

Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait

Consolidated financial statements and independent auditor's report
For the year ended 31 December 2025

**Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait**

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For the year ended 31 December 2025**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AL MADAR KUWAIT HOLDING COMPANY K.S.C.P.
STATE OF KUWAIT**

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 7 to the consolidated financial statements, which states that an investment property with a carrying value of KD 1,111,990 (31 December 2024: KD 1,121,821) was registered through an irrevocable power of attorney.

Key Audit Matters

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

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



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MADAR KUWAIT HOLDING COMPANY K.S.C.P.
STATE OF KUWAIT**

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

Key Audit Matters (continued)

Valuation of investment properties

Investment properties represent a significant portion of the Group's total assets. The fair value of the Group's investment properties has been determined by external real estate valuers. The determination of fair value of investment properties is based on key inputs such as rental value, maintenance status, market knowledge and historical transactions, which although they are not directly observable but are supported by observable market data. The disclosures relating to the inputs are relevant given the estimation uncertainty involved in these valuations.

Given the size and significance of the valuation of investment properties as well as the estimates involved and the importance of the disclosures relating to the assumptions used in the valuation, we have considered this as a key audit matter.

Refer to the following notes to the consolidated financial statements:

Note 5.4 and 7 - Investment properties;
Note 6 - Material accounting judgments and estimation uncertainty.

Other Information

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

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

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

How our Audit Addressed such Matters

Our audit procedures included, among others, the following:

- ◀ We have considered the methodology and appropriateness of the valuation models and inputs used in the valuation of investment properties.
- ◀ We have tested the inputs and assumptions made by management of the Group and the appropriateness of the properties' related data supporting the external valuers' valuations.
- ◀ We have performed procedures for areas of risk and estimation. This included, where necessary, comparison of judgments made to current market practices and challenging the valuations on a sample basis, based on evidence of comparable market transactions and other publicly available information about the real estate sector.
- ◀ We have evaluated the sensitivity analysis conducted by management to ascertain whether reasonably possible changes in key assumptions would affect the fair value of the investment properties.
- ◀ Furthermore, we have considered the objectivity, independence and competence of the external real estate valuers.
- ◀ We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 7 to the consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MADAR KUWAIT HOLDING COMPANY K.S.C.P.
STATE OF KUWAIT**

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

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

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

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

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

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

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

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

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



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF AL MADAR KUWAIT HOLDING COMPANY K.S.C.P.
STATE OF KUWAIT**

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

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

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.

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

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by Companies Law No. 1 of 2016, its executive regulations, as amended or Law No. 7 of 2010 regarding the establishment of Capital Markets Authority and organisation of the security activity and its executive regulations, as amended and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, except for the Parent Company's violation of Article (4-1-1) of Book Ten (Disclosure and Transparency) of the Executive Regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and organisation of the security activity and its executive regulations, as amended, no violations of the Companies Law No. 1 of 2016, its executive regulations, as amended nor law No. 7 of 2010 regarding the establishment of Capital Markets Authority and the organisation of the security activity and its executive regulations, as amended nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2025, that might have had a material effect on the business of the Group or its consolidated financial position.

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

Kuwait: 9 March 2026

Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait

Consolidated statement of financial position
As at 31 December 2025

	Notes	2025 KD	2024 KD
ASSETS			
Investment properties	7	23,138,496	25,889,913
Trade receivables and other debit balances	8	400,120	447,358
Financial assets at fair value through profit or loss	9	287,899	809,084
Bank balances		225,322	160,922
		24,051,837	27,307,277
Investment property held for sale	7	2,577,566	-
Total assets		26,629,403	27,307,277
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	21,386,865	21,386,865
Statutory reserve	11	166,092	156,546
Share premium	10	4,990,296	4,990,296
Treasury shares	12	(4,609,290)	(4,609,290)
Other reserve		(122,147)	(122,147)
Foreign currency translation reserve		134,489	127,799
Retained earnings		300,928	238,413
Equity attributable to shareholders of the Parent Company		22,247,233	22,168,482
Non-controlling interests		1,470,996	1,447,107
Total equity		23,718,229	23,615,589
LIABILITIES			
Employees' end of service indemnity	13	46,473	160,328
Due to a related party	14	358,064	376,779
Ijara contract with a promise to purchase	15	736,566	810,643
Other liabilities	16	1,770,071	2,343,938
Total liabilities		2,911,174	3,691,688
Total equity and liabilities		26,629,403	27,307,277

The notes on pages 10 to 40 form a part of these consolidated financial statements.

Ahmad Abdurazzaq Albahr
Chairman

Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait

Consolidated statement of income
For the year ended 31 December 2025

	Notes	<u>2025</u>	<u>2024</u>
		KD	KD
Revenues			
Revenues from contracts with customers		8,610	9,600
Cost of sales		<u>(8,120)</u>	<u>(9,180)</u>
Gross profit		490	420
Net rental income	17	476,327	538,937
Change in fair value of investment properties	7	93,882	(379,326)
Changes in fair value of financial assets at fair value through profit or loss	9	41,222	286,913
Realized gain / (loss) on sale of financial assets at fair value through profit or loss	9	43,011	(3,488)
Dividend income		19,352	23,855
Other income	18	96,121	302,362
(Loss) / gain on change in foreign exchange		(21,910)	12,336
Write back of provision for expected credit losses	8	6,486	1,596
		<u>754,981</u>	<u>783,605</u>
Expenses and other charges			
General and administrative expenses		(601,601)	(690,220)
Finance costs		<u>(57,923)</u>	<u>(52,190)</u>
		<u>(659,524)</u>	<u>(742,410)</u>
Profit before Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat		95,457	41,195
KFAS		(859)	(371)
Zakat		<u>(879)</u>	<u>-</u>
Profit for the year		93,719	40,824
Attributable to:			
The Parent Company's Shareholders		72,061	150,961
Non-controlling interests		<u>21,658</u>	<u>(110,137)</u>
Profit for the year		<u>93,719</u>	<u>40,824</u>
Earnings per share attributable to Shareholders of the Parent Company (Basic and diluted) (fils)	19	<u>0.35</u>	<u>0.73</u>

The notes on pages 10 to 40 form a part of these consolidated financial statements.

Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	<u>2025</u>	<u>2024</u>
	KD	KD
Profit for the year	<u>93,719</u>	<u>40,824</u>
Items of other comprehensive income / (comprehensive loss): <i>Items that may be reclassified subsequently in the consolidated statement of income:</i>		
Foreign currency translation reserve	<u>8,921</u>	<u>(1,739)</u>
Total other comprehensive income	<u>102,640</u>	<u>39,085</u>
Attributable to:		
The Parent Company's Shareholders	78,751	149,657
Non-controlling interests	<u>23,889</u>	<u>(110,572)</u>
Total comprehensive income for the year	<u>102,640</u>	<u>39,085</u>

The notes on pages 10 to 40 form a part of these consolidated financial statements.

Al Madar Kuwait Holding Company K.S.C.P. 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							Subtotal KD	Non- controlling interests KD	Total equity KD
	Share capital KD	Statutory reserve KD	Share premium KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Retained earnings KD			
At 1 January 2024	21,386,865	152,426	4,990,296	(4,609,290)	(122,147)	129,103	91,572	22,018,825	1,557,679	23,576,504
Profit / (loss) for the year	-	-	-	-	-	-	150,961	150,961	(110,137)	40,824
Other comprehensive loss	-	-	-	-	-	(1,304)	-	(1,304)	(435)	(1,739)
Total (comprehensive loss) / comprehensive income for the year	-	-	-	-	-	(1,304)	150,961	149,657	(110,572)	39,085
Transferred to statutory reserve	-	4,120	-	-	-	-	(4,120)	-	-	-
At 31 December 2024	<u>21,386,865</u>	<u>156,546</u>	<u>4,990,296</u>	<u>(4,609,290)</u>	<u>(122,147)</u>	<u>127,799</u>	<u>238,413</u>	<u>22,168,482</u>	<u>1,447,107</u>	<u>23,615,589</u>
At 1 January 2025	21,386,865	156,546	4,990,296	(4,609,290)	(122,147)	127,799	238,413	22,168,482	1,447,107	23,615,589
Profit for the year	-	-	-	-	-	-	72,061	72,061	21,658	93,719
Other comprehensive income	-	-	-	-	-	6,690	-	6,690	2,231	8,921
Total comprehensive income for the year	-	-	-	-	-	6,690	72,061	78,751	23,889	102,640
Transferred to statutory reserve	-	9,546	-	-	-	-	(9,546)	-	-	-
At 31 December 2025	<u>21,386,865</u>	<u>166,092</u>	<u>4,990,296</u>	<u>(4,609,290)</u>	<u>(122,147)</u>	<u>134,489</u>	<u>300,928</u>	<u>22,247,233</u>	<u>1,470,996</u>	<u>23,718,229</u>

The notes on pages 10 to 40 form a part of these consolidated financial statements.

Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait

Consolidated statement of cash flows
For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit for the year before KFAS and Zakat		95,457	41,195
<i>Adjustments for:</i>			
Change in fair value of investment properties	7	(93,882)	379,326
Changes in fair value of financial assets at fair value through profit or loss	9	(41,222)	(286,913)
Realized (gain) / loss on sale of financial assets at fair value through profit or loss	9	(43,011)	3,488
Dividend income		(19,352)	(23,855)
Reversal of provision for expected credit losses	8	(6,486)	(1,596)
Provision for employees' end of service indemnity	13	24,423	15,883
Finance costs		57,923	52,190
		(26,150)	179,718
<i>Changes in working capital</i>			
Trade receivables and other debit balances		53,724	(25,828)
Due to related parties		(18,715)	9,357
Other liabilities		(339,518)	(24,293)
Net cash flows (used in) / generated from operations		(330,659)	138,954
Employees' end of service indemnity paid	13	(138,278)	(188,742)
Paid for KFAS	16	(43,367)	(7,660)
NLST paid		(67,404)	(25,995)
Zakat paid		(83,533)	(97,129)
Net cash flows used in operating activities		(663,241)	(180,572)
INVESTING ACTIVITIES			
Dividend income received		19,352	23,855
Additions to investment properties	7	-	(15,600)
Proceeds from sale of investment properties	7	234,871	-
Proceeds from sale of financial assets at fair value through profit or loss	9	605,418	226,730
Cash flows generated from investing activities		859,641	234,985
FINANCING ACTIVITIES			
Due to a related party		-	(61,200)
Ijara contract with a promise to purchase		(80,000)	(101,931)
Finance costs paid		(52,000)	(59,762)
Cash flows used in financing activities		(132,000)	(222,893)
Net increase / (decrease) in bank balances		64,400	(168,480)
Bank balances as at the beginning of the year		160,922	329,402
Bank balances as at the end of the year		225,322	160,922

The Group had the following non-cash transaction during the year, which is not reflected in the consolidated statement of cash flows.

Non-cash transaction:

Adjustment of due to a related party against Ijara with a promise to purchase

	-	912,574
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The notes on pages 10 to 40 form a part of these consolidated financial statements.

**Al Madar Kuwait Holding Company K.S.C.P. and Its Subsidiaries
State of Kuwait**

**Notes to the consolidated financial statements
For the year ended 31 December 2025**

1. GENERAL INFORMATION

Al Madar Kuwait Holding Company K.S.C. (Public) (the "Parent Company") was incorporated on 23 November 1998. The Parent Company was listed on Boursa Kuwait on 20 June 2005.

