

**METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2025
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
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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 June 30, 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three months and six months periods then ended, statements of changes in equity and cash flows for the six 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.

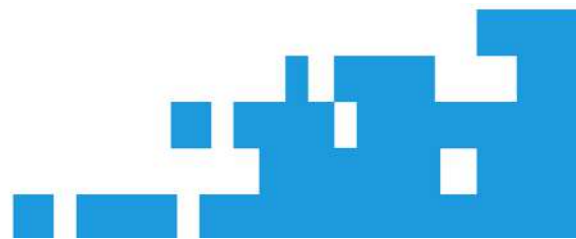
Conclusion

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 matters

Without qualifying our conclusion:

- We draw attention to Note (3) to the interim consolidated financial information, which describes the Group's financial position as at June 30, 2025, wherein its current liabilities exceeded its current assets due to the maturity date of the convertible loan. The interim condensed consolidated financial information has been prepared on a going concern basis, based on management's assessment and plans, as disclosed in Note (3).
- We draw attention to Note (11), which describes the right of utilization for land leased by the Group and held within the associate company.

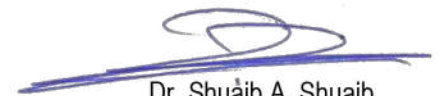


Report on other Legal and Regulatory Requirements

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 six months period ended June 30, 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 investment property and conducting rental activities, not disclosed in the Parent Company 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 six months period ended June 30, 2025, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
July 28, 2025

A handwritten signature in blue ink, consisting of a stylized 'S' and 'A' followed by a horizontal line.

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 JUNE 30, 2025

(All amounts are in Kuwaiti Dinars)

			December 31, 2024 (Audited)	June 30, 2024
ASSETS	Notes	June 30, 2025		
Current assets:				
Cash and cash equivalents	4	599,200	1,046,064	970,866
Time deposits	5	2,845,949	2,968,078	3,237,991
Accounts receivable and other debit balances	6	8,705,291	9,352,121	8,363,423
Due from related parties	7	29,823	26,573	26,223
Inventories		233,601	132,532	185,617
Total current assets		12,413,864	13,525,368	12,784,120
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	6,795,326
Investment property		1,432,000	1,432,000	1,409,000
Property, plant and equipment		10,324,759	9,048,173	8,650,536
Right of use assets		1,893,684	2,176,720	1,578,744
Goodwill		406,889	406,889	406,889
Total non-current assets		20,886,730	19,893,180	18,875,467
Total assets		33,300,594	33,418,548	31,659,587
LIABILITIES AND EQUITY				
Current liabilities:				
Due to banks		234,711	235,301	6,124
Ijara payables		690,000	690,000	690,000
Term loans	8	8,973,950	1,668,587	2,519,222
Lease liabilities		457,675	599,549	294,538
Accounts payable and other credit balances		4,628,024	4,737,679	3,782,094
Due to related parties	7	4,848,548	4,417,717	4,014,575
Total current liabilities		19,832,908	12,348,833	11,306,553
Non-current liabilities:				
Term loans	8	-	7,567,450	7,232,950
Lease liabilities		1,690,650	2,015,564	1,682,326
Provision for end of service indemnity		1,181,134	1,134,677	1,186,642
Total non-current liabilities		2,871,784	10,717,691	10,101,918
Total liabilities		22,704,692	23,066,524	21,408,471
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	9	(1,057,640)	(1,057,640)	(1,057,640)
Effect of changes in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,024,327)	(3,222,775)	(3,172,948)
Equity attributable to shareholders of the Parent				
Company		7,841,064	7,642,616	7,692,443
Non-controlling interests		2,754,838	2,709,408	2,558,673
Total equity		10,595,902	10,352,024	10,251,116
Total liabilities and equity		33,300,594	33,418,548	31,659,587

