

**Sharq Investment Company**  
**K.S.C. (Closed)**  
**and its subsidiaries**  
**Kuwait**  
**Consolidated financial statements for the financial year**  
**ended December 31, 2025**  
**with**  
**Independent auditor's report**

**Sharq Investment Company**  
**K.S.C. (Closed)**  
**and its subsidiaries**  
**Kuwait**  
**Consolidated financial statements for the financial year**  
**ended December 31, 2025**  
**with**  
**Independent auditor's report**

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## **Independent auditor's report**

**The Shareholders**  
**Sharq Investment Company**  
**K.S.C. (Closed)**  
**and its subsidiaries**  
**Kuwait**

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

#### **Opinion**

We have audited the consolidated financial statements of Sharq Investment Company - K.S.C. (Closed) (the parent company) - and its subsidiaries (together referred to as "the Group") - which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial statements of Sharq Investment Company - K.S.C. (Closed) and its subsidiaries as of December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

#### **Other information included in the Board of Directors Report**

Other information consists of the information from the Board of Directors report other than the consolidated financial statements and the auditor's report thereon. Management is responsible for the other information. The annual report is expected to be available to us after the date of auditor's report.

Our opinion on the consolidated financial statements does not cover other information and does not express any assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and whether other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appear to be material misstated.

If, based on the work we have performed on other information that we obtained to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion proper books of account have been kept by the parent company and physical counting was carried out in accordance with recognized practice and the consolidated financial statements, together with the contents of the report of the Parent company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of year 2016 and its executive regulations, as amended, and law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of securities activity and its executive regulations, and by the Parent company's Memorandum of Incorporation and Articles of Association, as amended, according to the information available to us during the year ended December 31, 2025, there were, no violations of the Companies Law No. 1 of year 2016 and its executive regulations, as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of securities activity and its executive regulations, except as disclosed in note 30, or of the Parent company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year that might have had a material effect on the business of the Parent company or on its consolidated financial position.



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**Ali Abdul Rahman Al Hasawi**  
**License No. 30 A**  
**Rödl Middle East**  
**Burgan - International Accountants**

March 26, 2026  
State of Kuwait

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Consolidated statement of financial position as of December 31, 2025***"All amounts are in Kuwaiti Dinar"*

	Note	2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	553,244	889,119
Accounts receivable and other debit balances	7	4,611,777	741,021
Financial assets at fair value through profit or loss ("FVTPL")	8	9,103,667	10,572,930
Due from related parties	14	6,185	7,430
		<u>14,274,873</u>	<u>12,210,500</u>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income ("FVTOCI")	9	7,017,240	4,177,832
Investment properties	10	23,601,000	23,032,000
Projects under construction	11	16,348,000	—
Investment in associate	12	641,009	573,988
Property and equipment		20,682	30,760
		<u>47,627,931</u>	<u>27,814,580</u>
<b>Total assets</b>		<u><b>61,902,804</b></u>	<u><b>40,025,080</b></u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Bank overdraft		4,367,038	—
Murabaha payables - current portion	13	9,104,917	8,280,313
Due to related parties	14	47,924	13,133
Accounts payable and other credit balances	15	495,710	580,246
		<u>14,015,589</u>	<u>8,873,692</u>
<b>Non-current liabilities</b>			
Murabaha payables – non-current portion	13	15,294,043	4,560,000
Provision for legal compensation		2,594,958	2,594,958
Provision for end of service indemnity		257,473	183,288
		<u>18,146,474</u>	<u>7,338,246</u>
<b>Total liabilities</b>		<u><b>32,162,063</b></u>	<u><b>16,211,938</b></u>
<b>Equity</b>			
Share capital	16	15,185,000	15,185,000
Statutory reserve	17	1,950,557	1,820,133
Voluntary reserve	18	1,679,175	1,548,751
Change at fair value reserve		(3,144,932)	(3,436,788)
Change at fair value reserve - associate		(10,323)	33,366
Retained earnings		9,795,251	8,662,690
<b>Equity attributable to shareholders of "the parent company"</b>		<u><b>25,454,728</b></u>	<u><b>23,813,152</b></u>
Non-controlling interests		4,286,013	(10)
<b>Total equity</b>		<u><b>29,740,741</b></u>	<u><b>23,813,142</b></u>
<b>Total liabilities and equity</b>		<u><b>61,902,804</b></u>	<u><b>40,025,080</b></u>

  
**Adel Taher Hassan AL-Nakas**  
**Chairman**



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

**Sharq Investment Company**

**K.S.C. (Closed)  
and its subsidiaries  
Kuwait**

**Consolidated statement of profit or loss for the financial year ended December 31, 2025**

*"All amounts are in Kuwaiti Dinar"*

	Note	2025	2024
<b>Revenue</b>			
Management income		488,672	703,538
Consultancy income		82,713	70,665
Brokerage income		25,781	157,440
Realized gain on financial assets at FVTPL		279,717	984,587
Unrealized gain on financial assets at FVTPL		294,651	247,302
Net rental income from investment properties	19	943,823	1,189,145
Change at fair value of investment properties		569,000	5,000
Dividends income		592,275	337,848
Share of result from associate	12	27,701	116,307
Gain on acquisition of a subsidiary	25	668,106	–
Interest income		32,872	35,025
Foreign currency differences		420	(1,710)
		<u>4,005,731</u>	<u>3,845,147</u>
Other income	20	619,345	56,616
<b>Total revenue</b>		<u>4,625,076</u>	<u>3,901,763</u>
<b>Expenses and other charges</b>			
Staff cost	21	485,048	445,483
General and administrative expenses	22	657,986	404,812
Depreciation of property and equipment		10,078	9,758
Allowance for expected credit losses		–	634,545
Provision for legal compensation		–	486,984
Penalties and violations expenses	30	1,296,931	–
Finance expenses		870,797	738,900
<b>Total expenses and other charges</b>		<u>3,320,840</u>	<u>2,720,482</u>
<b>Net profit for the year before KFAS, Zakat</b>		<b>1,304,236</b>	<b>1,181,281</b>
Contribution to Kuwait Foundation for the Advancement of Science		(11,738)	(10,632)
Zakat		(8,280)	(18,372)
<b>Net profit for the year</b>		<u>1,284,218</u>	<u>1,152,277</u>
<b>Profit Attributable to:</b>			
Shareholders of the parent company		1,284,223	1,152,282
Non- controlling interests		(5)	(5)
		<u>1,284,218</u>	<u>1,152,277</u>
<b>Earnings per share attributable to shareholders of the parent company/(Fils)</b>	23	<u>8.46</u>	<u>7.59</u>

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

**Sharq Investment Company**

**K.S.C. (Closed)  
and its subsidiaries  
Kuwait**

**Consolidated statement of profit or loss and other comprehensive income for the financial year ended December 31, 2025**

