494	315,087,011
Total liabilities	280,007,764	1,298,137	5,397,895	547,570	17,490	287,268,856

## 38. Financial risk management

### a) Financial resources risk management

The Group's objectives when managing financial resources are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital resources structure to reduce the cost of such financial resources.

In order to maintain or adjust the financial resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell certain assets to reduce debt, repay loans or obtain additional loans.

The Group monitors the financial resources based on the gearing ratio to financial resources. The ratio is calculated as net debt divided by financial resources. Net debts is calculated as total borrowings, less cash and cash equivalents. Total capital resources are calculated as equity, which is shown in the consolidated financial position, plus net debts.

**For the purpose of financial resources risk management, the total financial resources consist of the following:**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
Due to banks	<b>15,824,490</b>	16,045,595
Lease liabilities	<b>2,595,002</b>	1,887,900
Term loans	<b>126,895,720</b>	196,096,735
Murabaha payables	<b>20,853,186</b>	20,853,186
Less: Cash and cash equivalents	<b>(19,268,549)</b>	(14,998,044)
Net debts	<b>146,899,849</b>	219,885,372
Total equity	<b>29,710,547</b>	27,818,155
Total financial resources	<b>176,610,396</b>	247,703,527
Debt to the financial resources ratio	<b>83.18%</b>	88.77%

### **b) Interest rate risk**

Financial instruments are exposed to the risk of changes in value due to changes in levels of interest for its financial assets and liabilities that carry floating interest rates. The effective interest rates and periods during which the financial liabilities are re-priced or become due are listed in the notes thereto.

The following table shows effect of sensitivity of the reasonable potential change in interest rates, with all other variables held constant, on the Group's profit / (loss) through effect of the interest rate.

	<b>Increase / (decrease) in interest rate</b>	<b>Balance as at 31 December</b>	<b>Effect on the consolidated statement of profit or loss</b>
	<b>%</b>	<b>KD</b>	<b>KD</b>
<b>2025</b>			
Due to banks	<b>± 0.5%</b>	<b>15,824,490</b>	<b>± 79,122</b>
Term loans	<b>± 0.5%</b>	<b>126,895,720</b>	<b>± 634,479</b>
Murabaha payables	<b>± 0.5%</b>	<b>20,853,186</b>	<b>± 104,266</b>
<b>2024</b>			
Due to banks	± 0.5%	16,045,595	± 80,228
Term loans	± 0.5%	196,096,735	± 980,484
Murabaha payables	± 0.5%	20,853,186	± 104,266

### **c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash and cash equivalents, accounts receivable and other debit balances, contract assets and due from related parties. Accounts receivable and other debit balances and due from related parties are recognised net of provision for ECLs.

### **Cash and cash equivalents**

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

### **Trade receivables**

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

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected losses rates are based on the payment profile of income or ageing customers. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customers' ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the period of consolidated financial statements.

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

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

	Gross maximum exposure	
	2025	2024
	KD	KD
<b>Consolidated statement of financial position</b>		
Cash and cash equivalents	19,268,549	14,998,044
Accounts receivable and other debit balances (Excluding prepaid expenses and advance payments to suppliers)	15,975,249	14,047,733
Contract assets	1,046,090	228,716
Due from related parties	1,316,400	1,460,940
	<b>37,606,288</b>	<b>30,735,433</b>

### **d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will be affected as a result of changes in foreign currency exchange rates. The Group is exposed to foreign currency risk arising from transactions denominated in currencies other than Kuwaiti Dinars. The Group can reduce its exposure to fluctuations in foreign exchange rates through its use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

e) The following table demonstrates the sensitivity to reasonably possible changes in the foreign currencies exchange rates used by the Group against the Kuwaiti Dinar:

Currency	Increase / (decrease) against KD	Effect on the consolidated statement of profit or loss	Effect on the consolidated statement of profit or loss and other comprehensive income
		KD	KD
<b>2025</b>			
UAE Dirham	±5%	± 99,426	± 2,408,326
Saudi Riyal	±5%	± 21,831	± 269,570
Qatari Riyal	±5%	± 13,618	± 146,335
South Africa Rand	±5%	± 3,190	± 9,082
<b>2024</b>			
UAE Dirham	±5%	± 365,894	± 1,270,661
Saudi Riyal	±5%	± 20,308	± 292,554
Qatari Riyal	±5%	± 12,229	± 161,307
South Africa Rand	±5%	± 6,070	± 4,017

#### f) Liquidity risk

Liquidity risk is the risk that the Group will encounter the difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group assess the financial ability to its customers periodically, invests in bank deposits that can easily be liquidated along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves and matching the maturity profiles of financial assets and liabilities.

