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

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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CONTENTS

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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, 2026, 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 matter

We draw attention to Note (11) regarding the right of utilization for land leased by the Group and held by the Associate Company. Our conclusion is not modified in respect of this matter.

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, 2026, that might have had a material effect on the Parent Company's financial position or results of its operation, except for 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 six months period ended June 30, 2026, that might have had a material effect on the Parent Company's financial position or results of its operations.

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

State of Kuwait
August 13, 2026

METAL AND RECYCLING COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2026
(All amounts are in Kuwaiti Dinars)

ASSETS	Notes	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Current assets:				
Cash and cash equivalents	3	**3,744,645**	2,382,404	599,200
Time deposits	4	**4,399,952**	3,380,318	2,845,949
Accounts receivable and other debit balances	5	**8,649,909**	8,053,243	8,705,291
Due from related parties	6	**30,573**	30,023	29,823
Inventories		**694,588**	577,920	233,601
Total current assets		**17,519,667**	14,423,908	12,413,864
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		**10,503,921**	10,859,136	10,324,759
Right of use assets		**1,434,658**	1,610,647	1,893,684
Goodwill		**406,889**	406,889	406,889
Total non-current assets		**20,417,499**	20,948,703	20,886,730
Total assets		**37,937,166**	35,372,611	33,300,594
LIABILITIES AND EQUITY				
Current liabilities:				
Due to banks		**233,328**	217,400	234,711
Ijara payable		**640,800**	668,845	690,000
Term loans	7	**650,000**	650,000	8,973,950
Lease liabilities		**562,576**	464,993	457,675
Accounts payable and other credit balances	8	**7,280,359**	5,122,817	4,628,024
Due to related parties	6	**5,910,132**	5,351,252	4,848,548
Total current liabilities		**15,277,195**	12,475,307	19,832,908
Non-current liabilities:				
Term loans	7	**9,754,950**	9,526,950	-
Lease liabilities		**1,141,020**	1,518,492	1,690,650
Provision for end of service indemnity		**1,284,449**	1,293,802	1,181,134
Total non-current liabilities		**12,180,419**	12,339,244	2,871,784
Total liabilities		**27,457,614**	24,814,551	22,704,692
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		**(3,322,850)**	(3,267,453)	(3,024,327)
Equity attributable to shareholders of the Parent Company		**7,542,541**	7,597,938	7,841,064
Non-controlling interests		**2,937,011**	2,960,122	2,754,838
Total equity		**10,479,552**	10,558,060	10,595,902
Total liabilities and equity		**37,937,166**	35,372,611	33,300,594

The accompanying notes from (1) to (18) form an integral part of the interim condensed consolidated financial informatic

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 JUNE 30, 2026
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2026**	2025	**2026**	2025
Revenues:					
Net sales		**1,102,323**	48,733	**1,702,205**	124,018
Service revenue		**4,522,039**	4,081,005	**9,899,732**	7,943,353
Rental income		**752,446**	538,284	**1,461,595**	1,079,975
		6,376,808	4,668,022	**13,063,532**	9,147,346
Expenses:					
Cost of sales		**(1,098,629)**	(38,269)	**(1,696,654)**	(108,575)
Service costs		**(3,479,237)**	(3,187,382)	**(7,862,913)**	(6,027,838)
Rental costs		**(344,298)**	(340,469)	**(772,518)**	(678,432)
		(4,922,164)	(3,566,120)	**(10,332,085)**	(6,814,845)
Gross profit		**1,454,644**	1,101,902	**2,731,447**	2,332,501
Staff costs		**(317,470)**	(294,972)	**(633,746)**	(597,205)
General and administrative expenses		**(221,735)**	(144,786)	**(415,783)**	(276,146)
Selling and marketing expenses		**(56,009)**	(4,470)	**(85,397)**	(12,991)
Depreciation and amortization		**(419,417)**	(309,837)	**(835,480)**	(613,566)
Net allowance for expected credit losses	5 – a	**(124,830)**	(100,832)	**(254,334)**	(212,845)
Bad debts written off	5 – b	**(14,051)**	(17,783)	**(32,576)**	(29,408)
		(1,153,512)	(872,680)	**(2,257,316)**	(1,742,161)
Profit from operations		**301,132**	229,222	**474,131**	590,340
Interest income		**19,398**	43,473	**54,811**	67,722
Gain on sale of property, plant, and equipment		**7,000**	200	**22,000**	1,400
Finance cost		**(273,105)**	(155,368)	**(540,242)**	(316,229)
Provisions for end of service indemnity no longer required		**26,303**	-	**73,115**	-
Other income		**16,526**	29,817	**47,060**	49,638
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		**97,254**	147,344	**130,875**	392,871
NLST		**(3,742)**	(4,984)	**(5,869)**	(6,932)
Contribution to Zakat		**(1,497)**	(2,013)	**(2,348)**	(2,773)
Profit for the period		**92,015**	140,347	**122,658**	383,166
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the period		**92,015**	140,347	**122,658**	383,166
Attributable to:					
Shareholders of the Parent Company		**7,928**	57,577	**(55,397)**	198,448
Non-controlling interests		**84,087**	82,770	**178,055**	184,718
		92,015	140,347	**122,658**	383,166
		Fils	Fils	**Fils**	Fils
Basic and diluted earnings (loss) per share attributable to Shareholders of the Parent Company	10	**0.09**	0.64	**(0.61)**	2.20