As per the Extraordinary General Assembly Meeting held on 17 October 2024, certain articles of the Parent Company's Articles of Association and Memorandum of Incorporation were amended. Such changes were authenticated in the Commercial Register under No. 75362 on 6 November 2024.

The Parent Company is principally engaged in the following activities:

- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them.
- Investing its funds in trading of shares, bonds and other securities.
- Owning properties and movables that are necessary to carry out its activities within the limits allowed by with the Law.
- Financing or lending companies in which the Parent Company holds shares and guaranteeing them against others. In this case, the contribution ratio of the holding company in the share capital of the borrowing company shall not be less than 20%.
- Owning intellectual property rights such as patents, trademarks or industrial designs, franchises and other moral rights, exploiting and leasing them to its holding companies and others.
- Owning shares for the Parent Company's account only.
- An office for management of the holding activities.

The Parent Company is a public shareholding company incorporated and domiciled in the State of Kuwait, whose shares are publicly traded on Boursa Kuwait.

The head office of the Parent Company is located in Al Qibla Area - Block No. 11 - Ali Al Salem Street - Building No. 21 "Al Faris Commercial Tower" - Mezzanine Floor and its registered postal address is P.O. Box 1376, Safat 13014, State of Kuwait.

The Parent Company is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the "Ultimate Parent Company"), a limited liability company incorporated and domiciled in the State of Kuwait.

The consolidated financial statements of the Group for the financial year ended 31 December 2025 were authorised for issuance by the Parent Company's Board of Directors on 9 March 2026. The shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting.

2. BASIS OF PREPARATION

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

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

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by IASB ("IFRS Accounting Standards"), and requirements of the Companies Law No. 1 of 2016 and its executive regulations, as amended (the "Companies Law").

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's material accounting policies. The areas of material accounting judgments and estimation uncertainty made in preparing the consolidated financial statements and their effect are disclosed in (Note 6).

4. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

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

The accounting policies used in the preparation of the consolidated financial statements are consistent with those applied in the previous year except for the changes due to the adoption of certain new and revised IFRS Accounting Standards for the periods beginning on or after 1 January 2025 which are as follows.

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 consolidated financial statements.

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

A number of new and revised standards and interpretations are issued by IASB, which are effective for the following accounting periods, and the Group resolved not to adopt early.

IFRS 18 Presentation and Disclosure in Financial Statements

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

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 and the amendments to the other standards 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.

Notes to the consolidated financial statements
For the year ended 31 December 2025

4. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (“IFRS ACCOUNTING STANDARDS”) (CONTINUED)

b) New standards, interpretations and amendments issued but not yet effective (continued)

Amendments to IFRS 9 - Financial Instruments and IFRS 7 — Financial Instruments: Disclosures
In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7. The amendments include:

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

The amendments are effective for the annual reporting periods beginning on or after 1 January 2026.

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

5. MATERIAL ACCOUNTING POLICY INFORMATION

5.1. Classification of assets and liabilities to current and non-current

The Group presents the assets and liabilities in the consolidated statement of financial position based on their classification to current and non-current. An asset is current when it is:

- Expected to be recognised, intended to be sold, or depreciated within the normal operational cycle.
- Principally held for trading;
- Expected to be recognized within twelve months subsequent to the reporting date; or
- Bank balances unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.1. Classification of assets and liabilities to current and non-current (Continued)

A liability is current when:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting date; or
- There is no conditional right for postponing settlement of the liability for a period of at least twelve months after the consolidated financial statements date.

All other liabilities are classified by the Group as non-current.

5.2. Basis of consolidation

Subsidiaries

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

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

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

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

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

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

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

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

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.2. Basis of consolidation (Continued)

Subsidiaries (continued)

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

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries as follows:

Name	Main activities	Country of incorporation	Voting rights and equity interest percentage	
			2025	2024
Dar Al-Thuraya Real Estate Company K.S.C.P. ("Dar Al-Thuraya")	Real estate	State of Kuwait	91.46%	91.46%
Al Madar Real Estate Development Company K.S.C. (Closed) ("Al Madar Real Estate")	Real estate	State of Kuwait	100%	100%
Golden Madar Real Estate Company W.L.L.	Real estate	State of Kuwait	100%	100%
*Althuraya for Warehousing & Cold Storage K.S.C. (Closed)	Rental activities	State of Kuwait	99%	99%
<i>Entities indirectly held by Dar Al-Thuraya</i>				
Thuraya Star Company W.L.L.	General trading and contracting	State of Kuwait	100%	100%
Kuwait Building Real Estate Company K.S.C. (Closed)	Real estate	State of Kuwait	100%	100%
** Wafer Company for Food Supplies W.L.L.	Catering of foodstuffs	State of Kuwait	100%	100%
** Shrimz Restaurant Company W.L.L.	Restaurant services	State of Kuwait	100%	100%
** Local Brokerage Company for General Trading W.L.L.	Wholesale and retail trade	State of Kuwait	100%	100%
<i>Held indirectly by Al Madar Real Estate</i>				
Al Murooj Gulf Trading LLC	Constructions	Oman	75%	75%

5.3. Business combinations

*The remaining shares in this subsidiary are held by third parties on behalf of the Group. Thus, the Group's effective ownership interest in this subsidiary is 100%.

**These companies represent existing commercial licenses without operational activities.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.3. Business combinations (Continued)

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

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

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

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

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

5.4. Investment properties

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

Investment properties are measured initially at its cost, including related transaction costs and borrowing costs, where required. Subsequent to initial recognition, investment properties are remeasured at fair value.

