

**METAL AND RECYCLING COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2025
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors
Metal and Recycling Company K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Metal and Recycling Company – K.S.C. (Public) (the “Parent Company”) and its subsidiaries (collectively the “Group”) as of March 31, 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note (10) regarding right of utilization for a land leased by the Group and held within the Associate Company.

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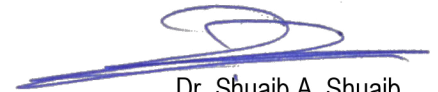


Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended March 31, 2025, that might have had a material effect on the Parent Company's financial position or results of its operation, except for the Group ownership of an investment property and conducting rental activities, not disclosed in the Parent Company's Articles of Association.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three months period ended March 31, 2025, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
May 8, 2025

A handwritten signature in blue ink, appearing to read "Dr. Shuaib A. Shuaib", with a long horizontal flourish underneath.

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.




METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Current assets:				
Cash on hand and at banks	3	1,823,786	1,046,064	811,593
Time deposits	4	2,844,606	2,968,078	3,470,442
Accounts receivable and other debit balances	5	7,960,912	9,352,121	8,191,305
Due from related parties	6	28,973	26,573	2,400
Inventories		155,690	132,532	107,713
Total current assets		12,813,967	13,525,368	12,583,453
Non-current assets:				
Financial assets at fair value through profit and loss		34,972	34,972	34,972
Investment in associate		6,794,426	6,794,426	6,796,086
Investment property		1,432,000	1,432,000	1,409,000
Property, plant and equipment		9,488,215	9,048,173	8,433,023
Right of use assets		2,035,202	2,176,720	1,702,113
Goodwill		406,889	406,889	406,889
Total non-current assets		20,191,704	19,893,180	18,782,083
Total assets		33,005,671	33,418,548	31,365,536
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Due to banks		-	235,301	-
Ijara payables		690,000	690,000	690,000
Term loans	7	784,926	1,668,587	2,435,179
Lease liabilities		438,655	599,549	332,752
Accounts payable and other credit balances		4,726,010	4,737,679	3,660,970
Due to related parties	6	4,629,844	4,417,717	4,036,514
Total current liabilities		11,269,435	12,348,833	11,155,415
Non-current liabilities:				
Term loans	7	7,990,950	7,567,450	7,200,875
Lease liabilities		1,996,809	2,015,564	1,681,462
Provision for end of service indemnity		1,153,634	1,134,677	1,166,978
Total non-current liabilities		11,141,393	10,717,691	10,049,315
Total liabilities		22,410,828	23,066,524	21,204,730
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,520,581	1,520,581	1,520,581
Treasury shares	8	(1,057,640)	(1,057,640)	(1,057,640)
Effect of change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,081,904)	(3,222,775)	(3,160,634)
Equity attributable to shareholders of the Parent Company		7,783,487	7,642,616	7,704,757
Non-controlling interests		2,811,356	2,709,408	2,456,049
Total equity		10,594,843	10,352,024	10,160,806
Total liabilities and equity		33,005,671	33,418,548	31,365,536

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

Mosaed Ibrahim Al Houwly
Chairman


Tarek Ibrahim Mohamed Al-Mousa
Vice Chairman and Chief Executive Officer

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2025	2024
Revenues:			
Net sales		75,285	4,397
Service revenue		3,862,348	3,346,470
Rental income		541,691	393,931
		<u>4,479,324</u>	<u>3,744,798</u>
Expenses:			
Cost of sales		(70,306)	(3,012)
Service costs		(2,840,456)	(2,397,806)
Rental costs		(337,963)	(265,957)
		<u>(3,248,725)</u>	<u>(2,666,775)</u>
Gross profit		<u>1,230,599</u>	<u>1,078,023</u>
Staff costs		(302,233)	(340,564)
General and administrative expenses		(131,360)	(172,319)
Selling and marketing expenses		(8,521)	(1,142)
Depreciation and amortization		(303,729)	(291,614)
Allowance for expected credit losses	5 – a	(112,013)	(88,348)
Bad debts written-off	5 – b	(11,625)	(4,150)
		<u>(869,481)</u>	<u>(898,137)</u>
Profit from operations		361,118	179,886
Interest income		24,249	32,902
Gain on sale of property, plant, and equipment		1,200	-
Finance cost		(160,861)	(151,692)
Other income		19,821	36,787
Profit for the period before contributions to the National Labor			
Support Tax (NLST) and Zakat		245,527	97,883
NLST		(1,948)	(3,424)
Contribution to Zakat		(760)	(1,370)
Profit for the period		<u>242,819</u>	<u>93,089</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>242,819</u>	<u>93,089</u>
Attributable to:			
Shareholders of the Parent Company		140,871	126
Non-controlling interests		101,948	92,963
		<u>242,819</u>	<u>93,089</u>
		<u>Fils</u>	<u>Fils</u>
Basic earnings per share attributable to Shareholders of the			
Parent Company	9	<u>1.564</u>	<u>0.001</u>
Diluted earnings per share attributable to shareholders of the			
Parent Company	9	<u>1.372</u>	<u>-</u>