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

Mosaed Ibrahim Al-Holi
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 JUNE 30, 2025
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2025	2024	2025	2024
Revenues:					
Net sales		48,733	4,914	124,018	9,311
Service revenue		4,081,005	3,411,931	7,943,353	6,758,401
Rental income		538,284	485,485	1,079,975	879,416
		<u>4,668,022</u>	<u>3,902,330</u>	<u>9,147,346</u>	<u>7,647,128</u>
Expenses:					
Cost of sales		(38,269)	(3,303)	(108,575)	(6,315)
Service costs		(3,187,382)	(2,416,371)	(6,027,838)	(4,814,177)
Rental costs		(340,469)	(292,116)	(678,432)	(558,073)
		<u>(3,566,120)</u>	<u>(2,711,790)</u>	<u>(6,814,845)</u>	<u>(5,378,565)</u>
Gross profit		<u>1,101,902</u>	<u>1,190,540</u>	<u>2,332,501</u>	<u>2,268,563</u>
Staff costs		(294,972)	(340,155)	(597,205)	(680,719)
General and administrative expenses		(144,786)	(150,439)	(276,146)	(322,758)
Selling and marketing expenses		(4,470)	(4,769)	(12,991)	(5,911)
Depreciation and amortization		(309,837)	(290,884)	(613,566)	(582,498)
Net allowance for expected credit losses	6 – a	(100,832)	(168,418)	(212,845)	(256,766)
Bad debts written-off	6 – b	(17,783)	(19,050)	(29,408)	(23,200)
		<u>(872,680)</u>	<u>(973,715)</u>	<u>(1,742,161)</u>	<u>(1,871,852)</u>
Profit from operations		<u>229,222</u>	<u>216,825</u>	<u>590,340</u>	<u>396,711</u>
Share of results from associate		-	(760)	-	(760)
Interest income		43,473	19,675	67,722	52,577
Finance cost		(155,368)	(162,768)	(316,229)	(314,460)
Other income		30,017	23,915	51,038	60,702
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		<u>147,344</u>	<u>96,887</u>	<u>392,871</u>	<u>194,770</u>
NLST		(4,984)	(4,698)	(6,932)	(8,122)
Contribution to Zakat		(2,013)	(1,879)	(2,773)	(3,249)
Profit for the period		<u>140,347</u>	<u>90,310</u>	<u>383,166</u>	<u>183,399</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>140,347</u>	<u>90,310</u>	<u>383,166</u>	<u>183,399</u>
Attributable to:					
Shareholders of the Parent Company		57,577	(12,314)	198,448	(12,188)
Non-controlling interests		82,770	102,624	184,718	195,587
		<u>140,347</u>	<u>90,310</u>	<u>383,166</u>	<u>183,399</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company	10	<u>0.64</u>	<u>(0.14)</u>	<u>2.20</u>	<u>(0.14)</u>

The accompanying notes from (1) to (17) 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 JUNE 30, 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	-	-	-	-	198,448	198,448	184,718	383,166
Cash dividends to non-controlling interests	-	-	-	-	-	-	(139,288)	(139,288)
Balance as at June 30, 2025	10,000,000	1,520,581	(1,057,640)	402,450	(3,024,327)	7,841,064	2,754,838	10,595,902
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 (loss) income for the period	-	-	-	-	(12,188)	(12,188)	195,587	183,399
Cash dividends to non-controlling interests	-	-	-	-	-	-	(400,000)	(400,000)
Balance as at June 30, 2024	10,000,000	1,520,581	(1,057,640)	402,450	(3,172,948)	7,692,443	2,558,673	10,251,116

The accompanying notes from (1) to (17) 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 JUNE 30, 2025
(All amounts are in Kuwaiti Dinars)

