

**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, 2026
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

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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 March 31, 2026, 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 (11) regarding right of utilization for a 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 three months period ended March 31, 2026, that might have had a material effect on the Parent Company’s financial position or results of its operations, except for the Group ownership of an investment property and conducting rental activities, not disclosed in the Parent Company’s Articles of Association.

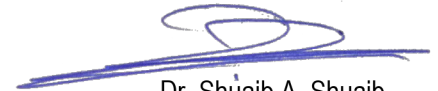
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We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three months period ended March 31, 2026, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
May 14, 2026



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, 2026

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Current assets:				
Cash and cash equivalents	3	3,202,975	2,382,404	1,823,786
Time deposits	4	3,396,664	3,380,318	2,844,606
Accounts receivable and other debit balances	5	9,273,753	8,053,243	7,960,912
Due from related parties	6	30,573	30,023	28,973
Inventories		655,395	577,920	155,690
Total current assets		16,559,360	14,423,908	12,813,967
Non-current assets:				
Financial assets at fair value through profit and loss		34,972	34,972	34,972
Investment in associate		6,573,059	6,573,059	6,794,426
Investment property		1,464,000	1,464,000	1,432,000
Property, plant and equipment		10,704,733	10,859,136	9,488,215
Right of use assets		1,469,128	1,610,647	2,035,202
Goodwill		406,889	406,889	406,889
Total non-current assets		20,652,781	20,948,703	20,191,704
Total assets		37,212,141	35,372,611	33,005,671
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Due to banks		222,502	217,400	-
Ijara payables		653,100	668,845	690,000
Term loans	7	650,000	650,000	784,926
Lease liabilities		602,085	464,993	438,655
Accounts payable and other credit balances	8	6,917,790	5,122,817	4,726,010
Due to related parties	6	5,625,655	5,351,252	4,629,844
Total current liabilities		14,671,132	12,475,307	11,269,435
Non-current liabilities:				
Term loans	7	9,634,950	9,526,950	7,990,950
Lease liabilities		1,051,328	1,518,492	1,996,809
Provision for end of service indemnity		1,266,028	1,293,802	1,153,634
Total non-current liabilities		11,952,306	12,339,244	11,141,393
Total liabilities		26,623,438	24,814,551	22,410,828
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 change in subsidiary's equity		402,450	402,450	402,450
Accumulated losses		(3,330,778)	(3,267,453)	(3,081,904)
Equity attributable to shareholders of the Parent Company		7,534,613	7,597,938	7,783,487
Non-controlling interests		3,054,090	2,960,122	2,811,356
Total equity		10,588,703	10,558,060	10,594,843
Total liabilities and equity		37,212,141	35,372,611	33,005,671

The accompanying notes from (1) to (18) 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, 2026
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2026	2025
Revenues:			
Net sales		599,882	75,285
Service revenue		5,377,693	3,862,348
Rental income		709,149	541,691
		<u>6,686,724</u>	<u>4,479,324</u>
Expenses:			
Cost of sales		(598,025)	(70,306)
Service costs		(4,383,676)	(2,840,456)
Rental costs		(428,220)	(337,963)
		<u>(5,409,921)</u>	<u>(3,248,725)</u>
Gross profit		<u>1,276,803</u>	<u>1,230,599</u>
Staff costs		(316,276)	(302,233)
General and administrative expenses		(194,048)	(131,360)
Selling and marketing expenses		(29,388)	(8,521)
Depreciation and amortization		(416,063)	(303,729)
Allowance for expected credit losses	5 – a	(129,504)	(112,013)
Bad debts written-off	5 – b	(18,525)	(11,625)
		<u>(1,103,804)</u>	<u>(869,481)</u>
Profit from operations		<u>172,999</u>	<u>361,118</u>
Interest income		35,413	24,249
Gain on sale of property, plant, and equipment		15,000	1,200
Finance costs		(267,137)	(160,861)
Provisions for end of service indemnity no longer required		46,812	-
Other income		30,534	19,821
Profit for the period before contributions to the National Labor Support Tax (NLST) and Zakat		<u>33,621</u>	<u>245,527</u>
NLST		(2,127)	(1,948)
Contribution to Zakat		(851)	(760)
Profit for the period		<u>30,643</u>	<u>242,819</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>30,643</u>	<u>242,819</u>
Attributable to:			
Shareholders of the Parent Company		(63,325)	140,871
Non-controlling interests		93,968	101,948
		<u>30,643</u>	<u>242,819</u>
		<u>Fils</u>	<u>Fils</u>
Basic (loss) earnings per share attributable to Shareholders of the Parent Company	10	<u>(0.703)</u>	<u>1.564</u>
Diluted (loss) earnings per share attributable to Shareholders of the Parent Company	10	<u>(0.703)</u>	<u>1.372</u>