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company						Non - controlling interests	Total equity
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal		
Balance as at January 1, 2025	10,000,000	1,520,581	(1,057,640)	402,450	(3,222,775)	7,642,616	2,709,408	10,352,024
Total comprehensive income for the period	-	-	-	-	140,871	140,871	101,948	242,819
Balance as at March 31, 2025	10,000,000	1,520,581	(1,057,640)	402,450	(3,081,904)	7,783,487	2,811,356	10,594,843
Balance as at January 1, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,160,760)	7,704,631	2,763,086	10,467,717
Total comprehensive income for the period	-	-	-	-	126	126	92,963	93,089
Cash dividends to non-controlling interests	-	-	-	-	-	-	(400,000)	(400,000)
Balance as at March 31, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,160,634)	7,704,757	2,456,049	10,160,806

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2025	2024
Cash flows from operating activities:			
Profit for the period before contributions to the National Labor Support Tax (NLST) and Zakat		245,527	97,883
Adjustments for:			
Allowance for expected credit losses	5 – a	112,013	88,348
Bad debts written-off	5 – b	11,625	4,150
Depreciation and amortization		303,729	291,614
Gain on sale of property, plant, and equipment		(1,200)	-
Interest income		(24,249)	(32,902)
Finance cost		160,861	151,692
Provision for end of service indemnity		59,419	56,632
		<u>867,725</u>	<u>657,417</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		1,282,321	(927,612)
Net movement in related parties		111,122	231,740
Inventories		(23,158)	(12,236)
Accounts payable and other credit balances		(14,377)	(117,635)
Cash flows generated from (used in) operations		<u>2,223,633</u>	<u>(168,326)</u>
Paid for end of service indemnity		(40,462)	(12,943)
Paid for KFAS		-	(4,034)
Net cash flows generated from (used in) operating activities		<u>2,183,171</u>	<u>(185,303)</u>
Cash flows from investing activities:			
Time deposits		123,472	488,636
Paid for property, plant, and equipment		(602,253)	(265,711)
Proceeds from sale of property, plant and equipment		1,200	-
Interest income received		9,499	32,902
Net cash flows (used in) generated from investing activities		<u>(468,082)</u>	<u>255,827</u>
Cash flows from financing activities:			
Net movement in due to banks		(235,301)	(257,000)
Net movement in term loans		(460,161)	522,189
Paid for lease liabilities		(205,843)	(258,350)
Dividends paid to non-controlling interests		-	(400,000)
Finance charges paid		(36,062)	(39,109)
Net cash flows used in financing activities		<u>(937,367)</u>	<u>(432,270)</u>
Net increase (decrease) in cash on hand and at banks		777,722	(361,746)
Net movement in restricted cash		19,075	1,139
Cash on hand and at banks at the beginning of the period		863,017	1,095,966
Cash on hand and at banks at the end of the period	3	<u>1,659,814</u>	<u>735,359</u>

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Metal and Recycling Company "The Parent Company" is a Kuwaiti Public Shareholding Company, registered in the State of Kuwait and was incorporated pursuant to Memorandum of Incorporation under Ref. No. 113/Volume 17, dated June 10, 1987, and its subsequent amendments, the latest of which was notarized in the commercial registration under Ref. No. 12320 on June 21, 2022.

The address of the Parent Company's registered office is P.O. Box 4520, Safat 13045, State of Kuwait.

The Parent company is 66.48% owned by Agility Public Warehousing Company – K.S.C.P. listed in the Kuwait Boursa (The ultimate Parent Company).

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on May 8, 2025.

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2024.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time on January 1, 2025, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunctions with the Group's annual consolidated financial statements for the year ended December 31, 2024. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended March 31, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2024.

3. Cash on hand and at banks

	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Cash on hand and at banks	1,823,786	1,046,064	811,593
Less: restricted cash against letters of guarantee	(163,972)	(183,047)	(76,234)
Cash on hand and at banks as presented in the consolidated statement of cash flows	<u>1,659,814</u>	<u>863,017</u>	<u>735,359</u>

As of March 31, 2025, cash restricted by banks against letters of guarantee amounted to KD 163,972 (Note 11) (December 31, 2024: KD 183,047, March 31, 2024: KD 76,234).