		Six months ended June 30,	
	Notes	2025	2024
Cash flows from operating activities:			
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		392,871	194,770
Adjustments for:			
Net allowance for expected credit losses	6 - a	212,845	256,766
Bad debts written-off	6 - b	29,408	23,200
Depreciation and amortization		613,566	582,498
Gain on sale of property, plant and equipment		(1,400)	(4,000)
Share of results from associate		-	760
Interest income		(67,722)	(52,577)
Finance cost		316,229	314,460
Net provision for end of service indemnity		102,772	109,595
		<u>1,598,569</u>	<u>1,425,472</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		404,577	(1,287,198)
Net movement in related parties		227,308	157,403
Inventories		(101,069)	(90,140)
Accounts payable and other credit balances		(119,360)	(3,079)
Cash flows generated from operations		<u>2,010,025</u>	<u>202,458</u>
Paid for end of service indemnity		(56,315)	(46,242)
Paid for KFAS		-	(4,043)
Net cash flows generated from operating activities		<u>1,953,710</u>	<u>152,173</u>
Cash flows from investing activities:			
Time deposits		122,129	721,087
Paid for property, plant, and equipment		(1,607,116)	(718,912)
Proceeds from sale of property, plant and equipment		1,400	4,000
Interest income received		67,722	52,577
Net cash flows (used in) generated from investing activities		<u>(1,415,865)</u>	<u>58,752</u>
Cash flows from financing activities:			
Net movement in due to banks		(590)	(250,876)
Net movement in finance lease payables		-	(4,058)
Net movement in term loans		(262,087)	638,307
Payment of lease liabilities		(517,550)	(315,950)
Cash dividends to non-controlling interests		(139,288)	(400,000)
Finance cost paid		(65,194)	(80,821)
Net cash flows used in financing activities		<u>(984,709)</u>	<u>(413,398)</u>
Net decrease in cash and cash equivalents		(446,864)	(202,473)
Net movement in restricted cash		91,610	(26,060)
Cash and cash equivalents at the beginning of the period		863,017	1,095,966
Cash and cash equivalents at the end of the period	4	<u>507,763</u>	<u>867,433</u>

The accompanying notes from (1) to (17) 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)

JUNE 30, 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 on the Kuwait Stock Exchange (The ultimate Parent Company).

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on July 28, 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 June 30, 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. Working capital

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will realize its assets and settle its liabilities in the normal course of business. No adjustments have been made to reflect any potential effects of uncertainty regarding the Group's ability to continue as a going concern.

As of June 30, 2025, the Group's current liabilities exceeded its current assets by KD 7,419,044.

The Group's ability to continue as a going concern depends on its ability to generate profits, improve future cash flows, reschedule credit facilities, and obtain financial support from its major shareholders.

Management has reasonable expectations that the Group's lending institutions will renew and reschedule its credit facilities, supported by the Group's high-quality investments and asset base. It is also expected that the lender will not demand settlement upon maturity, considering the conversion option embedded in the related party loan amounting to KD 8,323,950 as of June 30, 2025, which is due for repayment or conversion by April 12, 2026 (Notes 7 and 8). Furthermore, management anticipates continued financial support from the Group's major shareholders, if required.

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

JUNE 30, 2025

(All amounts are in Kuwaiti Dinars)

4. Cash and cash equivalents

	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Cash on hand and at banks	599,200	1,046,064	970,866
Less: restricted cash against letters of guarantee	(91,437)	(183,047)	(103,433)
Cash and cash equivalents as presented in the consolidated statement of cash flows	<u>507,763</u>	<u>863,017</u>	<u>867,433</u>

As of June 30, 2025, cash restricted by banks against letters of guarantee amounted to KD 91,437 (Note 12) (December 31, 2024: KD 183,047, June 30, 2024: KD 103,433).

5. 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, June 30, 2024: 4.25% to 5 per annum), these deposits have an average maturity of 180 to 365 days.

Time deposits amounting to KD 1,254,714 (December 31, 2024: KD 1,261,038, June 30, 2024: KD 997,340) were pledged against letters of guarantee (Note 12).