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 JUNE 30, 2026
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company							
	Share capital	Statutory reserve	Treasury shares	Effect of change in subsidiary's equity	Accumulated losses	Subtotal	Non - controlling interests	Total equity
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	-	-	-	-	(55,397)	(55,397)	178,055	122,658
Cash dividends to non-controlling interests	-	-	-	-	-	-	(201,166)	(201,166)
Balance as at June 30, 2026	**10,000,000**	**1,520,581**	**(1,057,640)**	**402,450**	**(3,322,850)**	**7,542,541**	**2,937,011**	**10,479,552**
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

The accompanying notes from (1) to (18) form an integral part of the interim condensed consolidated financial information.

	Notes	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from operating activities:			
Profit for the period before contributions to National Labor Support Tax (NLST) and Zakat		**130,875**	392,871
Adjustments for:			
Net allowance for expected credit losses	5 - a	**254,334**	212,845
Bad debts written-off	5 - b	**32,576**	29,408
Depreciation and amortization		**835,480**	613,566
Gain on sale of property, plant and equipment		**(22,000)**	(1,400)
Interest income		**(54,811)**	(67,722)
Finance cost		**540,242**	316,229
Net provision for end of service indemnity		**69,788**	102,772
		1,786,484	1,598,569
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(883,576)**	404,577
Net movement in related parties		**102,324**	227,308
Inventories		**(116,668)**	(101,069)
Accounts payable and other credit balances		**2,149,325**	(119,360)
Cash flows generated from operations		**3,037,889**	2,010,025
Paid for end of service indemnity		**(79,141)**	(56,315)
Net cash flows generated from operating activities		**2,958,748**	1,953,710
Cash flows from investing activities:			
Time deposits		**(1,019,634)**	122,129
Paid for property, plant, and equipment		**(194,169)**	(1,607,116)
Proceeds from sale of property, plant and equipment		**22,000**	1,400
Interest income received		**54,811**	67,722
Net cash flows used in investing activities		**(1,136,992)**	(1,415,865)
Cash flows from financing activities:			
Net movement in due to banks		**15,928**	(590)
Net movement in finance lease payables		**(28,045)**	-
Net movement in term loans		**228,000**	(262,087)
Payment of lease liabilities		**(428,270)**	(517,550)
Cash dividends to non-controlling interests		**(201,166)**	(139,288)
Finance cost paid		**(45,962)**	(65,194)
Net cash flows used in financing activities		**(459,515)**	(984,709)
Net increase (decrease) in cash and cash equivalents		**1,362,241**	(446,864)
Net movement in restricted cash		**32,212**	91,610
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	**3,672,001**	507,763

The accompanying notes from (1) to (18) form an integral part of the interim condensed consolidated financial information.

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 the 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 on the Boursa Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on August 13, 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 have been issued but are 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 June 30, 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

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Cash and cash equivalents	**3,744,645**	2,382,404	599,200
Less: restricted cash against letters of guarantee	**(72,644)**	(104,856)	(91,437)
Cash and cash equivalents as presented in the consolidated statement of cash flows	**3,672,001**	2,277,548	507,763

As of June 30, 2026, cash restricted by banks against letters of guarantee amounted to KD 72,644 (December 31, 2025: KD 104,856, June 30, 2025: KD 91,437) (Note 12).

4. Time deposits

The effective interest rate on time deposits ranged from 3.375% to 4.150% per annum (December 31, 2025: 3.6% to 4.2% per annum, June 30, 2025: 3.8% to 4.25% per annum), these deposits have an average maturity of 180 to 365 days.

Time deposits amounting to KD 1,272,022 (December 31, 2025: KD 1,227,662, June 30, 2025: KD 1,254,714) were pledged against letters of guarantee (Note 12).