*"All amounts are in Kuwaiti Dinar"*

	<u>2025</u>	<u>2024</u>
<b>Net profit for the year</b>	<b>1,284,218</b>	<b>1,152,277</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to the consolidated statement profit or loss:</i>		
Changes in fair value of financial assets at ("FVTOCI")	318,033	(193,662)
Changes in fair value of financial assets at ("FVTOCI") of an associate	<u>35,379</u>	<u>15,715</u>
<b>Other comprehensive income for the year</b>	<b>353,412</b>	<b>(177,947)</b>
<b>Total comprehensive income for the year</b>	<b><u>1,637,630</u></b>	<b><u>974,330</u></b>
<b>Attributable to:</b>		
Shareholders of the parent company	1,637,635	974,335
Non-controlling interests	<u>(5)</u>	<u>(5)</u>
<b>Total comprehensive income for the year</b>	<b><u>1,637,630</u></b>	<b><u>974,330</u></b>

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

**Sharq Investment Company**  
**K.S.C. (Closed)**  
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**Kuwait**

**Statement of changes in equity for the financial year ended December 31, 2025**

"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of "the Parent company"						Total equity		
	Share capital	Statutory reserve	Voluntary reserve	Change at fair value reserve	Change at fair value reserve - associate	Retained earnings		Total attributable to the Parent company	Non-controlling interests
Balance at January 1, 2024 (As stated previously)	15,185,000	1,702,005	1,430,623	(3,292,877)	17,651	7,835,525	22,877,927	(5)	22,877,922
Adjustments to prior years	-	-	-	-	-	(39,110)	(39,110)	-	(39,110)
Balance at January 1, 2024 (Adjusted)	15,185,000	1,702,005	1,430,623	(3,292,877)	17,651	7,796,415	22,838,817	(5)	22,838,812
Net profit for the year	-	-	-	-	-	1,152,282	1,152,282	(5)	1,152,277
Other comprehensive income for the year	-	-	-	(193,662)	15,715	-	(177,947)	-	(177,947)
Total comprehensive income for the year	-	-	-	(193,662)	15,715	1,152,282	974,335	(5)	974,330
Loss on sale of financial assets at ("FVTOCI")	-	-	-	49,751	-	(49,751)	-	-	-
Transferred to reserves	-	118,128	118,128	-	-	(236,256)	-	-	-
Balance at December 31, 2024	15,185,000	1,820,133	1,548,751	(3,436,788)	33,366	8,662,690	23,813,152	(10)	23,813,142
Balance at January 1, 2025 (As stated previously)	15,185,000	1,820,133	1,548,751	(3,436,788)	33,366	8,662,690	23,813,152	(10)	23,813,142
Adjustments to prior years	-	-	-	-	-	3,941	3,941	-	3,941
Balance at January 1, 2025 (Adjusted)	15,185,000	1,820,133	1,548,751	(3,436,788)	33,366	8,666,631	23,817,093	(10)	23,817,083
Net profit for the year	-	-	-	-	-	1,284,223	1,284,223	(5)	1,284,218
Other comprehensive income for the year	-	-	-	318,033	35,379	-	353,412	-	353,412
Total comprehensive income for the year	-	-	-	318,033	35,379	1,284,223	1,637,635	(5)	1,637,630
Gain on sale of financial assets at ("FVTOCI")	-	-	-	(26,177)	-	26,177	-	-	-
Gain on sale of financial assets at ("FVTOCI") of an associate	-	-	-	-	(79,068)	79,068	-	-	-
Non-controlling interests resulting from the acquisition of a subsidiary (note 25)	-	-	-	-	-	-	-	4,286,028	4,286,028
Transferred to reserves	-	63,613	63,613	-	-	(260,848)	-	-	-
Balance at December 31, 2025	15,185,000	1,883,746	1,612,364	(3,144,932)	(10,323)	9,795,251	25,454,728	4,286,013	29,740,741

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

**Sharq Investment Company**  
**K.S.C. (Closed)**  
**and its subsidiaries**  
**Kuwait**

**Consolidated statement of cash flows for the financial year ended December 31, 2025**  
*"All amounts are in Kuwaiti Dinar"*

	2025	2024
<b>Operating activities</b>		
Net profit for the year before deductions	1,304,236	1,181,281
<b>Adjustments:</b>		
Depreciation of property and equipment	10,078	9,758
Allowance for expected credit losses	-	634,545
Allowance for expected credit losses no longer required	(550,459)	-
Realized gain on financial assets at ("FVTPL")	(279,717)	(984,587)
Unrealized gain on financial assets at ("FVTPL")	(294,651)	(247,302)
Provision for legal compensation	-	486,984
Share of result from associate	(27,701)	(116,307)
Gain on acquisition of a subsidiary	(668,106)	-
Adjustments to prior years	-	26,282
Changes in fair value in investment properties	(569,000)	(5,000)
Dividends income	(592,275)	(337,848)
Interests income	(32,872)	(35,025)
Foreign currency differences	(420)	1,710
Provision for end of service benefits	74,185	26,064
Finance expenses	870,797	738,900
<b>Adjusted (loss)/profit before calculating the effect of changes in working capital items</b>	<b>(755,905)</b>	<b>1,379,455</b>
Accounts receivable and other debit balances	(3,319,797)	(587,438)
Related parties	36,036	(2,105)
Accounts payable and other credit balances	(215,502)	(126,393)
<b>Cash (used in)/generated from operations</b>	<b>(4,255,168)</b>	<b>663,519</b>
End of service benefits paid	-	(4,674)
<b>Net cash (used in)/generated from operating activities</b>	<b>(4,255,168)</b>	<b>658,845</b>
<b>Investing activities</b>		
Interest income received	32,872	35,025
Dividends income received	592,275	337,848
Purchase of property and equipment	-	(2,109)
Purchase of financial assets at ("FVTPL")	(263,649,374)	(23,114,064)
Proceeds from sale of financial assets at ("FVTPL")	262,243,162	23,082,784
Purchase of financial assets at ("FVTOCI")	(2,574,774)	(46,788)
Proceed from sale of financial assets at ("FVTOCI")	53,399	141,685
Net cash generated from the acquisition of a subsidiary (note 25)	36,746	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,265,694)</b>	<b>434,381</b>
<b>Financing activities</b>		
Bank Overdraft	4,367,038	-
Murabaha payables	3,688,326	(497,187)
Finance expenses paid	(870,797)	(738,900)
<b>Net cash generated from/(used in) financing activities</b>	<b>7,184,567</b>	<b>(1,236,087)</b>
Foreign currency translation	420	(1,710)
Net decrease in cash and cash equivalents	(335,875)	(144,571)
Cash and cash equivalents at beginning of the year	889,119	1,033,690
<b>Cash and cash equivalents at end of the year</b>	<b>553,244</b>	<b>889,119</b>

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

# Sharq Investment Company

K.S.C. (Closed)

and its subsidiaries

Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2025

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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## 1- The Parent company's incorporation and activity

Sharq Investment Company ("the Parent company") was established and registered at the Commercial Register as a shareholding closed company on April 3, 2005 under number 106750. The Parent company is regulated by Capital Markets Authority (CMA).