The accompanying notes from (1) to (18) 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, 2026

(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, 2026	10,000,000	1,520,581	(1,057,640)	402,450	(3,267,453)	7,597,938	2,960,122	10,558,060
Total comprehensive (loss) income for the period	-	-	-	-	(63,325)	(63,325)	93,968	30,643
Balance as at March 31, 2026	10,000,000	1,520,581	(1,057,640)	402,450	(3,330,778)	7,534,613	3,054,090	10,588,703
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

The accompanying notes from (1) to (18) 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, 2026
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2026	2025
Cash flows from operating activities:			
Profit for the period before contributions to the National Labor Support Tax (NLST) and Zakat		33,621	245,527
Adjustments for:			
Allowance for expected credit losses	5 – a	129,504	112,013
Bad debts written-off	5 – b	18,525	11,625
Depreciation and amortization		416,063	303,729
Gain on sale of property, plant, and equipment		(15,000)	(1,200)
Interest income		(35,413)	(24,249)
Finance costs		267,137	160,861
Net provision for end of service indemnity		25,663	59,419
		<u>840,100</u>	<u>867,725</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(1,345,926)	1,282,321
Net movement in related parties		50,116	111,122
Inventories		(77,475)	(23,158)
Accounts payable and other credit balances		1,791,995	(14,377)
Cash flows generated from operations		<u>1,258,810</u>	<u>2,223,633</u>
Paid for end of service indemnity		(53,437)	(40,462)
Net cash flows generated from operating activities		<u>1,205,373</u>	<u>2,183,171</u>
Cash flows from investing activities:			
Time deposits		(16,346)	123,472
Paid for purchase of property, plant, and equipment		(120,141)	(602,253)
Proceeds from sale of property, plant and equipment		15,000	1,200
Interest income received		12,800	9,499
Net cash flows used in investing activities		<u>(108,687)</u>	<u>(468,082)</u>
Cash flows from financing activities:			
Net movement in due to banks		5,102	(235,301)
Ijara payables		(15,745)	-
Net movement in term loans		108,000	(460,161)
Paid for lease liabilities		(349,870)	(205,843)
Finance costs paid		(23,602)	(36,062)
Net cash flows used in financing activities		<u>(276,115)</u>	<u>(937,367)</u>
Net increase in cash and cash equivalents		820,571	777,722
Net movement in restricted cash		5,961	19,075
Cash and cash equivalents at the beginning of the period		2,277,548	863,017
Cash and cash equivalents at the end of the period	3	<u>3,104,080</u>	<u>1,659,814</u>

The accompanying notes from (1) to (18) 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, 2026

(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. (The ultimate Parent Company), listed in the Boursa Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Parent Company’s Board of Directors on May 14, 2026.

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, 2025.

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, 2026, 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 conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2025. 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, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2025.