5. Accounts receivable and other debit balances

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Trade receivables	**16,056,168**	15,398,526	16,175,021
Retention receivables	**405,878**	403,350	318,118
Gross amount	**16,462,046**	15,801,876	16,493,139
Less: allowance for expected credit losses (a)	**(9,150,813)**	(8,916,549)	(8,769,195)
Net trade and retention receivables	**7,311,233**	6,885,327	7,723,944
Advance payments to suppliers	**1,405,390**	1,250,827	1,163,463
Less: allowance for expected credit losses (a)	**(845,191)**	(845,191)	(845,191)
Net advance payments to suppliers	**560,199**	405,636	318,272
Prepaid expenses	**244,654**	277,418	198,246
Refundable deposits	**59,665**	52,184	42,417
Staff receivables	**191,537**	190,461	206,238
Others	**282,621**	242,217	216,174
	8,649,909	8,053,243	8,705,291

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

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Balance at the beginning of the period / year	**9,761,740**	9,613,256	9,613,256
Charged for the period / year	**254,334**	407,229	212,845
Utilized during the period / year	**(20,070)**	(258,745)	(211,715)
Balance at the end of the period / year	**9,996,004**	9,761,740	9,614,386

b) During the period ended June 30, 2026, the Group's management approved writing off bad debts for KD 32,576 (June 30, 2025: KD 29,408).

6. Related parties' disclosures
The Group has entered into various transactions with related parties, i.e., Major shareholders, 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 parties' balances and transactions are as follows:

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

	Major shareholder	Entities under common control	Associate	Other related parties	**June 30, 2026**	December 31, 2025 (Audited)	June 30, 2025
Due from related parties	-	-	3,850	26,723	**30,573**	30,023	29,823
Due to related parties	(3,010,535)	(2,899,597)	-	-	**(5,910,132)**	(5,351,252)	(4,848,548)
Accrued expenses	(188,250)	-	-	-	**(188,250)**	(188,250)	(188,250)
Term loans (Note 7)	-	(9,754,950)	-	-	**(9,754,950)**	(9,526,950)	(8,323,950)

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 with a ceiling of KD 10,000,000 from Agility International Investment Company – W.L.L. (a subsidiary of the Ultimate Parent Company). In addition to withdrawing KD 9,526,950 in prior years, the Parent Company withdrew an additional KD 228,000 during the period ended June 30, 2026. The loan was initially due 60 months after April 12, 2021, but was extended to be repayable on April 12, 2027, pursuant to an approved extension letter from the lender dated October 14, 2025. It has since been further extended to April 12, 2028, pursuant to an approval letter dated June 28, 2026, and is renewable for additional periods at the lender's discretion. The loan is repayable in cash or, if the lender elects, to convert into ordinary shares (Note 7), 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	Six months ended June 30, **2026**	Six months ended June 30, 2025
Finance cost	-	(456,006)	**(456,006)**	(200,273)
General and administrative expenses	(81,814)	-	**(81,814)**	(72,720)

Compensation to key management personnel

	Three months ended June 30, **2026**	Three months ended June 30, 2025	Six months ended June 30, **2026**	Six months ended June 30, 2025
Short term benefits	**142,465**	138,064	**209,095**	201,278
End of service benefits	**2,889**	2,631	**5,779**	5,261
	145,354	140,695	**214,874**	206,539

7. Term loans

	Due date	Currency	**June 30, 2026**	December 31, 2025 (Audited)	June 30, 2025
Term loan from local bank carrying an interest rate of 2.5% over the Central Bank of Kuwait discount rate (under renewal).	May 31, 2026	KWD	**650,000**	650,000	650,000
Term loan from a related party carrying an interest rate of 4% over the Central Bank of Kuwait discount rate. (A)	April 12, 2028	KWD	**9,754,950**	9,526,950	8,323,950
			10,404,950	10,176,950	8,973,950

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, which was extended to be repayable on April 12, 2027, pursuant to an approved extension letter from the lender dated October 14, 2025, which has been further extended to April 12, 2028, pursuant to an approval letter dated June 28, 2026, 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, on or before the repayment date, at the lender's option (Note 6, 10).

During the period ended June 30, 2026, the Parent Company withdrew an additional amount of KD 228,000 from the original loan facility (Note 6).