The objectives, for which the Parent company was incorporated, are as follows:

- Investment portfolio manager.
- Investments consultant.
- Securities broker not registered with a stock market.
- Managing properties for others.
- Buying and selling stocks and bonds for the company.
- Director of a collective investment system.
- Owning real estate and movables for the benefit of the company.

The Parent company may conduct the above activities either in the State of Kuwait or abroad as a principal or proxy. The Parent company may have an equity interest or in any way be associated with entities engaged in similar activities or other activities which may assist the Group in achieving its primary objectives in Kuwait or abroad. The Parent company may also establish, participate in, acquire or affiliate itself with such entities.

The Parent company's address is: Mirqab - Block (3) - KBT Tower - Floor (37) - State of Kuwait.

These consolidated financial statements are presented in Kuwaiti Dinar (KD), as that is the currency in which the majority of the Parent company's transactions are denominated. They comprise the financial statements of the Parent company and its subsidiaries (together "the Group") and the Group's share in the associate company drawn up for the year ended December 31, 2025. Except where otherwise indicated, all financial statements presented in (KD) has been rounded to the nearest one Dinar.

These consolidated financial statements for the year ended December 31, 2025 were authorized for issue by the parent company's Board of Directors on March 26, 2026.

## 2- Applications of new, amendments and improvements to standards

### 2/1) Amendments and improvements to standards that are effective for the current year:

- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2024, except for the adoption of amendments and improvement standards that become effective from January 1, 2025.
- The following amendments to existing standards have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below amendments to standards do not have significant impact are previously reported net profit or equity of the Group.

**Sharq Investment Company**

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**Notes to the consolidated financial statements for the financial year ended December 31, 2025**  
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**IAS 21 Amendments – Lack of Exchangeability**

The amendments to IAS 21 address the determination of the exchange rate when there is a long-term lack of exchangeability. The amendments are as follows:

- Define when a currency is exchangeable and when it is not - A currency is considered exchangeable when an entity can convert it into another currency through markets or exchange mechanisms that establish enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. A currency is deemed not exchangeable if the entity can obtain only an insignificant amount of the other currency.
- Prescribe how an entity determines the exchange rate when a currency is not exchangeable - In such cases, the entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date, faithfully reflecting the prevailing economic conditions.
- Require disclosure of additional information when a currency is not exchangeable - Entities must disclose information that enables users of the financial statements to evaluate how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The adoption of these amendments did not have a significant impact on the Group's consolidated financial statements.

**2/2) Standards and amendments to standards issued but not yet effective:**

- The standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.
- The Group currently evaluating the impact of these new standards, amendments and interpretations.
- The Group intends to adopt these standards and amendments to standards, if applicable, when they become effective.

<b><u>Effective date</u></b>	<b><u>Description</u></b>
January 1, 2026	<ul style="list-style-type: none"> <li>• Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures :Amendments to the Classification and Measurement of Financial Instruments.</li> </ul>
January 1, 2026	<ul style="list-style-type: none"> <li>• Annual Improvements to IFRS Accounting Standards – Volume 11: Amendments to five following standards: IFRS 1: First-time Adoption of International Financial Reporting Standards. IFRS 7: Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7. IFRS 9: Financial Instruments. IFRS 10: Consolidated Financial Statements. IAS 7: Statement of Cash Flows.</li> </ul>
January 1, 2026	<ul style="list-style-type: none"> <li>• Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures :Contracts Referencing Nature-dependent Electricity.</li> </ul>
January 1, 2027	<ul style="list-style-type: none"> <li>• IFRS 18: Presentation and Disclosure in Financial Statements</li> </ul>
January 1, 2027	<ul style="list-style-type: none"> <li>• IFRS 19: Subsidiaries without Public Accountability: Disclosures.</li> </ul>

# Sharq Investment Company

K.S.C. (Closed)  
and its subsidiaries  
Kuwait

Notes to the consolidated financial statements for the financial year ended December 31, 2025  
*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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### 3- Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

#### 3/1) Basis of the consolidated financial statements preparation

- The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and State of Kuwait Companies' Law requirements and subsequent amendments.
- The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the previous financial year.
- These consolidated financial statements have been prepared on the historical cost basis of measurement modified by the revaluation at fair value of certain financial assets (investments at fair value through other comprehensive income). These consolidated financial statements have also been presented in Kuwaiti dinars.
- The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note (4).

#### 3/2) Basis of consolidation

The consolidated financial statements include the financial statements of Sharq Investment Company K.S.C. (Closed) (the parent company) and its subsidiaries (together referred to as "the Group") disclosed under Note (5).

Subsidiaries are those enterprises controlled by the Parent company. Control exists when the Parent company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control is maintained by the Parent company when:

- Exercise power over the investee;
- Exposure to variable returns or obtains rights from involvement with the investee; and
- Ability to use its power to affect the investee returns.

When the Parent company does not has majority voting rights in the investee, the Parent company takes into consideration facts and other factors in assessing the control, which include:

- Contractual arrangement between the Parent company and other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent company's voting rights;
- Other potential voting rights.

The financial statements of the subsidiaries acquired or disposed are included in the consolidated financial statements from the date the control effectively commences until the date that control effectively ceases.

# Sharq Investment Company

K.S.C. (Closed)  
and its subsidiaries  
Kuwait

## Notes to the consolidated financial statements for the financial year ended December 31, 2025 *"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together alike items of assets, liabilities, revenues and expenses. All inter-Group balances and transactions, including unrealized profits or losses arising from inter-Group transactions, are fully eliminated. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events which accrue in similar conditions.

The financial statements of the subsidiaries are prepared for the same date or within three months of the reporting period of the Parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist between the subsidiaries financial year date and the Parent company's financial year date.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consists of the interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. losses in the subsidiaries are attributable to the non-controlling interests even if that resulted in the non-controlling interests having a deficit balance.

The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent company's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and profit or loss. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

When ownership of a subsidiaries changes without loss of control, the transaction is accounted for within equity. However, when control is lost as a result of change in ownership, then:

- Derecognize the assets and liabilities of the subsidiaries reported in statement of financial position (including goodwill);
- Recognize any remaining investment of the subsidiaries at fair value at date of loss of control;
- Derecognize non-controlling interests;
- Recognize the profit or loss resulting from the loss of control in the consolidated statement of profit or loss.

### **3/3) Recognition and de-recognition of financial assets and liabilities**

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset is de-recognized either when the contractual rights to cash flows from the financial asset expire, the Group has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards, but no longer has control over the asset or a proportion of the asset. A financial liability is de-recognized when the obligation specific in the contract is discharged, cancelled or expired.