The maturity profile of assets and liabilities as at 31 December 2025 was as follows:

	1 - 3 months	3 - 12 months	1 – 5 years	Total
	KD	KD	KD	KD
<b>Assets</b>				
Cash and cash equivalents	19,268,549	-	-	19,268,549
Accounts receivable and other debit balances	9,325,434	9,620,625	3,071,849	22,017,908
Contract assets	-	1,046,090	-	1,046,090
Due from related parties	-	1,316,400	-	1,316,400
Inventories	5,289,251	11,486,790	-	16,776,041
Properties under development	-	3,704,691	-	3,704,691
Properties held for trading	-	466,933	-	466,933
Financial assets at fair value through other comprehensive income	-	-	774,495	774,495
Investment properties	-	-	550,665	550,665
Right-of-use assets	-	-	2,707,650	2,707,650
Property, plant and equipment	-	-	124,225,352	124,225,352
Goodwill	-	-	21,749,327	21,749,327
	<b>33,883,234</b>	<b>27,641,529</b>	<b>153,079,338</b>	<b>214,604,101</b>
Investment properties classified as non-current assets held for sale	-	26,263,000	-	26,263,000
	<b>33,883,234</b>	<b>53,904,529</b>	<b>153,079,338</b>	<b>240,867,101</b>

	1 - 3 months	3 - 12 months	1 – 5 years	Total
	KD	KD	KD	KD
<b>Liabilities</b>				
Due to banks	-	15,824,490	-	15,824,490
Accounts payable and other credit balances	15,401,235	18,970,522	407,684	34,779,441
Dividends payable to shareholders	-	1,905,017	-	1,905,017
Contract liabilities	-	2,906,105	-	2,906,105
Due to related parties	-	-	4,928	4,928
Lease liabilities	-	922,972	1,672,030	2,595,002
Term loans	99,673,825	-	27,221,895	126,895,720
Murabaha payables	20,853,186	-	-	20,853,186
Provision for end of service indemnity	-	-	5,392,665	5,392,665
	<b>135,928,246</b>	<b>40,529,106</b>	<b>34,699,202</b>	<b>211,156,554</b>

#### g) Equity price risk

Equity price risk is the risk that fair value of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The Group is not currently exposed to these risks.

### 39. Fair value measurement

The Group measures the financial assets, such as financial assets at fair value through other comprehensive income, and non-financial assets such as investment properties and investment properties classified as non-current assets held for sale at fair value at end of the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants as 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.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities, measured or disclosed at fair value, are classified in the consolidated financial statements through a fair value hierarchy based on the lowest significant inputs level in proportion to the fair value measurement as a whole, as following:

- **Level 1:** includes quoted market prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

2025	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income	774,495	774,495
<b>Total</b>	<b>774,495</b>	<b>774,495</b>

2024	Level 3 KD	Total KD
Financial assets at fair value through other comprehensive income	827,606	827,606
<b>Total</b>	<b>827,606</b>	<b>827,606</b>

#### 40. Going concern

The consolidated financial statements has been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements does not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As at 31 December 2025, the Group's current liabilities exceeded its current assets by KD 88,669,589 (2024: KD 189,613,623). As of that date, accumulated losses amounted to KD 21,037,701 (2024: KD 23,971,412).

The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows, restructure / reschedule its credit facilities, and the financial support of its major shareholders.

The Group is continuing the negotiations with its lending financial institutions to restructure / reschedule and renew its credit facilities. The Group is also taking active steps to implement an exit plan for certain investments and assets currently reported in the consolidated financial statements to overcome this situation.

Going concern (Continued)

During the year ended 31 December 2025, the Group and one of its subsidiaries entered into a settlement agreement with a financial lending institution to restructure its outstanding debt for a total amount of KD 128,452,585 plus interest (Note 20). The Group's management has reasonable expectations that its other lending financial institutions will restructure / schedule and renew its credit facilities because of the Group's quality investments and assets. It also expects that exit plan for some of its assets will be concluded successfully as per the current market trends.

**The Group continues to implement the strategic plan set from 2023 to 2028. The strategic plan that was approved by the Board of Directors of the Parent Company in its meeting held on 19 February 2023 included the following restructuring activities:**

- a) Negotiation with lending financial institutions to restructure the credit facilities aiming to achieve sustainable financial position.

- b) Improving financial performance through focusing on industrial activities (manufacturing construction material) by utilizing the Group's local and GCC manufacturing plants and divesting from other non-industrial investments.
- c) Improve the Group's liquidity through partial exiting of investment properties.
- d) Preparation to sell part of the Group's operational assets to maximize shareholders' value and improve the Group's liquidity position.

**The Extraordinary Shareholders' General Assembly meeting held on 12 July 2023, discussed the future prospects of the Parent Company through approving the business continuity and the restructuring plan detailed as follows:**

- a) The Board of Directors proposed restructuring plan as disclosed in Boursa Kuwait on 19 February 2023 and on 14 May 2023 detailed as follows:
  - Restructure finances due to high discount rates and financing costs,
  - Steadily dispose of the real estate assets,
  - Partially reduction of the industrial assets through the deal to sell the Group's major blocks factory, in accordance with the disclosure made on 14 May 2023.

On 10 December 2023, the Board of Directors decided to continue operating the blocks factory.

- b) Develop the Group's operations as follows:
  - Enable expansion in local markets through profitable sectors,
  - Monitoring and reducing cost of production to reduce the cost of raw materials and operating cost of the production sector.
  - Implement cost cutting and revenue enhancement policy.

The Extraordinary Shareholders' General Assembly authorized the Board of Directors to take all necessary actions to implement the restructuring plan and the business continuity plan. The Group is in the process of obtaining the necessary regulatory approvals to implement the plans.

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## **41. Comparative figures**

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Certain comparative figures for the year ended 31 December 2024 have been reclassified to conform to the current year's classification. Such reclassification process did not result in any impact on loss or equity for the year.