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

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.4. Investment properties (Continued)

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

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

5.5. Impairment of non-financial assets

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

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

5.6. Financial instruments

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

The financial assets and liabilities recognised in the consolidated statement of financial position include trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties), financial assets at fair value through profit or loss, bank balances, due to a related party, Ijara contract with a promise to purchase and other liabilities.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial assets:

Initial recognition, subsequent measurement and derecognition

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

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

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

Classification of financial assets

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

- Financial assets at amortised cost.
- Financial assets at fair value through profit or loss.

Subsequent measurement

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

Financial assets carried at amortised cost

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

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

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses, if any. Profits and losses are recognized in the consolidated statement of income when the asset is derecognised, adjusted or impaired.

The financial assets at amortised cost include trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties) and bank balances.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial assets (continued)

Subsequent measurement (continued)

Effective interest rate method

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

Trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties)

Trade receivables are amounts due from customers for sale of goods or leasing units or rendering services in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Receivables, which are not categorized under any of the above, are classified as "other debit balances".

Bank balances

Bank balances include current accounts with banks, which are exposed to insignificant risks in terms of changes in the value.

Financial Assets carried at fair value through profit or loss

The Group classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profits through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is an evidence for emerging a new pattern to achieve short-term profits. Assets held for trading are recognized and measured at fair value in the consolidated statement of financial position.

Profits or losses on the change in fair value, profits or losses on sale and dividends are recognized in the consolidated statement of income under the contract conditions or when the right to receive the profits amount is established.

Impairment of financial assets

The Group recognises a provision for expected credit losses on financial assets at amortised cost.

Model "ECLs" is 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. Then the difference will be approximately deducted based on the effective interest rate of the asset.

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

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial assets (continued)

Impairment of financial assets (continued)

As for trade receivable and other debit balances (excluding prepaid expenses and advances for purchase of investment properties), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the 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.

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

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

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

12-month ECL represents ECL that results from possible default events within the 12-month period after the reporting date (a shorter period if the expected life of the instrument is less than 12 months).

The maximum period to be taken into account when estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

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

Derecognition of financial assets

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

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.6. Financial instruments (Continued)

Financial liabilities

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

The Group's financial liabilities include due to a related party, Ijara contract with a promise to purchase and other liabilities.

Ijara contract with a promise to purchase

Subsequent to initial recognition, the Ijara contract with a promise to purchase that generates profits, is subsequently measured at amortised cost using the effective yield rate method. Profits or losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the effective yield rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective yield rate. The effective yield rate amortisation is recognised as yield income in the consolidated statement of income.

Other liabilities

Other liabilities represent the obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Other liabilities payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Other liabilities 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.

Derecognition of financial liabilities

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

5.7. Offset of financial instruments

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

5.8. Employees' end of service indemnity

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

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

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.9. Provisions

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

5.10. Fiduciary assets

The Group provides the services of fiduciary assets and other credit services that result in holding or investing assets on behalf of its clients. Assets held in a fiduciary capacity, unless the recognition criteria are met, are not recorded in the consolidated financial statements, as they are not assets of the Group.

5.11. Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of treasury shares. Consideration paid or received is directly recognised in equity. When the treasury shares are sold, gains are credited to a separate account in the 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 then to reserves.

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

5.12. Contingent assets and liabilities

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

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

5.13. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Other lease contracts are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic interest rate on the Group's net investment outstanding in respect of the leases.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.13. Leases (Continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets in the consolidated statement of financial position at the current value estimated for the minimum of amounts paid for lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term.

5.14. Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

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

5.15. 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.

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.

Under IFRS 15, 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 a period of time (and not at a specific time) upon fulfillment of any of the following criteria:

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.15. Revenue recognition (Continued)

- 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 are not met over time. Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the control of promised goods or services to its customers.

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

- The Group shall have immediate right to payments against the goods or services.
- The customer shall have a legal right to the goods or services.
- The Group shall transfer the physical possession of the goods or services.
- The customer shall have the significant risks and benefits of ownership of the goods or services.
- The customer has accepted the goods or services.

Group's revenue streams are recognised as follows:

Rental income

Rental income is recognised on a straight line basis in accordance with the substance of the relevant agreements.

Service revenue

Service revenue is recognized when the services are performed and completed for clients.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Dividend income

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

Revenue from sale of properties

Revenue from sale of properties is recognised at the point in time when the control is transferred to the customer, generally on delivery of the asset.

Other income

Other income is recognized on an accrual basis.

5.16. Finance costs

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

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5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

5.17. Contribution to Kuwait Foundation for the Advancement of Sciences and Zakat

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

Tax/statutory levy	Percentage
Contribution to Kuwait Foundation for the Advancement of Sciences	1.0% of net profit less permitted deductions
Contribution to Zakat	1.0% of net profit less permitted deductions

5.18. National Labour Support Tax

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

6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recorded in the periods in which the review and adjustment of the estimates are made if the adjustment related to this particular period. Adjustments are recorded in the review period and future periods if these adjustments to estimates will impact the current period and future financial periods.

Material accounting judgements

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

Classification of properties

The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

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

**6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY
(CONTINUED)**

Material accounting judgements (Continued)

The Group classifies properties as property and equipment if they are purchased to be used in production, services, renting for others or for administrative purposes, and are expected to be used during more than one year.

Classification of financial instruments

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as stated in Note No. 5.

Key sources of estimation uncertainty

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

Provision for ECLs of trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties)

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information on the ECLs of the Group's trade receivables is disclosed in Note 22.2.

Valuation of investment properties

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

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6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of investment properties (Continued)

- a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions and discount the present value by using a discount rate that reflects the risks related to this asset.
- b) Income capitalisation: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected interest rate of the property as per market input, which is known as capitalisation rate.
- c) Comparative analysis: which is based on estimations made by an independent real estate assessor 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 assessor.