3. Cash and cash equivalents

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Cash and cash equivalents	3,202,975	2,382,404	1,823,786
Less: restricted cash against letters of guarantee	(98,895)	(104,856)	(163,972)
Cash and cash equivalents as presented in the consolidated statement of cash flows	3,104,080	2,277,548	1,659,814

As of March 31, 2026, cash restricted by banks against letters of guarantee amounted to KD 98,895 (December 31, 2025: KD 104,856, March 31, 2025: KD 163,972) (Note 12).

4. Time deposits

The effective interest rate on time deposits ranged from 3.375% to 4.170% per annum (December 31, 2025: 3.6% to 4.2% per annum, March 31, 2025: 3.8% to 4.25% per annum), these deposits have an average maturity of 180 to 365 days.

Time deposits amounting to KD 1,213,244 (December 31, 2025: KD 1,227,662, March 31, 2025: KD 1,184,216) were pledged against letters of guarantee (Note 12).

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

5. Accounts receivable and other debit balances

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Trade receivables	16,755,714	15,398,526	15,143,084
Retention receivables	431,212	403,350	298,873
Gross amount	17,186,926	15,801,876	15,441,957
Less: allowance for expected credit losses (a)	(9,042,953)	(8,916,549)	(8,679,163)
Net trade and retention receivables	8,143,973	6,885,327	6,762,794
Advance payments to suppliers	1,265,588	1,250,827	1,226,919
Less: allowance for expected credit losses (a)	(845,191)	(845,191)	(845,191)
Net advance payments to suppliers	420,397	405,636	381,728
Prepaid expenses	254,167	277,418	422,389
Refundable deposits	57,340	52,184	34,876
Staff receivables	116,306	190,461	201,777
Others	281,570	242,217	157,348
	9,273,753	8,053,243	7,960,912

a) Allowance for expected credit losses

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

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Balance at the beginning of the period / year	9,761,740	9,613,256	9,613,256
Charged during the period / year	129,504	407,229	112,013
Utilized during the period / year	(3,100)	(258,745)	(200,915)
Balance at the end of the period / year	9,888,144	9,761,740	9,524,354

b) During the period ended March 31, 2026, the Group's management approved writing off bad debts for KD 18,525 (March 31, 2025: KD 11,625).

6. 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 party balances and transactions are as follows:

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

	Major shareholder	Entities under common control	Associate	Others	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Due from related parties	-	-	3,850	26,723	30,573	30,023	28,973
Due to related parties	(2,958,327)	(2,667,328)	-	-	(5,625,655)	(5,351,252)	(4,629,844)
Accrued expenses	(188,250)	-	-	-	(188,250)	(188,250)	(188,250)
Term loans (Note 7)	-	(9,634,950)	-	-	(9,634,950)	(9,526,950)	(7,990,950)

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

Amounts due from / to related parties do not carry interest, and there are no specific maturity dates.

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. (a subsidiary of the Ultimate Parent Company). Aside from withdrawing KD 9,526,950 in previous years, the Parent Company withdrew an additional amount of KD 108,000 from the loan during the period ended March 31, 2026. The loan was initially due after 60 months from April 12, 2021, but has been extended to be payable on April 12, 2027, according to an approved extension letter from the lender on October 14, 2025, in cash or if the lender elects to convert it to ordinary shares (Note 7). It is also renewable for additional periods, at the lender's discretion, and bears an annual interest rate of 4% over the CBK discount rate.

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

	Major shareholder	Entities under common control	Three months ended March 31,	
			2026	2025
Finance costs	-	(223,737)	(223,737)	(98,605)
General and administrative expenses	(41,663)	-	(41,663)	(29,718)

Compensation to key management personnel

	Three months ended March 31,	
	2026	2025
Short term benefits	66,630	63,214
Terminal benefits	2,890	2,630
	69,520	65,844

7. Term loans

	Due date	Currency	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Term loan from a 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	-	-	134,926
Term loan from a related party carrying an interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2027	KWD	9,634,950	9,526,950	7,990,950
			10,284,950	10,176,950	8,775,876

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

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

(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, which has been extended to be repayable on April 12, 2027, pursuant to an approved extension letter from the lender dated October 14, 2025, and is renewable for another period, subject to the lender's discretion 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, at the lender's option, on or before the repayment date (Note 6, 10).