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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**3/4) Business combinations and goodwill**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Parent Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in the consolidated statement of profit or loss.

In a business combination achieved in stages, the Group re-measures the previously held equity interest in the acquiree at fair value at acquisition-date and recognizes the resulting gain or loss, if any, in statement of profit or loss. Amounts previously recognized in other comprehensive income from the interest in the acquiree prior to acquisition date are reclassified to statement of profit or loss as would be required if the Group had disposed of the previously held equity interest.

**3/5) Financial instruments****Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by directly attributable transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of Group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset.
  - (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset.

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

**Classification of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through Other Comprehensive Income (FVTOCI)
- financial assets at fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria.
- as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Subsequent measurement of financial assets****• Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to the consolidated statement of profit or loss upon derecognition of the asset (except for equity investments at FVTOCI as detailed below).

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"**Equity investments at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is transferred to retained Earnings within the consolidated statement of changes in equity.

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss.

- **Financial assets at FVTPL**

Financial assets that do not meet the criteria for measurement at amortised cost or FVOCI are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). The category also contains investments in equity shares.

Assets in this category are measured at fair value with gains or losses recognised in consolidated statement of profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Group's financial assets at FVTPL comprise of the following:

- Investment in bonds
- Investment in equity shares

**Impairment****Non-derivative financial assets**

Financial assets, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the group on terms that the group would not consider otherwise;
- indications that a debtor will enter bankruptcy; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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*Financial assets measured at amortized cost*

The financial assets at amortised cost comprise of trade receivables and cash at bank under IFRS 9 and loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The group has selected to measure loss allowances for trade receivables, contracts assets and all lease receivables that result from transactions that are within the scope of IAS 17 with an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and information on credit risk 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 365 days past due. The group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising the guarantee (if any is held); or
- The financial asset is more than 365 days past due.

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

*Credit-impaired financial assets*

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

*Presentation of impairment*

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

Impairment losses related to trade and other receivables are presented under general and administrative expenses in the statement of profit or loss.

**3/6) Cash and cash equivalents**

Cash on hand and time deposits with banks whose original maturities do not exceed three months, net of bank overdrafts are classified as cash and cash equivalents in the consolidated statement of cash flows.

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**3/7) Trade receivables**

Trade receivables are stated at their nominal value, less the allowance for any doubtful debts. The Group always measures the loss allowance for impairment for trade receivables at an amount equal to lifetime ECL.

**3/8) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost. Subsequently, investment properties are revalued annually and are included in the statement of financial position at their fair values. These values are supported by market evidence and are determined by two external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties.

Any profit or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the consolidated statement of profit or loss and other comprehensive income within "change in fair value of investment properties" and "profit/loss on sale of investment properties".

**3/9) Properties under construction**

Properties under construction are recorded at cost, including construction costs. Upon completion of construction, they are reclassified as either investment properties, trading properties, or assets for the group's use, according to management's intention for the future use of those properties.

**3/10) Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associate is accounted for under the equity method of accounting, i.e. on the financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value and the consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate.

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

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

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Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's share in the associate arising from changes in the associate's equity. The Group's share of those changes is recognised directly in equity; fair value reserve or foreign currency translation reserve as appropriate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with associate are eliminated to the extent of the Group's share in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment in the asset transferred.

An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the Parent Company's reporting date or to a date not earlier than three months of the Parent Company's reporting date using consistent accounting policies. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the reporting date of the associates and the Parent Company's reporting date.

**3/11) Property and equipment**

Property and equipment are stated at the historical cost less accumulated depreciation. The realizable value of property and equipment are reviewed by the management at each financial position date to determine whether the book value exceeds the realizable value in which case the book value is written down to the realizable value. If the useful lives are different from estimated lives of those assets, then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

The profits or losses of selling the property and equipment recognized in the Statement of profits or losses and other comprehensive income at the difference between the selling of value and the net book value.

Property and equipment are depreciated on a straight-line basis to reduce the value of property and equipment to their residual value over their estimated useful lives over 5 years.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these properties, on the same basis as other property and equipment, commences when the properties are ready for their intended use.

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**3/12) Borrowing costs**

- Interest on loans and facilities is calculated on the accrual basis and is recognized in the statement of profit or loss in the period in which it is incurred.
- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The capitalized borrowing costs should commence when expenditures for the asset have been incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- Borrowing costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred.

**3/13) Accounts payable**

Accounts payable are stated at their nominal value.

**3/14) Provision for end of service indemnity**

Provision for staff end of service indemnity is calculated in accordance with the Labor Law of Kuwait in the private sector and employees contracts and on the assumption of ending the services of all the Group staff at the consolidated statement of financial position date. This obligation is not funded. The management expects that based on this method of calculation a reasonable estimate is made of the obligation of the Group towards the staff end of service indemnity for past and current periods.

**3/15) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each consolidated financial position date and adjusted to reflect the current best estimate.

**3/16) Equity and reserves**

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory and voluntary reserves comprise appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Group's articles of association.

Retained earnings includes all current and prior period profits and losses. All transactions with shareholders of the Group are recorded separately within consolidated change in equity.

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**3/17) Revenue recognition**

- Revenue is recognized either at a certain time or over time when the Group meets performance obligations by transferring goods or services to its customers. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. The Group recognizes contract obligation for amounts received in respect of unsatisfactory performance obligations and provides these, if any, as other liabilities in the consolidated statement of financial position. Similarly, if the Group fulfills a performance obligation before it receives the consideration, the Group recognizes either the origin of the contract or receivable, if any, in its consolidated statement of financial position, depending on whether there is anything other than the time required before the amounts are due.
- Gain on sale of investments in securities is measured by the difference between the net sales proceeds and the book value of the investment sold.
- Rental income of investment properties are recognized on an accrual basis in accordance with the contracts concluded.
- The gain/loss on the sale of investment properties is recognized as the difference between the net cash sales proceeds and the carrying value of the investment sold.
- Dividends income from investments is recognized when the Group's right to receive payment is established.
- Other income are recognized when earned, at the time the related services are rendered and/ or on the basis of the terms of the contractual agreement of each activity.

**3/18) Foreign currencies**

The Group's functional currency is the Kuwaiti Dinar (KD), and therefore the consolidated financial statements are presented in Kuwaiti Dinars. Transactions in foreign currencies are translated into Kuwaiti Dinars at the average exchange rate prevailing on the transaction date. Assets and liabilities are translated cash in foreign currencies is translated into Kuwaiti dinars at the exchange rates prevailing at the consolidated statement of financial position date. Exchange differences arising from foreign currency translation are recognized in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at fair value in a foreign currency are translated to KD at the exchange rates prevailing at the date of determining fair value. For non-monetary assets where the related change in fair value is recognized directly in equity, all foreign exchange differences are recognized directly in equity. In addition, for non-monetary assets where the related change in fair value is recognized in the consolidated statement of profit or loss, all foreign exchange differences are recognized in the consolidated statement of profit or loss.