6. Accounts receivable and other debit balances

	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Trade receivables	16,175,021	16,043,960	13,786,754
Retention receivables	318,118	897,195	794,502
Gross amount	16,493,139	16,941,155	14,581,256
Less: allowance for expected credit losses (a)	(8,769,195)	(8,768,065)	(8,523,629)
Net trade and retention receivables	<u>7,723,944</u>	<u>8,173,090</u>	<u>6,057,627</u>
Advance payments to suppliers	1,163,463	1,277,949	2,070,569
Less: allowance for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advance payments to suppliers	<u>318,272</u>	<u>432,758</u>	<u>1,225,378</u>
Prepaid expenses	198,246	410,402	829,470
Refundable deposits	42,417	33,872	45,269
Staff receivables	206,238	172,380	179,867
Others	216,174	129,619	25,812
	<u>8,705,291</u>	<u>9,352,121</u>	<u>8,363,423</u>

a) Allowance for expected credit losses

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

	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Balance at the beginning of the period / year	9,613,256	9,112,054	9,112,054
Charged for the period / year	212,845	538,752	265,890
Provision no longer required (b)	-	(29,725)	(9,124)
Utilized during the period / year	(211,715)	(7,825)	-
Balance at the end of the period / year	<u>9,614,386</u>	<u>9,613,256</u>	<u>9,368,820</u>

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

JUNE 30, 2025

(All amounts are in Kuwaiti Dinars)

- b) During the period ended June 30, 2025, the Group's Management approved writing off bad debts for KD 29,408 (June 30, 2024: KD 23,200).

7. Related parties' disclosures

The Group has entered into various transactions with related parties i.e., Major shareholders, Board of Directors, key management personnel, associate, 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 parties' balances and transactions are as follows:

Balances included in interim condensed consolidated statement of financial position:

	Major shareholder	Entities under common control	Associate	Other related parties	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Due from related parties	-	-	3,300	26,523	29,823	26,573	26,223
Due to related parties	(2,844,695)	(2,003,853)	-	-	(4,848,548)	(4,417,717)	(4,014,575)
Accrued expenses	(188,250)	-	-	-	(188,250)	(188,250)	(188,250)
Term loans (Note 8)	-	(8,323,950)	-	-	(8,323,950)	(7,567,450)	(7,232,950)

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 756,500 from the related party during the period ended June 30, 2025. 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 8) and carries an annual interest rate of 4% over the CBK discount rate.

Transactions included in interim condensed consolidated statement of profit or loss

	Major shareholder	Entities under common control	Six months ended June 30,	
			2025	2024
Finance cost	-	(200,273)	(200,273)	(191,550)
General and administrative expenses	(72,720)	-	(72,720)	(69,794)

Compensation to key management personnel

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Short term benefits	100,639	167,933	201,278	257,090
End of service benefits	2,631	3,224	5,261	7,282
	103,270	171,157	206,539	264,372

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

JUNE 30, 2025

(All amounts are in Kuwaiti Dinars)

8. Term loans

	Due date	Currency	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Term loan from local bank carrying an interest rate of 2.5% over the Central Bank of Kuwait discount rate.	May 31, 2026	KWD	650,000	650,000	650,000
Term loan from a local bank carrying an interest rate of 3% over the Central Bank of Kuwait discount rate.	June 30, 2025	KWD	-	236,925	440,925
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	1,428,297
Term loan from a related party carrying an interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2026	KWD	8,323,950	7,567,450	7,232,950
			<u>8,973,950</u>	<u>9,236,037</u>	<u>9,752,172</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 7), for a maximum amount of KD 10,000,000, bearing interest rate 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 June 30, 2025, the Parent Company withdrew an additional amount of KD 756,500 from the original loan facility (Note 7).

The term loans are classified as follows:

	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Current portion	8,973,950	1,668,587	2,519,222
Non-current portion	-	7,567,450	7,232,950
	<u>8,973,950</u>	<u>9,236,037</u>	<u>9,752,172</u>

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9. Treasury shares

	June 30, 2025	December 31, 2024 (Audited)	June 30, 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	1,734,508	1,189,377	832,564
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 June 30, 2025. Such an amount will not be available for distribution during the treasury shares holding period.