During the period ended March 31, 2026, the Parent Company withdrew an additional amount of KD 108,000 from the original loan facility amount (Note 6).

The term loans are classified as follows:

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Current portion	650,000	650,000	784,926
Non-current portion	9,634,950	9,526,950	7,990,950
	10,284,950	10,176,950	8,775,876

8. Accounts payable and other credit balances

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Trade payables (a)	1,894,149	1,093,493	976,670
Accrued expenses	2,294,567	1,749,170	2,261,274
Staff payables	121,081	108,666	131,362
Accrued staff leave	594,057	569,725	543,631
Advance payments from customers	2,013,936	1,601,763	813,073
	6,917,790	5,122,817	4,726,010

a) Trade payables are non-interest-bearing and are normally settled on an average period of 120 days.

9. Treasury shares

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
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	951,502	1,407,429	1,575,924
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, 2026. Such an amount will not be available for distribution during the treasury shares holding period.

METAL AND RECYCLING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

10. Basic and diluted (loss) earnings per share attributable to Shareholders of the Parent Company

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

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

	Three months ended March 31,	
	2026	2025
(Loss) profit for the period attributable to Parent Company's Shareholders	(63,325)	140,871
Interest on convertible loan (net of tax)	215,906	92,446
	152,581	233,317
	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 (loss) earnings per share	90,088,526	90,088,526
Adjustment for convertible loans	96,349,500	79,909,500
Weighted average number of shares for diluted (loss) earnings per share	186,438,026	169,998,026
	Fils	Fils
Basic (loss) earnings per share attributable to shareholders of the Parent Company	(0.703)	1.564
Diluted (loss) earnings per share attributable to shareholders of the Parent Company	(0.703)	1.372

For the period ended March 31, 2026, the term loan convertible into ordinary shares (Note 7), has an anti-dilutive effect on loss per share, and a dilutive effect on the earnings per share for the period ended March 31, 2025, due to its nature.

11. Rights of utilization

The Parent Company has the right to use land plot 85, Mina Abdullah, with an area of 548,437.5 square meters, leased from the Public Authority for Industry, pursuant to the contract signed on July 16, 2020, for 5 years ended on December 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., pursuant to a usufruct letter approved by the Public Authority for Industry.

12. Contingent liabilities

The Group is contingently liable against the following:

	March 31, 2026	December 31, 2025 (Audited)	March 31, 2025
Letters of guarantee	18,143,711	16,503,245	13,967,447
Letters of credit	1,079,901	1,412,680	143,000
	19,223,612	17,915,925	14,110,447

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

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13. Shareholders' Annual General Assembly

The Shareholders' Annual Ordinary General Assembly held on April 19, 2026, approved the consolidated financial statements for the year ended December 31, 2025, and resolved not to distribute cash dividends or remuneration to the Board of Directors for the year ended December 31, 2025, 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 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.

14. Legal claims

On June 13, 2017, the Parent Company submitted a financial claim for KD 25,415,961, which was under the consideration of the Public Authority for Industry and the Ministry of Commerce and Industry. The matter was referred 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 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 the land before alternative arrangements were completed, thereby violating the original decision.

Accordingly, the Parent Company considers that the Administrative Authority's violation has caused additional damages and has 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 accepted the claim in form but rejected it in substance. The Parent Company appealed the ruling before the Court of Appeal, which was held on November 21, 2022, and ruled 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. After several hearings, the Court of Cassation, on January 21, 2026, ruled that the appeal was accepted in form but rejected in substance.

The issued ruling did not have any financial impact on the financial position of the Group.

Furthermore, there are certain lawsuits filed against or by the Group, the outcomes of which cannot be assessed until they are finally resolved 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 those 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.