7. INVESTMENT PROPERTIES

	<u>2025</u>	<u>2024</u>
	KD	KD
As at 1 January	25,889,913	23,258,544
Additions	-	15,600
*Disposals	(234,871)	-
Change in fair value	93,882	(379,326)
Foreign exchange differences	(32,862)	17,095
**Reclassified investment property	<u>(2,577,566)</u>	<u>2,978,000</u>
	23,138,496	25,889,913
***Investment property held for sale	2,577,566	-
As at 31 December	<u>25,716,062</u>	<u>25,889,913</u>

*During the year ended 31 December 2025, the Group sold an investment property with a carrying amount of KD 234,871 for consideration of an amount of KD 234,871. Accordingly, no profit or loss resulted from such disposal.

**During the financial year ended 31 December 2024, one of the subsidiaries cancelled a preliminary contract that had been concluded with an external party for the purpose of selling an investment property in the State of Kuwait. On 11 June 2024, the contract was cancelled due to the external party's inability to fulfill its obligations, and accordingly, the investment property was reclassified.

***On 17 December 2025, the Group's Board of Directors approved the sale of an investment property owned by the Group in the United Arab Emirates, with a carrying amount of KD 2,577,566. Subsequent to the reporting date, on 3 February 2026, the Group completed the sale of the investment property for a total cash consideration of KD 2,665,000, resulting in a profit of KD 87,434.

The Group's investment property portfolio consists of the following:

	<u>2025</u>	<u>2024</u>
	KD	KD
Properties under development	14,004,990	14,248,691
Developed properties	<u>11,711,072</u>	<u>11,641,222</u>
	<u>25,716,062</u>	<u>25,889,913</u>

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7. INVESTMENT PROPERTIES (CONTINUED)

The geographical concentration of the underlying investment properties is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
State of Kuwait	21,999,000	21,989,000
Other countries	3,717,062	3,900,913
	<u>25,716,062</u>	<u>25,889,913</u>

Investment properties include a developed property in the State of Kuwait registered with one of the subsidiaries of the Parent Company with a carrying amount of KD 1,605,000 (2024: KD 1,603,000). It is recorded in the books of account according to an Ijara contract with a promise to purchase concluded between the subsidiary and a local bank and is due for repayment on 18 August 2026. The property was previously registered under an Ijara contract with a promise to purchase between a related party ("one of the major partners of the Ultimate Parent Company") and the local bank (Note 15).

An investment property with a carrying amount of KD 1,111,990 (31 December 2024: KD 1,121,821) was registered in the name of one of the major partners of the Ultimate Parent Company who waived it to one of the subsidiaries through an irrevocable power of attorney.

The fair value of investment properties is determined based on valuations performed by independent and accredited valuers with recognised and relevant professional qualifications and with recent experience in the locations and categories of investment properties being valued. In accordance with the requirements of the Capital Markets Authority, the Group has selected the lower of the two valuations. The fair value is determined using a mix of the income capitalisation method and the market comparison approach, considering the nature and usage of each property. Fair value using the income capitalisation approach, included within Level 3 of fair value hierarchy, is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, within Level 2, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre ('sqm').

Fair value hierarchy

The following tables present an analysis of the fair value of investment properties recognised in the consolidated statement of financial position, classified by the level of the fair value hierarchy:

	<u>2025</u>	<u>2024</u>
	KD	KD
Market comparison approach - Level 2	14,032,496	14,276,441
Income capitalization method - Level 3	11,683,566	11,613,472
	<u>25,716,062</u>	<u>25,889,913</u>

Significant unobservable valuation inputs (Level 2)

	<u>Range</u>		<u>Changes in assumptions</u>	<u>Impact on fair value</u>	
	<u>2025</u>	<u>2024</u>		<u>2025</u>	<u>2024</u>
	KD	KD		KD	KD
Price per square meter	1,128	1,127	+5%	701,625	713,822

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7. INVESTMENT PROPERTIES (CONTINUED)

Significant unobservable valuation inputs (Level 3)

	<i>Range</i>		<i>Sensitivity applied</i>	<i>Impact on fair value</i>	
	<i>2025</i>	<i>2024</i>		<i>2025</i>	<i>2024</i>
	KD	KD		KD	KD
Average rent	14.44	12.67	± 5%	584,178	580,674
Capitalisation rate	7%	8%	± 50% basis points	(556,360)	(553,022)
Occupancy rate	100%	100%	- 5%	(584,178)	(580,674)

Matching fair value within level 3

The following table shows the reconciliation of all movements in the fair value of items classified within Level 3 that occur between the beginning and the end of the reporting period:

	<i>2025</i>	<i>2024</i>
	KD	KD
As at 1 January	11,613,472	12,713,136
Change in fair value	92,882	(1,110,692)
Foreign exchange differences	(22,788)	11,028
As at 31 December	11,683,566	11,613,472

8. TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	<i>2025</i>	<i>2024</i>
	KD	KD
Tenant receivables (Net)	11,650	8,699
Prepaid expenses	13,312	13,723
Advances for purchase of investment properties	250,000	315,689
Staff receivables	19,231	12,781
Refundable deposits	26,425	26,425
Other debit balances	79,502	70,041
	400,120	447,358

The movement of the provision for ECLs against tenant receivables is as follows:

	<i>2025</i>	<i>2024</i>
	KD	KD
Balance at 1 January	675,048	676,644
Write back of provision for expected credit losses	(6,486)	(1,596)
Balance at 31 December	668,562	675,048

Disclosures relating to the credit risk exposure and analysis relating to the provision for expected credit losses are set forth in Note 22.2.

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u>	<u>2024</u>
	KD	KD
Investments in quoted local shares	<u>287,899</u>	<u>809,084</u>

During the financial year ended 31 December 2025, the Group sold shares with a carrying amount of KD 562,407 (2024: KD 230,218) for total consideration of an amount of KD 605,418 (2024: KD 226,730). The sale resulted in a profit of KD 43,011 (2024: loss of KD 3,488), which has been included in the consolidated statement of comprehensive income.