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

4. Time deposits

The effective interest rate on time deposits ranged from 3.8% to 4.25% per annum (December 31, 2024: 3.8% to 4.25% per annum, March 31, 2024: 4.125% to 5% per annum), these deposits have an average maturity of 180 to 365 days.

Time deposits amounting to KD 1,184,216 (December 31, 2024: KD 1,261,038, March 31, 2024: KD 936,919) were pledged against letters of guarantee (Note 11).

5. Accounts receivable and other debit balances

	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Trade receivables	15,143,084	16,043,960	12,673,899
Retention receivables	298,873	897,195	764,163
Gross amount	15,441,957	16,941,155	13,438,062
Less: allowance for expected credit losses (a)	(8,679,163)	(8,768,065)	(8,355,211)
Net trade and retention receivables	6,762,794	8,173,090	5,082,851
Advance payments to suppliers	1,226,919	1,277,949	2,612,628
Less: allowance for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advanced payments to suppliers	381,728	432,758	1,767,437
Prepaid expenses	422,389	410,402	1,074,676
Refundable deposits	34,876	33,872	75,606
Staff receivables	201,777	172,380	161,749
Others	157,348	129,619	28,986
	7,960,912	9,352,121	8,191,305

a) Allowance for expected credit losses

The movement of the allowance for expected credit losses was as follows:

	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Balance at the beginning of the period / year	9,613,256	9,112,054	9,112,054
Charged during the period / year	112,013	538,752	88,348
Provision no longer required	-	(29,725)	-
Utilized during the period / year	(200,915)	(7,825)	-
Balance at the end of the period / year	9,524,354	9,613,256	9,200,402

b) During the period ended March 31, 2025, the Group's Management approved writing off bad debts for KD 11,625 (March 31, 2024: KD 4,150)

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

6. Related parties' disclosures

The Group has entered into various transactions with related parties, i.e., Major shareholders, the Board of Directors, key management personnel, associates, entities under common control, and other related parties, in the normal course of business. Prices and terms of payment are approved by the Group's management.

Significant related party balances and transactions are as follows:

Balances included in the interim condensed consolidated statement of financial position:

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Associate</u>	<u>Others</u>	<u>March 31, 2025</u>	<u>December 31, 2024 (Audited)</u>	<u>March 31, 2024</u>
Due from related parties	-	-	2,750	26,223	28,973	26,573	2,400
Due to related parties	(2,821,859)	(1,807,985)	-	-	(4,629,844)	(4,417,717)	(4,036,514)
Accrued expenses	(188,250)	-	-	-	(188,250)	(188,250)	(188,125)
Term loans (Note 7)	-	(7,990,950)	-	-	(7,990,950)	(7,567,450)	(7,065,950)

The Shareholders' Annual Ordinary General Assembly, held on June 25, 2020, approved a convertible loan agreement for a ceiling amount of KD 10,000,000 from Agility International Investment Company - W.L.L. (Subsidiary of the Ultimate Parent Company). Apart from drawing KD 7,567,450 in the previous years, the Parent Company withdrew an additional amount of KD 423,500 from the related party. The loan is due after 60 months from April 12, 2021, in cash or if the lender elects to convert it to ordinary shares (Note 7) and carries an annual interest rate of 4% over the CBK discount rate.

Transactions included in the interim condensed consolidated statement of profit or loss

	<u>Major shareholder</u>	<u>Entities under common control</u>	<u>Three months ended March 31,</u>	
			<u>2025</u>	<u>2024</u>
Finance cost	-	(98,605)	(98,605)	(94,802)
General and administrative expenses	(29,718)	-	(29,718)	(28,232)

Compensation to key management personnel

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Short term benefits	63,214	89,157
Terminal benefits	2,630	4,058
	<u>65,844</u>	<u>93,215</u>

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

7. Term loans

	<u>Due date</u>	<u>Currency</u>	<u>March 31, 2025</u>	<u>December 31, 2024 (Audited)</u>	<u>March 31, 2024</u>
Term loan from local bank carrying interest rate of 2.5% over the Central Bank of Kuwait discount rate.	May 31, 2025	KWD	650,000	650,000	650,000
Term loan from local bank carrying interest rate of 3% over the Central Bank of Kuwait discount rate.	June 30, 2025	KWD	134,926	236,925	542,925
Term loan from a local bank carrying an interest rate of 3.5% over the Central Bank of Kuwait discount rate.	March 31, 2025	KWD	-	781,662	1,377,179
Term loan from a related party carrying interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	7,990,950	7,567,450	7,065,950
			<u>8,775,876</u>	<u>9,236,037</u>	<u>9,636,054</u>

Term loans are secured by assignment letters for certain project revenues.