**3/19) Kuwait Foundation for the Advancement of Science ("KFAS")**

The share of the Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% from the annual net profits after excluding the profits of Kuwaiti shareholding associate companies, for which the share is calculated separately, as well as the amount appropriated for the statutory reserve.

**3/20) Zakat**

The Group's contribution to Zakat is recognized as an expense and is calculated in accordance with Minister of Finance resolution No. 58/2007 and 46/2006.

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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**3/21) Contingent liabilities and assets**

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**4- Critical accounting judgments and key sources of estimation uncertainty**

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these consolidated financial statements, as actual results could differ from these estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Judgments and estimates that are significant to the consolidated financial statements are shown below:

**Judgments***Contingent liabilities / liabilities*

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

**Key sources of estimation uncertainty***Valuation of investment properties*

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

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

*Valuation of unquoted equity investments*

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

- Recent arm's length market transactions
- Fair value of other similar instruments that is substantially the same
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Other valuation models.

The determination of the cash flows and discount factors for financial assets requires significant estimation.

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"***5- Investment in a subsidiaries**

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

	Country	Activity	Ownership percentage%	
			2025	2024
A2 Trading Group Maytham Mahmoud Haider And His Partner - W.L.L	Kuwait	Import, export and commission agent	99%	99%
Danat Capital Management And Economic Consulting Company - W.L.L and its subsidiary*	Kuwait	Consultancy	100%	100%
Derby For Sale and Purchase of Land - W.L.L	Kuwait	Acquiring and investing in Real estates	100%	100%
Sharq International Real Estate Company -W.L.L	Kuwait	Acquiring and investing in Real estates	100%	100%
Deyar National Real Estate Company -W.L.L	Kuwait	Acquiring and investing in Real estates	100%	100%
Afaq Real Estate Company - W.L.L	Kuwait	Acquiring and investing in Real estates	100%	100%
Al Masa Real Estate Company W.L.L	Kuwait	Acquiring and investing in Real estates	100%	100%

The financial statements of the subsidiaries were consolidated according to audited financial statements as of December 31, 2025.

- \* At the end of the current financial year, the subsidiary "Danat Capital Management and Economic Consulting Company - W.L.L" acquired a 49% stake in National Integrated Real Estate Co. W.L.L (note 25).

**6- Cash and cash equivalents**

	2025	2024
Cash on hand	103	235
Cash at banks – KD	296,217	334,846
Cash at banks – Foreign currency	17,004	22,924
Cash at financial institutions- KD	70,353	306,400
Cash at financial institutions - Foreign currency	69,567	224,714
Term deposits (maturing within 3 months)	100,000	—
	<b>553,244</b>	<b>889,119</b>

**Sharq Investment Company**

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**Notes to the consolidated financial statements for the financial year ended December 31, 2025**  
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**7- Accounts receivable and other debit balances**

	<u>2025</u>	<u>2024</u>
Trade receivables	<b>3,856,555</b>	1,530,160
Allowance for ECL	<b>(254,691)</b>	(837,650)
	<b>3,601,864</b>	692,510
Advance payments	<b>18,510</b>	–
Prepaid expenses	<b>846,666</b>	26,367
Other	<b>144,737</b>	22,144
	<b><u>4,611,777</u></b>	<u>741,021</u>

The maximum exposure to credit risk at the consolidated statement of financial position date is disclosed in (note 26) to these consolidated financial statements. The other classes within other receivables are neither past due nor impaired.

As of December 31, the trade receivables aging was as follows:

<b>2025</b>					
<u>During 30 days</u>	<u>30-60 days</u>	<u>60-90 days</u>	<u>90-120 days</u>	<u>More than 120 days</u>	<u>Total</u>
115,389	1,325,990	351,822	480,210	1,583,144	<b>3,856,555</b>
2024					
<u>During 30 days</u>	<u>30-60 days</u>	<u>60-90 days</u>	<u>90-120 days</u>	<u>More than 120 days</u>	<u>Total</u>
36,746	-	140,834	611,264	741,316	1,530,160

The movement of the allowance for expected credit losses during the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1,	<b>837,650</b>	203,105
Charged for the year	–	634,545
Used during the year	<b>(32,500)</b>	–
Allowance no longer required	<b>(550,459)</b>	–
<b>Balance at December 31,</b>	<b><u>254,691</u></b>	<u>837,650</u>

**8- Financial assets at fair value through profit or loss ("FVTPL")**

	<u>2025</u>	<u>2024</u>
Quoted investments	<b>2,256,966</b>	2,678,406
Unquoted investments	<b>5,188,927</b>	6,661,923
Managed funds	<b>1,598,978</b>	1,177,051
Debt instruments - bonds	<b>58,796</b>	55,550
	<b><u>9,103,667</u></b>	<u>10,572,930</u>

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

The movement on financial assets at ("FVTPL") is as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1,	10,572,930	9,309,761
Additions	263,649,374	23,114,064
Disposals	(265,413,288)	(22,098,197)
Change at fair value	294,651	247,302
<b>Balance at December 31,</b>	<b><u>9,103,667</u></b>	<b><u>10,572,930</u></b>

Financial assets at fair value through profit or loss were valued in accordance with the valuation methods disclosed in (note 26).

**9- Financial assets at fair value through other comprehensive income ("FVTOCI")**

	<u>2025</u>	<u>2024</u>
Quoted investments	3,985,213	3,650,548
Debt instruments - bonds	228,028	231,081
Managed funds – foreign	2,622,497	220,902
Unquoted investments	157,996	51,795
Managed funds – local	23,506	23,506
	<b><u>7,017,240</u></b>	<b><u>4,177,832</u></b>

The movement on financial assets at ("FVTOCI") is as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1,	4,177,832	4,534,505
Additions	2,574,774	46,788
Disposals	(12,359)	(173,825)
Redemption of share capital	(41,040)	(35,974)
Change at fair value	318,033	(193,662)
<b>Balance at December 31,</b>	<b><u>7,017,240</u></b>	<b><u>4,177,832</u></b>

There are mortgaged shares with amount of KD 3,980,340 (2024: KD 3,649,860) against Murabaha payables (note 13).

Financial assets at ("FVTOCI") were valued in accordance with the valuation methods disclosed in (note 26).

**10- Investment properties**

	<u>2025</u>	<u>2024</u>
Balance at January 1,	23,032,000	23,027,000
Change at fair value	569,000	5,000
<b>Balance at December 31,</b>	<b><u>23,601,000</u></b>	<b><u>23,032,000</u></b>

- Investment properties were stated at fair value as of December 31, 2025 based on valuation by independent valuers, one of whom is a local bank. Management has taken the lower value.
- Investment properties include mortgaged properties amounting to KD 19,556,000 (2024: KD 17,291,000) against Murabaha payables (note 13).
- Investment properties include investments amounting to KD 4,045,000 (2024: KD 3,994,000) mortgaged in the name of a local bank and leased back with an option to buy back at the end of the contract.