The movement in financial assets at fair value through profit or loss is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
As at 1 January	809,084	752,389
Changes in fair value of financial assets at fair value through profit or loss	41,222	286,913
Disposal of financial assets at fair value through profit or loss	<u>(562,407)</u>	<u>(230,218)</u>
As at 31 December	<u>287,899</u>	<u>809,084</u>

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 23.

10. SHARE CAPITAL

The authorised, issued, and fully paid-up capital of the Parent Company is set at KD 21,386,865 distributed over 213,868,650 shares (2024: KD 21,386,865 distributed over 213,868,650 shares) at a value of 100 fils per share, and all shares are cash.

Share premium

It represents the difference between the nominal value of issued shares and the subscription or issue price. This reserve is not available for distribution except in cases stipulated under the Companies Law.

11. STATUTORY RESERVE

As required by the Companies Law and the Parent Company's Articles of Association, as amended, 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve equals 50% of the share capital. This reserve is not available for distribution, except in cases stated by the Companies Law and Parent Company's Articles of Association.

12. TREASURY SHARES

	<u>2025</u>	<u>2024</u>
	KD	KD
Number of treasury shares	<u>7,286,736</u>	<u>7,286,736</u>
Percentage of issued shares	<u>%3.41</u>	<u>%3.41</u>
Cost (KD)	<u>4,609,290</u>	<u>4,609,290</u>
Market value (KD)	<u>845,261</u>	<u>816,114</u>

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13. EMPLOYEES' END OF SERVICE INDEMNITY

	<u>2025</u>	<u>2024</u>
	KD	KD
At 1 January	160,328	333,187
Provided during the year	24,423	15,883
Paid during the year	<u>(138,278)</u>	<u>(188,742)</u>
At 31 December	<u>46,473</u>	<u>160,328</u>

14. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties primarily comprise of the Group's major shareholders, directors, key management personnel of the Group, their close family members and entities controlled or significantly influenced by them. In the normal course of business, and subject to the approval of the Group's management, transactions were made with such related parties during the financial year ended 31 December.

	Other related parties	<u>2025</u>	<u>2024</u>
	KD	KD	KD
<i>Consolidated statement of financial position:</i>			
Due to a related party			
Al Shall International for Investment and Projects W.L.L.	<u>358,064</u>	<u>358,064</u>	<u>376,779</u>
	<u>358,064</u>	<u>358,064</u>	<u>376,779</u>

During the year ended 31 December 2024, the payable balance was settled by entering into an Ijara contract with a promise to purchase between one of the subsidiaries and a local bank, instead of a related party (Notes 7,15).

Amounts due to a related party are unsecured, interest-free, and payable on demand.

Key management benefits:

	<u>2025</u>	<u>2024</u>
	KD	KD
Salaries and other short term benefits	43,318	42,014
Employees' end of service indemnity	<u>6,505</u>	<u>4,760</u>
	<u>49,823</u>	<u>46,774</u>

15. IJARA CONTRACT WITH A PROMISE TO PURCHASE

	<u>2025</u>	<u>2024</u>
	KD	KD
Ijara payables	765,000	843,500
Less: Future finance costs	<u>(28,434)</u>	<u>(32,857)</u>
	<u>736,566</u>	<u>810,643</u>

Ijara payables represent a contract concluded between one of the subsidiaries and a local bank in exchange for the right-of-use of an investment property with a promise to purchase, totaling a rental value of KD 765,000, and is due for payment on 18 August 2026 (Notes 7,14).

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16. OTHER LIABILITIES

	<u>2025</u>	<u>2024</u>
	KD	KD
Accrued expenses	113,051	213,790
Provision for employees leave	15,996	29,725
*Contribution to Kuwait Foundation for the Advancement of Sciences	5,525	43,367
NLST payable	369,944	419,842
Accrued contribution to zakat	11,973	87,222
Other credit balances	1,253,582	1,549,992
	<u>1,770,071</u>	<u>2,343,938</u>

The movement in the contribution payable to KFAS is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
At 1 January	43,367	7,660
Charged for the year	5,525	43,367
Paid during the year	(43,367)	(7,660)
At 31 December	<u>5,525</u>	<u>43,367</u>

*The charge for the year includes an amount of KD 4,666 attributable to the contribution to Kuwait Foundation for the Advancement of Sciences, charged to the subsidiaries of the Parent Company (2024: KD 42,996).

17. NET RENTAL INCOME

	<u>2025</u>	<u>2024</u>
	KD	KD
Rental income from operating leases of investment properties	875,686	765,613
Property operating expenses	(399,359)	(226,676)
	<u>476,327</u>	<u>538,937</u>

18. OTHER INCOME

During the year ended 31 December 2024, other income includes an amount of KD 300,000 which represents a refund of amounts prepaid by a subsidiary in accordance with a court ruling, after the other parties' breach of the terms of the contract concluded between them.

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19. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

Basic and diluted earnings per share are calculated by dividing profit for the year attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

	<u>2025</u>	<u>2024</u>
Profit for the year attributable to shareholders of the Parent Company (KD)	<u>72,061</u>	<u>150,961</u>
<i>Weighted average number of outstanding shares:</i>		
Number of issued shares (share)	213,868,650	213,868,650
Less: Weighted average number of treasury shares (shares)	<u>(7,286,736)</u>	<u>(7,286,736)</u>
Weighted average number of outstanding shares (shares)	<u>206,581,914</u>	<u>206,581,914</u>
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (fils)	<u>0.35</u>	<u>0.73</u>

20. FIDUCIARY ASSETS

The Group manages clients' assets as a trustee. Clients' assets do not fall within the Group's general assets, and the Group cannot acquire the assets it manages. Consequently, the assets managed by the Group are not included in the consolidated financial statements, as they do not represent the Group's assets. As at 31 December 2025, the remaining assets (funds and clients' assets) for which the Group remains as a custodian and trustee were estimated at KD 12,979, which is the value of a portfolio restricted and reserved by the Ministry of Justice (based on the Company's monthly report regarding the termination of the Company's business and which is related to clients' funds and assets) as at 31 December 2025 (31 December 2024: KD 12,979).