(A) On April 12, 2021, the Parent Company signed a loan agreement with a related party (a company under common control) (Note 6), for a maximum amount of KD 10,000,000, bearing an interest rate of 4% per annum, over the Central Bank of Kuwait discount rate, due upon which of the following occurs first:

- A.
- After the expiration of 5 years from the date of April 12, 2021, or,
 - When there is a change in the control of the Ultimate Parent company over the Parent Company.
- B.
- Upon an early payment request in the event of insolvency or early payment.

The loan is convertible into ordinary shares at a conversion price of 100 fils on or before the repayment date, at the lender's option.

During the period ended March 31, 2025, the Parent Company withdrew an additional amount of KD 423,500 from the original loan facility amount (Note 6).

The term loans are classified as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024 (Audited)</u>	<u>March 31, 2024</u>
Current portion	784,926	1,668,587	2,435,179
Non-current portion	7,990,950	7,567,450	7,200,875
	<u>8,775,876</u>	<u>9,236,037</u>	<u>9,636,054</u>

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2025

(All amounts are in Kuwaiti Dinars)

8. Treasury shares

	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Number of shares	9,911,474	9,911,474	9,911,474
Percentage of paid-up shares	9.91%	9.91%	9.91%
Market value KD	1,575,924	1,189,377	971,324
Cost KD	(1,057,640)	(1,057,640)	(1,057,640)

In accordance with the Capital Markets Authority's decision on December 30, 2013, The Parent Company's management has allotted an amount equal to the treasury shares balance from the statutory reserve as of March 31, 2025. Such an amount will not be available for distribution during the treasury shares holding period.

9. Basic and diluted earnings per share attributable to Shareholders of the Parent Company

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the profit for the year with the assumed effect of those potential dilutive shares had they been issued.

The information necessary to calculate basic and diluted earnings per share is as follows:

	Three months ended March 31,	
	2025	2024
Profit for the period attributable to Parent Company's Shareholders	140,871	126
Interest on convertible loan (net of tax)	92,446	86,690
	233,317	86,816
	Shares	Shares
<u>Number of outstanding shares:</u>		
Number of issued and fully paid shares	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(9,911,474)	(9,911,474)
Weighted average number of shares outstanding used in calculating basic earnings per share	90,088,526	90,088,526
Adjustment for convertible loans	79,909,500	70,659,500
Weighted average number of shares for diluted earnings per share	169,998,026	160,748,026
	Fils	Fils
Basic earnings per share attributable to shareholders of the Parent Company	1.564	0.001
Diluted earnings per share attributable to shareholders of the Parent Company	1.372	-

For the period ended March 31, 2025, the term loan convertible into ordinary shares (Note 7), has a dilutive effect on the earnings per share, and an antidilutive effect on the earnings per share for the period ended March 31, 2024, due to its nature.

10. Rights of utilization

The Parent Company holds the right to utilize land, plot 85, Mina Abdullah, for an area of 548,437.5 square meters, leased from the Public Authority for Industry under the contract signed on July 16, 2020, for five years ending on July 15, 2025. The Parent Company granted a usufruct contract to the Associate Company—Real Estate Development Company W.L.L., under the usufruct letter approved by the Public Authority for Industry.

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11. Contingent liabilities

The Group is contingently liable against the following:

	March 31, 2025	December 31, 2024 (Audited)	March 31, 2024
Letters of guarantee	13,967,447	13,824,018	11,589,958
Letters of credit	143,000	415,559	942,812
	14,110,447	14,239,577	12,532,770

- Certain letters of guarantee are secured by cash on hand and at banks and time deposits (Notes 3 and 4).

12. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 4, 2025, approved the consolidated financial statements for the year ended December 31, 2024, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2024, except for the independent Board of Director member, for whom the Annual Ordinary General Assembly approved a remuneration.

The Shareholders' Annual Ordinary General Assembly held on May 5, 2024, approved the consolidated financial statements for the year ended December 31, 2023, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2023, except for the independent Board of Director member, for whom the Annual Ordinary General Assembly approved a remuneration.

13. Legal claims

On June 13, 2017, the Parent Company submitted a financial claim for KD 25,415,961, which is currently under the consideration of the Public Authority for Industry and the Ministry of Commerce, who referred the matter to the Council of Ministers, who in turn referred it to a competent committee to assess the compensation. The management believes that the Parent Company is eligible for compensation by the principles of compensation established by Law No. 105/1980 regarding state property and its executive regulations and also based on the contract concluded by contract no 27/103 dated September 19, 2013, with the Public Authority for Industry regarding the exploitation of the land, according to similar cases in the same geographical location.