The term loans are classified as follows:

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Current portion	**650,000**	650,000	8,973,950
Non-current portion	**9,754,950**	9,526,950	-
	10,404,950	10,176,950	8,973,950

8. Accounts payable and other credit balances

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Trade payables (a)	**1,162,213**	1,093,493	1,623,930
Accrued expenses	**2,628,510**	1,749,170	1,327,369
Staff payables	**104,065**	108,666	130,333
Accrued staff leave	**524,434**	569,725	543,116
Advance payments from customers	**2,861,137**	1,601,763	1,003,276
	7,280,359	5,122,817	4,628,024

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

9. Treasury shares

	June 30, 2026	December 31, 2025 (Audited)	June 30, 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	**1,516,455**	1,407,429	1,734,508
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, 2026. 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 (loss) 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 period 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,	
	2026	2025	**2026**	2025
Profit (loss) for the period attributable to Parent Company's Shareholders	**7,928**	57,577	**(55,397)**	198,448
Interest on convertible loan (net of tax)	**224,140**	98,110	**440,046**	193,263
	232,068	155,687	**384,649**	391,711
	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 (loss) per share	**90,088,526**	90,088,526	**90,088,526**	90,088,526
Adjustment for convertible loans	**97,549,500**	83,239,500	**97,549,500**	83,239,500
Weighted average number of shares for diluted earnings (loss) per share	**187,638,026**	173,328,026	**187,638,026**	173,328,026
	Fils	Fils	**Fils**	Fils
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	**0.09**	0.64	**(0.61)**	2.20

As at June 30, 2026, a convertible loan into ordinary shares (Note 7) has an anti-dilutive effect on earnings (loss) per share due to its nature.

11. Rights of utilization

The Parent Company has the right to use plot 85 land in Mina Abdullah, with an area of 548,437.5 square meters, leased from the Public Authority for Industry pursuant to a 5-year contract signed on July 16, 2020, which ended on December 15, 2025.

Subsequently, on August 5, 2026, the lease was formally extended for a further five years, from December 16, 2025, to December 15, 2030.

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:

	June 30, 2026	December 31, 2025 (Audited)	June 30, 2025
Letters of guarantee	**17,295,593**	16,503,245	13,600,274
Letters of credit	**1,029,322**	1,412,680	118,000
	18,324,915	17,915,925	13,718,274

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

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 Directors member, for whom the Annual Ordinary General Assembly approved 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 the implementation of an 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.

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 an 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.

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, rubble, 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 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.

Financial details of the above operating segments are as follows:

	June 30, 2026		December 31, 2025 (Audited)		June 30, 2025	
	Segments assets	**Segments liabilities**	Segments assets	Segments liabilities	Segments assets	Segments liabilities
Waste Management & Recycling	**15,529,421**	**21,490,975**	14,145,268	20,068,708	12,843,450	18,180,644
Services Department – HVAC	**14,496,843**	**5,537,398**	13,248,033	4,339,134	12,162,039	4,092,610
Services Department – Cleaning	**941,858**	**384,668**	1,010,266	358,613	1,104,682	395,175
Others	**6,969,044**	**44,573**	6,969,044	48,096	7,190,423	36,263
	37,937,166	**27,457,614**	35,372,611	24,814,551	33,300,594	22,704,692

	Three months ended June 30,				Six months ended June 30,			
	2026		2025		**2026**		2025	
	Segments revenues	**Segments results**	Segments revenues	Segments results	**Segments revenues**	**Segments results**	Segments revenues	Segments results
Waste Department – Metal Shredding	**915,163**	**6,792**	2,773	9,211	**1,443,420**	**(17,061)**	17,486	7,851
Waste Department – Plastic Recycling	**187,160**	**(141,133)**	45,960	(50)	**258,785**	**(231,800)**	106,532	(10,056)
Waste Department – Medical Waste	**749,169**	**327,948**	668,193	237,998	**1,488,238**	**662,431**	1,334,799	486,454
Services Department – HVAC	**3,470,857**	**353,648**	3,145,244	287,736	**7,792,338**	**719,433**	6,127,099	623,303
Services Department – Cleaning	**302,013**	**(55,016)**	267,568	(8,429)	**619,156**	**(94,438)**	481,455	(5,683)
Others	**752,446**	**(400,224)**	538,284	(386,119)	**1,461,595**	**(915,907)**	1,079,975	(718,703)
	6,376,808	**92,015**	4,668,022	140,347	**13,063,532**	**122,658**	9,147,346	383,166

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, 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

	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

During the period ended June 30, 2026, there were no transfers among levels of fair value hierarchy.

18. Significant event

On February 28, 2026, a military conflict arose in the Middle East, creating significant geopolitical uncertainty in the region, which is still continuing to date.

This event could adversely affect the Group’s business environment. Potential impacts include, but are not limited to, supply chain disruptions, higher energy costs, margin pressures, and heightened refinancing and credit risk.

As the situation continues to evolve, management is currently unable to determine with reasonable certainty the extent or duration of the conflict or its ultimate financial effect on the Group's accompanying interim consolidated financial information. Management continues to monitor the market outlook and assess the potential impact, if any, of future developments.