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The property under construction represents a commercial complex located in Sabah Al-Ahmad Sea City, State of Kuwait. The property is pledged against a Murabaha payables granted by a local bank (note 13).

**12- Investment in associate**

Associate name	Country	Ownership percentage%		Balance at	
		2025	2024	2025	2024
NUC National for General Trading company – W.L.L.	Kuwait	35%	35%	641,009	573,988

The following represents the Group's share in the associate company:

	2025	2024
<b>Assets</b>		
Current assets	3,576,696	1,909,574
Non-current assets	877,115	2,238,010
<b>Total assets</b>	<b>4,453,811</b>	<b>4,147,584</b>
<b>Liabilities</b>		
Current liabilities	2,393,664	1,470,857
Non-current liabilities	228,496	1,036,764
<b>Total liabilities</b>	<b>2,622,160</b>	<b>2,507,621</b>
<b>Net assets</b>	<b>1,831,651</b>	<b>1,639,963</b>
<b>Group's share of net assets</b>	<b>641,009</b>	<b>573,988</b>

The following represents the movement in investment in the associate company:

	2025	2024
Balance at January 1,	573,988	468,248
The Group' share of results	27,701	116,307
The Group' share of other comprehensive income	35,379	15,715
Prior year adjustments	3,941	(26,282)
<b>Balance at December 31,</b>	<b>641,009</b>	<b>573,988</b>

The Group' share of the associate's results was recognized based on management financial statements as of December 31, 2025.

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This item represents the value of Murabaha with local banks. Installments due within one year from the date of the consolidated financial position have been classified as current liabilities and those due after that have been shown as non-current liabilities as follows:

	2025	2024
Current portion	9,104,917	8,280,313
Non-current portion	15,294,043	4,560,000
	<u>24,398,960</u>	<u>12,840,313</u>

The effective cost rate at the consolidated balance sheet date ranges from 1% to 1.75% above the discount rate declared by the Central Bank of Kuwait (2024: 1% to 1.5%). The Murabaha were granted against mortgage of financial assets at ("FVTOCI") (Note 9), investment properties (Note 10), and property under construction (Note 11).

**14- Transactions with related parties**

In the normal course of business, the Group deals with related parties which normally comprise shareholders, directors, executive officers and senior management members of the Group, their families and companies of which they are the principal owners or over which they are able to exercise significant influence. The Group's management decides on the terms and conditions of the transactions and services received/rendered from/to related parties besides other expenses. Related parties transactions are subject to the approval of general assembly.

Balances and significant transactions with related parties are as follows:

<b>Consolidated statement of financial position</b>	<b>December 31, 2025</b>		
	<b>Associate</b>	<b>Related parties</b>	<b>Total</b>
Due from related parties	-	6,185	6,185
Due to related parties	15,815	32,109	47,924
Financial assets at ("FVTPL")	-	83,577	83,577
Financial assets at ("FVTOCI")	-	3,984,526	3,984,526
	<b>December 31, 2024</b>		
<b>Consolidated statement of financial position</b>	<b>Associate</b>	<b>Related parties</b>	<b>Total</b>
Due from related parties	-	7,430	7,430
Due to related parties	1,211	11,922	13,133
Financial assets at ("FVTPL")	-	2,515,253	2,515,253
Financial assets at ("FVTOCI")	-	3,649,860	3,649,860

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<b>Consolidated statement of profit or loss</b>	<b>December 31, 2025</b>			
	<b>Key management personal compensation</b>	<b>Associate</b>	<b>Related parties</b>	<b>Total</b>
Salaries and other benefits	215,574	-	-	215,574
End of service benefits	14,880	-	-	14,880
Management fees	-	2,400	159,471	161,871
Administrative expenses	-	85,800	37,253	123,053

  

<b>Consolidated statement of profit or loss</b>	<b>December 31, 2024</b>			
	<b>Key management personal compensation</b>	<b>Associate</b>	<b>Related parties</b>	<b>Total</b>
Salaries and other benefits	158,006	-	-	158,006
End of service benefits	11,960	-	-	11,960
Management fees	-	2,400	121,351	123,751
Administrative expenses	-	113,653	37,253	150,906

**15- Accounts payable and other credit balances**

	<b>2025</b>	<b>2024</b>
Accounts payable	139,483	116,165
Accrued expenses	279,249	407,121
Accrued KFAS*	43,605	31,867
Accrued to Zakat	33,373	25,093
	<b>495,710</b>	<b>580,246</b>

\* The following represents the movement in the amount payable to (KFAS):

	<b>2025</b>	<b>2024</b>
Balance at January 1,	31,867	83,040
Charged for the year	11,738	10,632
Paid during year	-	(61,805)
<b>Balance at December 31,</b>	<b>43,605</b>	<b>31,867</b>

**16- Share capital**

The parent company's authorized, issued and full paid-up capital is KD 15,185,000 distributed on 151,850,000 shares with nominal value 100 Fils of each share and all shares are in cash.

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In accordance with the requirements of the Companies' Law and the Parent company's Articles of Association, 10% of the net profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat and Board of Directors remuneration, is transferred to the statutory reserve. Such transfer may be discontinued when the reserve reaches 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law.

**18- Voluntary reserve**

As required by the parent company's Articles of Association, 10% of the annual net profit before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat and Board of Directors remuneration, is transferred to the voluntary reserve. Such transfer may discontinue with a resolution from the General Assembly of shareholders of the parent company upon a recommendation from the Board of Directors.

**19- Net rental income from investment properties**

	<u>2025</u>	<u>2024</u>
Properties rental income	1,610,775	1,611,815
Properties expenses	(666,952)	(422,670)
	<u>943,823</u>	<u>1,189,145</u>

**20- Other income**

	<u>2025</u>	<u>2024</u>
Allowance for ECL no longer required	550,459	-
Others	68,886	56,616
	<u>619,345</u>	<u>56,616</u>

**21- Staff cost**

	<u>2025</u>	<u>2024</u>
Salaries	288,283	252,632
Bonus	27,396	90,000
Staff leave and end of service	120,732	53,193
Allowances	24,133	22,790
Insurance	17,332	20,373
Social insurance	5,402	5,225
Residency fees	1,770	1,270
	<u>485,048</u>	<u>445,483</u>

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**22- General and administrative expenses**

	<u>2025</u>	<u>2024</u>
Consulting fees	126,548	139,433
Professional fees	265,000	115,686
Rent	33,289	29,343
Maintenance	2,845	5,594
Information technology expenses	32,072	33,000
Fees and subscriptions	123,366	27,904
Others	74,866	53,852
	<u>657,986</u>	<u>404,812</u>