21. SEGMENT INFORMATION

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Chief Executive Officer is the Group's chief operating decision maker and has grouped the Group's products into the following operating segments:

- Investment properties: Buying, selling and increasing the capital value of investment properties.
- Investments: Investment in subsidiaries and equity shares.
- Other unallocated items: Assets, liabilities, revenues and expenses not allocated within the above segments.

	2025			
	<u><i>Investment properties</i></u>	<u><i>Investments</i></u>	<u><i>Other items Unallocated</i></u>	<u><i>Total</i></u>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Assets	<u>26,005,319</u>	<u>287,899</u>	<u>336,185</u>	<u>26,629,403</u>
Liabilities	<u>739,566</u>	<u>-</u>	<u>2,171,608</u>	<u>2,911,174</u>
Revenues	<u>570,209</u>	<u>103,585</u>	<u>81,187</u>	<u>754,981</u>
Segment results	<u>570,209</u>	<u>103,585</u>	<u>(580,075)</u>	<u>93,719</u>

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21. SEGMENT INFORMATION (CONTINUED)

	2024			Total KD
	<i>Investment properties</i>	<i>Investments</i>	<i>Other items Unallocated</i>	
	KD	KD	KD	
Assets	26,255,002	809,084	243,191	27,307,277
Liabilities	813,643	-	2,878,045	3,691,688
Revenues	159,611	307,280	316,714	783,605
Segment results	159,611	307,280	(426,067)	40,824

22. FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk factors

The Group's activities expose it to variety of financial risks: Market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's management policies for reducing each of these risks are discussed below. The Group does not use derivative financial instruments based on future speculations. Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in Note 5 to the consolidated financial statements.

22.1 Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes some transactions in foreign currencies, and hence the risk of exposure to fluctuations in currency rates arises. Exchange rate risk exposures are managed within established limits.

	2025	2024
	KD (Equivalent)	KD (Equivalent)
USD	-	65,689
OMR	4,118	4,154
AED	27,608	40,700

The effect of a 5% strengthening in value of currency rate against the KD from levels applicable at 31 December, with all other variables held constant on the consolidated statement of income is shown below. The effect of foreign currency decrease is expected to be equal and opposite to the effect of the increase shown below:

Currency	Change in currency rate %	Impact on the profit for year and equity	
		2025	2024
		KD (Equivalent)	KD (Equivalent)
USD	5%	-	3,284
OMR	5%	206	208
AED	5%	1,380	2,035

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22. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

22.1 Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in interest rates in the market. The Group's exposure to risks of changes in market interest rates mainly relates to a portion of the amount associated with the Group's Ijara contract with a promise to purchase, which carries a floating interest rate. Positions are monitored on a regular basis to ensure they remain within the established limits. The following scenario demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

	<u>2025</u> KD	<u>Change in interest rate</u>	<u>Effect on the profit for the year and equity</u> KD
Ijara contract with a promise to purchase	<u>736,566</u>	<u>5%</u>	<u>36,828</u>
	<u>2024</u> KD	<u>Change in interest rate</u>	<u>Effect on the profit for the year and equity</u> KD
Ijara contract with a promise to purchase	<u>810,643</u>	<u>5%</u>	<u>40,532</u>

The decrease in basis points will have the opposite effect on the profit for the year and equity.

Equity price risk

The Group is exposed to price risks through its investments classified as financial assets at fair value through profit or loss in the consolidated financial statements. The Group manages these risks by diversifying its investments on the basis of the pre-determined asset allocations across various categories, continuous appraisal of market conditions and trends and management's estimate of changes in fair value.

The following table shows the impact on the financial assets sensitive to equity prices considering a 5% change, with other factors remaining constant.

	<u>Effect on the profit for the year and equity</u>	
	<u>2025</u> KD	<u>2024</u> KD
Financial assets at fair value through profit or loss	<u>14,395</u>	<u>40,454</u>

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

The effect of decrease in equity price is expected to be equal and opposite to the effect of the increases shown above.

22. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

22.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties) and bank balances. Tenant receivables are recognised net of provision for ECLs.

Trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties)

The Group applies the IFRS 9 simplified model for recognising lifetime expected credit losses on all trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties), as these items do not have a significant financing component. In measuring the ECLs, trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties) have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due.

The expected losses rates are based on the ageing customers over 3 years before 31 December 2025 and 1 January 2024 respectively and the corresponding historical credit losses during such year. 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 reporting period.

An analysis is carried out for the impairment at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type and customer type). The calculation shows the likely weighted results, reasonable and supporting information available at the reporting date on past events, current circumstances and expectations of future economic conditions.