In a meeting held on September 29, 2019, between the Parent Company and the Public Authority for Industry, it was decided to provide alternative land to the Parent Company for shifting its administrative building, factory, and scrap yard from South Amghara and that the transfer to the new site will take place only after the installation of power, and implementation of organizational structure. However, the Administrative Authority issued an order on January 25, 2021, to displace the Parent Company from this land before alternate arrangements were completed, violating the original decision.

Accordingly, the Parent Company considers that the Administrative Authority's violation has caused further damages, so it prepared a supplementary financial claim to the previous one, bringing the total claim to KD 58,500,000.

The matter was further taken to the Court of Law, where on June 22, 2022, the First Instance Court ruled accepting the claim in form and rejected it in substance. The Parent Company appealed the ruling before the Court of Appeal, which led on November 21, 2022, to accept the appeal in form, reject it in substance, and uphold the appealed judgment. As a result of the Court of Appeal ruling, the Parent Company filed an appeal before the Court of Cassation, where multiple sessions were held with no ruling being issued to date; the latest is scheduled to take place on June 25, 2025.

Furthermore, there are certain lawsuits raised by/against the Group, the results of which can only be assessed once finally cleared by the respective courts. In the opinion of the Group's management, there will not be any material adverse ruling against the Group arising from such legal cases.

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14. Income taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million (approx. KD 250 million) are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The jurisdiction in which the Group operates has joined the IF.

Currently the Group's revenue does not exceed the above threshold but may be exposed to the global minimum tax by virtue of the ultimate Parent Company. On 31 December 2024, the State of Kuwait enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025, on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of issue of the Law.

15. Segments information

The Group is organized into functional divisions to manage its various lines of business. The Group operates only in the State of Kuwait. For the purposes of segment reporting, the Group's management has grouped its products and services into the following operating segments:

A. Waste Management & Recycling

Represents importing machines and materials necessary for shredding, sorting, cutting, and shearing of metals, selling waste scrap inside and outside the State of Kuwait, cutting and shearing of metals, recycling waste, plastic, rubbles, environmental waste, and trading in recycled materials. Includes recycling, treatment, and disposal of metallic, plastic, and medical waste.

B. Services Department – HVAC

Represents maintenance of tools and technical supplies, electric generators, cleaning services, metal pipes, construction ceiling maintenance, bridge erection, cleaning and sanitary contracts, selling and buying cleaning powders, extinguishing tool works, fire alarm machines, and air condition contracts and maintenance.

C. Services Department – Cleaning

Includes cleaning roads and buildings, city cleaning contracts, and security services.

D. Other

This item includes investments and rental activities.

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Financial details of the above operating segments are as follows:

	March 31, 2025		December 31, 2024 (Audited)		March 31, 2024	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	12,283,534	17,952,430	12,957,315	18,532,523	13,105,527	17,980,967
Services Department – HVAC	12,453,473	4,058,322	12,226,855	4,168,103	10,054,474	2,973,294
Services Department – Cleaning	1,061,274	343,487	967,948	253,959	1,009,239	205,864
Others	7,207,390	56,589	7,266,430	111,939	7,196,296	44,605
	33,005,671	22,410,828	33,418,548	23,066,524	31,365,536	21,204,730

	Three months ended March 31,			
	2025		2024	
	Segments revenues	Segments result	Segments revenues	Segments result
Waste Department – Metal Shredding	14,713	(1,360)	4,397	1,385
Waste Department – Plastic Recycling	60,572	(10,006)	-	(7,617)
Waste Department – Medical Waste	666,606	248,456	540,066	213,827
Services Department- HVAC	2,981,855	335,567	2,723,397	351,127
Services Department – Cleaning	213,887	2,746	83,007	(30,935)
Others	541,691	(332,584)	393,931	(434,698)
	4,479,324	242,819	3,744,798	93,089

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16. Fair value of financial instruments

The Group measures financial assets such as financial assets at FVPL and non-financial assets such as investment property at fair value at each reporting date.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

	March 31, 2025	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,432,000	1,432,000
Total	1,466,972	1,466,972
	December 31, 2024	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,432,000	1,432,000
Total	1,466,972	1,466,972
	March 31, 2024	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,409,000	1,409,000
Total	1,443,972	1,443,972

During the period ended March 31, 2025, there were no transfers among the fair value hierarchy levels.