10. Basic and diluted earnings (loss) 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 (loss) 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 (loss) per share is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Profit (loss) for the period attributable to Parent Company's Shareholders	57,577	(12,314)	198,448	(12,188)
Interest on convertible loan (net of tax)	98,110	93,362	193,263	184,846
	155,687	81,048	391,711	172,658
	Shares	Shares	Shares	Shares
Number of outstanding shares:				
Number of issued and fully paid shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	(9,911,474)	(9,911,474)	(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	90,088,526	90,088,526
Adjustment for convertible loans	83,239,500	72,329,500	83,239,500	72,329,500
Weighted average number of shares for diluted earnings per share	173,328,026	162,418,026	173,328,026	162,418,026
	Fils	Fils	Fils	Fils
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	0.64	(0.14)	2.20	(0.14)

As at June 30, 2025, a convertible loan into ordinary shares (Note 8) has an anti-dilutive effect on earnings (loss) per share due to its nature.

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11. 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 ended on July 15, 2025, and currently under the renewal process. 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.

12. Contingent liabilities

The Group is contingently liable against the following:

	June 30, 2025	December 31, 2024 (Audited)	June 30, 2024
Letters of guarantee	13,600,274	13,824,018	12,169,042
Letters of credit	118,000	415,559	942,812
	13,718,274	14,239,577	13,111,854

Certain letters of guarantee are secured by cash and cash equivalents and time deposits (Notes 4 and 5).

13. 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.

14. 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 November 5, 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.

15. 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 and the Group has not yet received any expected estimation from the Ultimate Parent Company.

16. 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 State of Kuwait, cutting and shearing of metals, recycling waste, plastic, rubbles, environmental waste, and trading in the 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, constructions ceiling maintenance, bridges erection, cleaning and sanitary contracts, selling and buying cleaning powders, extinguishing tool works, fire alarm machines and air conditions contracts and maintenance.

C. Services Department – Cleaning

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

D. Other

Includes all investments and rentals activities.

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Financial details of the above operating segments are as follows:

	June 30, 2025		December 31, 2024 (Audited)		June 30, 2024	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	12,843,450	18,180,644	12,957,315	18,532,523	13,047,780	18,191,036
Services Department – HVAC	12,162,039	4,092,610	12,226,855	4,168,103	10,418,884	2,950,850
Services Department – Cleaning	1,104,682	395,175	967,948	253,959	999,623	228,404
Others	7,190,423	36,263	7,266,430	111,939	7,193,300	38,181
	33,300,594	22,704,692	33,418,548	23,066,524	31,659,587	21,408,471

	Three months ended June 30,				Six months ended June 30,			
	2025		2024		2025		2024	
	Segments revenues	Segments result	Segments revenues	Segments result	Segments revenues	Segments result	Segments revenues	Segments result
Waste Department – Metal Shredding	2,773	9,211	4,914	1,611	17,486	7,851	9,311	2,996
Waste Department – Plastic Recycling	45,960	(50)	-	(4,486)	106,532	(10,056)	-	(12,103)
Waste Department – Medical Waste	668,193	237,998	594,899	157,694	1,334,799	486,454	1,134,965	371,521
Services Department – HVAC	3,145,244	287,736	2,739,742	386,015	6,127,099	623,303	5,463,139	737,142
Services Department – Cleaning	267,568	(8,429)	77,290	(32,962)	481,455	(5,683)	160,297	(63,897)
Others	538,284	(386,119)	485,485	(417,562)	1,079,975	(718,703)	879,416	(852,260)
	4,668,022	140,347	3,902,330	90,310	9,147,346	383,166	7,647,128	183,399

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17. 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:

	June 30, 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

	June 30, 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 June 30, 2025, there were no transfers among levels of fair value hierarchy.