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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 December 31, 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. Currently the Group's revenues together with those of its Ultimate Parent do not exceed the above threshold.

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 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, 2026		December 31, 2025 (Audited)		March 31, 2025	
	Segments assets	Segments liabilities	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	14,458,249	20,689,683	14,145,268	20,068,708	12,283,534	17,952,430
Services Department – HVAC	14,760,354	5,484,835	13,248,033	4,339,134	12,453,473	4,058,322
Services Department – Cleaning	1,001,881	389,585	1,010,266	358,613	1,061,274	343,487
Others	6,991,657	59,335	6,969,044	48,096	7,207,390	56,589
	37,212,141	26,623,438	35,372,611	24,814,551	33,005,671	22,410,828

	Three months ended March 31,			
	2026		2025	
	Segments revenues	Segments result	Segments revenues	Segments result
Waste Department – Metal Shredding	528,257	(23,853)	14,713	(1,360)
Waste Department – Plastic Recycling	71,625	(90,667)	60,572	(10,006)
Waste Department – Medical Waste	739,069	334,483	666,606	248,456
Services Department- HVAC	4,321,481	365,785	2,981,855	335,567
Services Department – Cleaning	317,143	(39,422)	213,887	2,746
Others	709,149	(515,683)	541,691	(332,584)
	6,686,724	30,643	4,479,324	242,819

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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:

	March 31, 2026	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,464,000	1,464,000
Total	1,498,972	1,498,972
	December 31, 2025 (Audited)	
	Level 3	Total
Financial assets at fair value through profit and loss	34,972	34,972
Investment property	1,464,000	1,464,000
Total	1,498,972	1,498,972
	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

During the period ended March 31, 2026, there were no transfers among the fair value hierarchy levels.

18. Significant event

During the period ended March 31, 2026, a military conflict erupted in the Middle East, resulting in significant geopolitical uncertainty across the region. This event may adversely affect the Group's operating environment. Potential impacts include, but are not limited to, disruptions in supply chains, increased energy costs, pressure on profit margins, and heightened refinancing and credit risks.

The below sets out the impact of the military conflict on the Group's operations and the significant estimates and judgments applied by management in assessing assets and liabilities as at March 31, 2026.

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- **Credit Risk Management:**

The Parent Company's management has undertaken several measures to manage risks associated with the military conflict, including identifying the most vulnerable sectors that are primarily affected and implementing additional controls to ensure a high standard of risk management.

The uncertainties arising from the military conflict required the Parent Company's management to consider the impact of global volatility in forward-looking macroeconomic factors when determining expected credit losses during the financial period. The Parent Company's management concluded that there was no significant impact on the Group from credit risk as at the date of the accompanying interim condensed consolidated financial information.

- **Liquidity Risk Management:**

In response to the outbreak of the military conflict, the Parent Company's management is carefully assessing liquidity and taking appropriate actions and measures. The Parent Company's management will continue to evaluate the Group's liquidity position by closely monitoring its cash flows and forecasts.

- **Fair Value Measurement of Financial Instruments:**

The Parent Company's management has considered the potential effects of current market volatility when determining the reported amounts of the Group's financial assets. This represents management's best estimate based on observable information available as at the date of the interim condensed consolidated financial information.

In light of the impact of the military conflict, the Parent Company's management assessed whether the fair value of financial assets and liabilities reflects the price that would be received in orderly transactions between market participants under current conditions. The Group's management concluded that there are no impairment losses in the fair value of financial instruments as at the date of the accompanying interim condensed consolidated financial information.

For further information regarding the Group's policy on fair value measurement, please refer to (Note 17).

The current and anticipated effects of the military conflict on the global economy and financial markets are expected to continue evolving and spreading. The extent and duration of these developments remain uncertain at this stage; however, they may adversely impact on the Group's future financial performance, cash flows, and financial position.

The Group will continue to monitor market developments and update its assumptions and estimates, which may have a significant effect on future consolidated financial statements.