**23- Earnings per share attributable to shareholders of the Parent Company/(Fils)**

Earnings per share attributable to shareholders of the Parent company are computed by dividing net profit for the year attributable to shareholders of the Parent company by the weighted average number of shares outstanding during the year as follows:

	<u>2025</u>	<u>2024</u>
Net profit for the year attributable to shareholders of the Parent Company	<u>1,284,223</u>	<u>1,152,282</u>
Weighted average number of outstanding shares during the year	<u>151,850,000</u>	<u>151,850,000</u>
<b>Earnings per share attributable to shareholders of the Parent company/(fils)</b>	<u>8.46</u>	<u>7.59</u>

**24- General Assembly of shareholders**

On April 17, 2025 the Annual General Assembly of the Shareholders was held and approved the consolidated financial statements for the financial year ended December 31, 2024 and approved the Board of Directors' proposals not to distribute profits for the financial year ended December 31, 2024, not to distribute a bonus to members of the Board of Directors for the financial year ended December 31, 2024.

**25- Acquisition of a subsidiary company**

On December 16, 2025, the subsidiary (Danat Capital Management and Economic Consulting Company - W.L.L) acquired 49% interest in National Integrated Real Estate Co. W.L.L. for an amount of KD 3,449,843, which was paid in kind through unquoted shares classified at fair value through profit or loss, the effect of this transaction was excluded from the consolidated cash flow statement as it is a non-cash transaction.

26% of the remaining shares in National Integrated Real Estate Co. W.L.L. are held through the main parent company – Customer Account. The Group concluded that it exercises control over the financial and operational policies of that company through the appointment of the subsidiary's General Manager. Accordingly, its financial statements were consolidated within the consolidated financial statements for the year ended December 31, 2025.

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The consideration paid, fair value of the indefinable assets and liabilities at the acquisition date are as follows:

<b>Assets</b>	<b>KD</b>
Cash and cash equivalents	36,746
Other debit balances	500
Property under construction	16,348,000
<b>Total assets</b>	<b>16,385,246</b>
<b>Liabilities</b>	
Murabaha payables	7,870,321
Other credit balances	110,948
<b>Total Liabilities</b>	<b>7,981,269</b>
<b>Net assets</b>	<b>8,403,977</b>
Less: non-controlling interests share of net assets	(4,286,028)
<b>Group's share of net assets</b>	<b>4,117,949</b>
The consideration paid in-kind	(3,449,843)
<b>Gain resulted from the acquisition</b>	<b>668,106</b>
Consideration paid in-cash	-
Cash and cash equivalents in the acquired subsidiary	36,746
<b>Net cash flow resulted on acquisition</b>	<b>36,746</b>

**26- Financial instruments and risks management****A) Financial instruments:****Significant accounting policies**

Details of the significant accounting policies - including the criteria for measurement and recognition of revenue and expenses - in respect of each class of financial assets and liabilities are disclosed in note (3) to the consolidated financial statements.

**Categories of financial instruments**

The categories of financial assets and liabilities which are classified in the consolidated statement of financial position as are as follows:

<b>Financial assets</b>	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	553,244	889,119
Accounts receivable and other debit balances	4,611,777	741,021
Financial assets at ("FVTPL")	9,103,667	10,572,930
Due from related parties	6,185	7,430
Financial assets at ("FVTOCP")	7,017,240	4,177,832
	<b>21,292,113</b>	<b>16,388,332</b>
<b>Financial liabilities</b>	<b>2025</b>	<b>2024</b>
Bank Overdraft	4,367,038	-
Murabaha payables	24,398,960	12,840,313
Due to related parties	47,924	13,133
Accounts payable and other credit balances	495,710	580,246
	<b>29,309,632</b>	<b>13,433,692</b>

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"***Fair value of financial instruments**

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at fair value at the end of each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- Through the primary market of the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income for which fair value is measured or disclosed in the interim consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's investments measured at fair value, by level of fair value hierarchy:

<b>December 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>				
Quoted investments	2,256,966	-	-	2,256,966
Unquoted investments	-	5,188,927	-	5,188,927
Managed funds	-	-	1,598,978	1,598,978
Debt instruments – Bonds	58,796	-	-	58,796
	<u>2,315,762</u>	<u>5,188,927</u>	<u>1,598,978</u>	<u>9,103,667</u>
<b>Financial assets at fair value through other comprehensive income</b>				
Quoted investments	3,985,213	-	-	3,985,213
Debt instruments – Bonds	228,028	-	-	228,028
Managed funds – foreign	-	2,622,497	-	2,622,497
Unquoted investments	-	-	157,996	157,996
Managed funds – local	-	-	23,506	23,506
	<u>4,213,241</u>	<u>2,622,497</u>	<u>181,502</u>	<u>7,017,240</u>

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December 31, 2024	Level 1	Level 2	Level 3	Total
Investment at fair value through profit or loss				
Quoted investments	2,678,406	-	-	2,678,406
Unquoted investments	-	6,661,923	-	6,661,923
Managed funds	-	-	1,177,051	1,177,051
Debt instruments – Bonds	55,550	-	-	55,550
	<u>2,733,956</u>	<u>6,661,923</u>	<u>1,177,051</u>	<u>10,572,930</u>
Investment at fair value through other comprehensive income				
Quoted investments	3,650,548	-	-	3,650,548
Debt instruments – Bonds	231,081	-	-	231,081
Managed funds – foreign	-	220,902	-	220,902
Unquoted investments	-	-	51,795	51,795
Managed funds – local	-	-	23,506	23,506
	<u>3,881,629</u>	<u>220,902</u>	<u>75,301</u>	<u>4,177,832</u>

**B) Financial risks management**

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risks, liquidity risks and market risks.

The Group continuously reviews its risks exposures and takes necessary procedures to limit these risks at acceptable level.

The parent company's board of directors establishes written principles for the overall risk management framework, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and the investment of surplus funds.

- Credit risks**

Credit risks are the risks that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the group to credit risks, consist principally of cash at banks and Accounts receivable. Cash at banks are deposited at reputable credit financial institutions. Credit risks associated with Accounts receivable is limited due to dispersion across large number of customers, for more details see note (7), Accounts receivable are presented net of allowance for expected credit losses.

The table below sets out the assets exposed to credit risk in the consolidated statement of financial position:

	2025	2024
Cash and cash equivalents	553,244	889,119
Accounts receivable	3,601,864	692,510
Due from related parties	6,185	7,430
	<u>4,161,293</u>	<u>1,589,059</u>

For further information, refer back to notes 6, 7 and 14. Financial assets whose maturity date has expired and its value have not impaired are disclosed in note 7. The maturity date of the other financial assets has not expired.