Expected credit losses of tenant receivables determined are stated as below:

	Tenant receivables (number of days past due)		
	Less than 365 days	More than 365 days	Total
2025	KD	KD	KD
Tenant receivables	11,650	668,562	680,212
Expected credit loss	-	668,562	668,562
Expected credit loss rate	-	100%	

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22. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

22.2 Credit risk (continued)

	Tenant receivables (number of days past due)		
	Less than 365 days	More than 365 days	Total
	KD	KD	KD
2024			
Tenant receivables	8,699	675,048	683,747
Expected credit loss	-	675,048	675,048
Expected credit loss rate	-	100%	

Bank balances

The Group's bank balances measured at amortised cost are considered to have a low credit risk and the loss allowance is based on the 12 month expected losses. The Group's bank balances are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the impact of ECLs is insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Credit risk exposure

The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for classes of assets at the date of the consolidated financial statements date is as follows:

	2025	2024
	KD	KD
Trade receivables and other debit balances (excluding prepaid expenses and advances for purchase of investment properties)	136,808	117,946
Bank balances	225,322	160,922
	<u>362,130</u>	<u>278,868</u>

Geographic concentration of maximum exposure to credit risk

	2025	2024
	KD	KD
Sector:		
Real Estate and Commercial	136,808	117,946
Banks and financial institutions	225,322	160,922
	<u>362,130</u>	<u>278,868</u>

22.3 Liquidity risk

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

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

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22. FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

22.3 Liquidity risk (continued)

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

	<u>On Demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
	KD	KD	KD	KD
2025				
Due to a related party	358,064	-	-	358,064
Ijara contract with a promise to purchase	-	12,857	752,143	765,000
Other liabilities	-	129,047	1,641,024	1,770,071
	<u>358,064</u>	<u>141,904</u>	<u>2,393,167</u>	<u>2,893,135</u>
	<u>On Demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
	KD	KD	KD	KD
2024				
Due to a related party	376,779	-	-	376,779
Ijara contract with a promise to purchase	-	14,371	829,129	843,500
Other liabilities	-	243,515	2,100,423	2,343,938
	<u>376,779</u>	<u>257,886</u>	<u>2,929,552</u>	<u>3,564,217</u>

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

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

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the amount of Ijara contract with a promise to purchase less bank balances. Total capital invested is calculated at total net debt and equity attributable to shareholders of the Parent Company.

	<u>2025</u>	<u>2024</u>
	KD	KD
Ijara contract with a promise to purchase	736,566	810,643
Less: Bank balances	(225,322)	(160,922)
Net debt	511,244	649,721
Total equity attributable to shareholders of the Parent Company	<u>23,718,229</u>	<u>22,168,482</u>
Invested capital	<u>24,229,473</u>	<u>22,818,203</u>
Gearing ratio (%)	<u>2.11%</u>	<u>2.85%</u>

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23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

	Level 1	
	2025	2024
	KD	KD
Financial assets:		
Financial assets at fair value through profit or loss	287,899	809,084

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

The valuation methods used for the purpose of measuring fair value are unchanged compared to the consolidated financial statements for the prior year.

Investment in listed shares

The fair value of publicly traded shares is based on the quoted purchase prices in an active market for similar assets, without making any adjustments. The Group classifies the fair value of these investments within Level 1 of the fair value hierarchy.

There were no transfers between any levels of the fair value hierarchy during the financial years ended 31 December 2025 and 2024.

Non-financial assets

There were no transfers between any levels of the fair value hierarchy during the financial years ended 31 December 2025 and 2024.

The significant unobservable inputs used in measuring the fair value of investment properties as at 31 December 2025 and 2024 are disclosed in Note 7.

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24. BOARD OF DIRECTORS AND ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

The Board of Directors, in its meeting held on 9 March 2026, proposed not to distribute dividends to shareholders for the financial year ended 31 December 2025, nor to distribute Directors' remuneration for the financial year ended 31 December 2025. This proposal is subject to approval of the Shareholders' annual general assembly.

The Annual General Assembly of Shareholders held on 27 May 2025 approved the consolidated financial statements of the Group for the financial year ended 31 December 2024. Moreover, it approved the Board of Directors' proposals not to distribute dividends to shareholders and not to distribute Directors' remuneration for the financial year ended 31 December 2024.

25. CONTINGENT LIABILITIES

The Group operates in the real estate sector and is exposed to legal disputes with tenants in the ordinary course of business. The management does not believe that these claims will have a material impact on the consolidated financial statements.

	<u>2025</u>	<u>2024</u>
	KD	KD
Letters of guarantee	<u>11,000</u>	<u>1,500</u>

26. FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Financial information of subsidiaries with material non-controlling interests is as follows:

The proportion of equity attributable to non-controlling interests:

	<u>2025</u>	<u>2024</u>
Dar Al-Thuraya	%8.54	%8.54

	<u>2025</u>	<u>2024</u>
	KD	KD
Accumulated balances attributable to material non-controlling interests	1,723,231	1,701,572

The following is a summary of the subsidiary's consolidated financial information based on amounts before intercompany eliminations:

	<u>2025</u>	<u>2024</u>
	KD	KD
Summarized consolidated statement of financial position		
Total assets	35,810,252	35,885,326
Total liabilities	<u>15,631,902</u>	<u>15,960,590</u>
	<u>20,178,350</u>	<u>19,924,736</u>

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26. FINANCIAL INFORMATION OF SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

	<u>2025</u>	<u>2024</u>
	KD	KD
Summarised consolidated statement of cash flows		
Operating activities	(527,400)	(89,211)
Investing activities	624,770	234,985
Financing activities	(132,000)	(222,893)
Net decrease in bank balances	<u>(34,630)</u>	<u>(77,119)</u>
	<u>2025</u>	<u>2024</u>
	KD	KD
Summarised consolidated statement of income		
Revenues	477,304	2,728,177
expenses	(223,690)	(389,921)
Profit for the year	<u>253,614</u>	<u>2,338,256</u>

27. LEGAL CASES

There are certain legal lawsuits filed by or against the Group as at 31 December 2025. The outcomes of such lawsuits cannot be assessed unless a final judgment is rendered by the Court. Based on the legal advisor's opinion, the Group's management believes that no additional provisions are required.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentations. Such reclassification did not affect previously reported consolidated statement of comprehensive income, consolidated statement of equity or opening balances of the earliest comparative period presented and accordingly a third consolidated statement of financial position is not presented.