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- **Liquidity risks**

Liquidity risks are the risks that the Group will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities , managing highly liquid assets, and monitoring liquidity on a periodically basis by method of future cash flows.

The maturity of liabilities stated below based on the period from the consolidated statement of financial position date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time period in which the asset will be collected or disposed and the liability settled.

The following is maturity analysis for the financial liabilities as of December 31, 2025:

	<b>During one</b>	<b>More</b>	
	<b>year</b>	<b>than one</b>	<b>Total</b>
	<u>year</u>	<u>year</u>	
Bank Overdraft	4,367,038	-	4,367,038
Murabaha payables	9,104,917	15,294,043	24,398,960
Due to related parties	47,924	-	47,924
Accounts payable and other credit balances	495,710	-	495,710
Provision for legal compensation	-	2,594,958	2,594,958
Provision for end of service indemnity	-	257,473	257,473
	<u>14,015,589</u>	<u>18,146,474</u>	<u>32,162,063</u>

The following is maturity analysis for the financial liabilities as of December 31, 2024:

	<b>During one</b>	<b>More</b>	
	<b>year</b>	<b>than one</b>	<b>Total</b>
	<u>year</u>	<u>year</u>	
Murabaha payables	8,280,313	4,560,000	12,840,313
Due to related parties	13,133	-	13,133
Accounts payable and other credit balances	580,246	-	580,246
Provision for legal compensation	-	2,594,958	2,594,958
Provision for end of service indemnity	-	183,288	183,288
	<u>8,873,692</u>	<u>7,338,246</u>	<u>16,211,938</u>

- **Market risks**

Market risks comprise of foreign currencies risk. Interest rate risk and equity price risks. These risks arise due to change in market prices, interest rates and exchange rates.

*Foreign currencies risks*

Foreign currency risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

These risks arise from transactions with foreign currencies. The Group manages these risks by setting limits on transaction with other foreign currencies and limiting its transaction business in major currencies with reputable counterparties.

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The following schedule outlines the Group's significant exposures to foreign exchange risks at the end of the reporting period, expressed in Kuwaiti Dinars (KD). It reflects both external positions and the companies' inter-transactions balances denominated in a currency other than the functional currency of the relevant entity it is held in, which exposes the Group to foreign exchange risks.

<b>Currency</b>	<b>Cash</b>		<b>Financial assets at FVOCI</b>		<b>Financial assets at FVTPL</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	USD	71,344	234,226	1,209,993	1,132,379	309,484
EUR	10,174	9,311	34,964	34,483	73,786	68,447
GBP	402	40	143,890	135,295	-	-
CHF	4,651	4,060	-	-	-	-

The Group considers that a 5% changes in exchange rates is reasonably possible based on current volatility in the foreign exchange markets (2024: 5%) If exchange rates were to move by that amount, and all other variables, including interest rates remained constant, based on the balances as at December 31, the impact on the consolidated financial statements would be as follows:

<b>Currency</b>	<b>Profit or loss</b>				<b>Equity</b>			
	<b>Increase</b>		<b>Decrease</b>		<b>Increase</b>		<b>Decrease</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
USD	79,541	76,709	(79,541)	(76,709)	79,541	76,709	(79,541)	(76,709)
EUR	5,946	5,612	(5,946)	(5,612)	5,946	5,612	(5,946)	(5,612)
GBP	7,215	6,767	(7,215)	(6,767)	7,215	6,767	(7,215)	(6,767)
CHF	233	203	(233)	(203)	233	203	(233)	(203)

*Interest rate risks*

Interest rate risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes on interest rates in the market.

The Group does not have significant interest-bearing assets, which expose the Group's income and operating cash flows substantially to changes in market interest rates. Interest rate risk arises on term loans. Loans with variable interest rates expose the Group to cash flow risk due to changes in interest rates.

The Group manages interest rate risk through refinancing, renewal of existing facilities, or by securing alternative sources of financing.

Assuming a change in market prices by (±) 50 basis points, with all other variables held constant, the effect of net profit for the year ended December 31, 2025 by an amount of (±) KD 143,830 (2024: KD 64,202).

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*Equity price risks*

The Group is exposed to equity price risk as a result of holding investments classified in the consolidated statement of financial position at fair value through profit or loss and at fair value through other comprehensive income.

The Group manages these risks by diversifying its investment portfolio. Such diversification is carried out in accordance with parameters established by the Group.

- **Concentrations**

Concentrations arise when a number of counterparties are engaged in similar activities, or activities in the same geographic region, or have similar economic features that may cause them to be prepared to face contractual obligations that are similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity to developments affecting a particular business sector or a particular geographical area. Assets and liabilities are primarily concentrated in the State of Kuwait.

**27- Capital risks management****A. The Group's objectives when managing capital are:**

- To safeguard the Group's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other stakeholders.
- To maintain an optimal returns to shareholders by pricing its products and services commensurately with risk level.

**B. The debt-to-equity ratio is as follows:**

Consistent with other companies in the same field, the Group monitors capital on the basis of net debt to equity ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt is calculated as total Bank overdraft and Murabaha payables, as shown in the consolidated financial position less cash and cash equivalents. Adjusted capital includes all components of equity (capital, reserves, retained earnings, and non-controlling interests) in addition to net debt. The debt-to-equity ratio is shown below:

	<u>2025</u>	<u>2024</u>
Debts	<b>28,765,998</b>	12,840,313
Less: Cash and cash equivalents	<b>(553,245)</b>	(889,119)
Net debts	<b>28,212,753</b>	11,951,194
Add: total equity	<b>29,740,741</b>	23,813,142
Total adjusted equity	<b>57,953,494</b>	35,764,336
<b>Net debt to equity ratio</b>	<b>%49</b>	33%

**28- Fiduciary Assets**

The Group manages investment portfolios on behalf of clients. The total value of these investment portfolios amounts to KD 507,359,737 (2024: KD 438,471,820) which is not reflected in the consolidated financial statements.

These portfolios are not related to the Group's general assets. The Group makes investment decisions in accordance with the relevant agreements.

Revenue from fiduciary assets amounted to KD 420,260 (2024: KD 377,331).

**Sharq Investment Company****K.S.C. (Closed)****and its subsidiaries****Kuwait****Notes to the consolidated financial statements for the financial year ended December 31, 2025***"All amounts are in Kuwaiti Dinar unless stated otherwise"*

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**29- Legal cases**

During the previous years, the Capital Markets Authority Court has issued a judgment against the Group amounting to KD 2,107,975 in favor of third party, and There are several legal cases against the Group that are still pending before the competent courts.

**30- Significant events**

During the current financial year, a resolution was issued by the Capital Markets Authority imposing financial penalties on the Group. Management does not consider this resolution to have any additional material financial impact on the consolidated financial statements for the year ended 31 December 2025, as a settlement was reached with the Authority and the penalties imposed on the Group were paid.