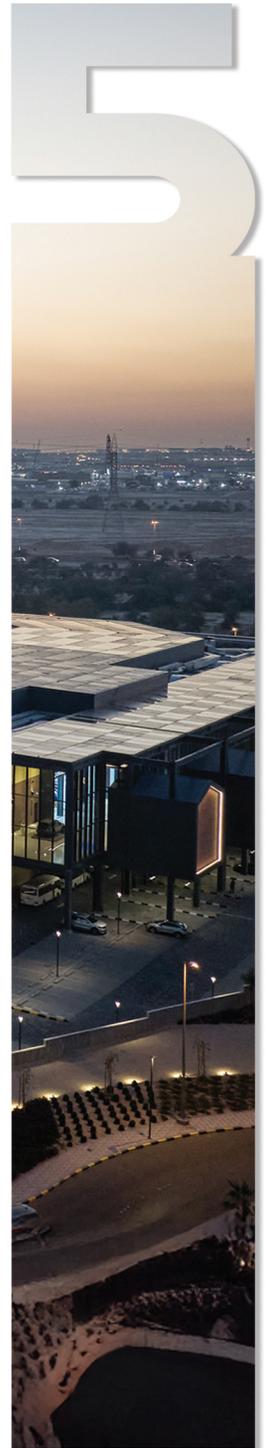
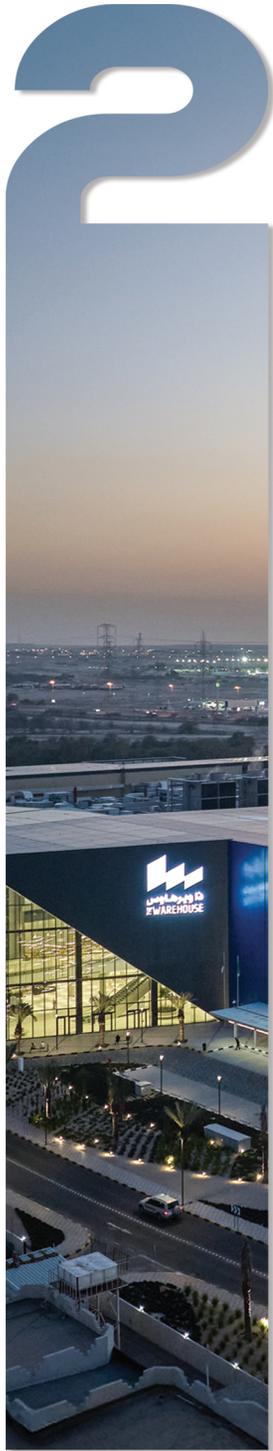




شركة السينما الكويتية الوطنية  
KUWAIT NATIONAL CINEMA COMPANY



**ANNUAL  
REPORT**

# 2025



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# 2025



# CHAIRMAN'S LETTER

IN THE NAME OF GOD MOST  
GRACIOUS, MOST MERCIFUL

**Dear Distinguished Shareholders,  
Peace be upon you, and the mercy of God and His blessings**

It gives me great pleasure, on behalf of myself, fellow members of the Board of Directors, the Executive Management team, and all employees of Kuwait National Cinema Company, to present to you the Annual Report for the financial year ended 31 December 2025. This report highlights the Company's key achievements and principal activities during the year, and includes the Corporate Governance Report, the Company's Financial Statements, and the Auditors' Report.

## **Dear Esteemed Shareholders**

In line with the Company's ongoing plans to develop and modernize its locations, as previously planned, we have completed the final designs for the Cinescape Avenues redevelopment project, paving the way for renovation works scheduled to commence in January 2026. The project will encompass screening halls, the food and beverage area, the main lobby, as well as VIP lounges and supporting service facilities, all of which will contribute

to enhancing the customer journey and elevating service standards.

As part of our commitment to remaining at the forefront of technological advancement in the cinema exhibition sector and further improving the viewing experience, the Company has also completed the upgrade and refurbishment of projection systems at Cinescape Avenues, adopting the latest global laser projection technology to deliver sharper, clearer image quality. This upgrade builds on similar enhancements implemented across several Cinescape locations and further reinforces the Company's leading position in the cinema exhibition sector.

With respect to cinema offerings, during 2025 the Company screened a total of 425 films, including 264 English and international titles, 106 Indian films, and 55 Arabic films, in addition to hosting a number of special premiere screenings.

# CHAIRMAN'S LETTER

31 December 2025

## **Dear Esteemed Shareholders,**

Reaffirming our strategy to continuously develop and enhance the customer experience, and in pursuit of keeping up with the latest global standards in digital services, we continued throughout 2025 to improve the Cinescape website and mobile application in line with leading practices in the sector. A new in-app payment feature was introduced, enabling users to complete purchases quickly and securely without re-entering card details each time. This advancement reflects the ongoing development of our banking-offer ecosystem and strengthens partnerships with financial institutions, allowing us to deliver more diverse and higher-value propositions to customers, including exclusive discounts and seasonal promotions that are easy to access and redeem.

In support of digital transformation and the continued promotion of cashless payment solutions, we further enhanced the pre-ordering service for food and beverages through both the website and the mobile application. This has helped reduce pressure on point-of-sale locations, accelerate service delivery, and improve order turnaround times, positively impacting operational efficiency, enhancing the customer experience, and increasing overall operational capacity.

## **Dear Esteemed Shareholders,**

Guided by our commitment to continuous improvement across all business segments, and recognizing the significance of food and beverage offerings as a core element of the cinema experience, the Company implemented a number of enhancements during 2025 aimed at delivering higher quality products and greater added value.

This included launching a range of new fresh items, alongside the refinement of existing selections to better reflect customer expectations and diverse preferences.

In addition, the Company launched a collaboration and partnership program with a select group of local chefs and brands, with the objective of showcasing Kuwaiti expertise, highlighting outstanding national talent, and offering unique and exclusive experiences for our guests. This initiative has strengthened the Company's competitive positioning, enhanced the distinctiveness of its food and beverage proposition within the cinema experience, and supported the development of national capabilities in this field.

## **Dear Esteemed Shareholders,**

In execution of the Company's strategic objectives and its plans to diversify activities and revenue streams, The Warehouse Mall recorded a notable increase in operating revenues during the year. This was driven by the attraction of a new and diverse portfolio of brands and restaurants, supported by marketing campaigns that broadened the options available to visitors and enhanced the overall shopping experience.

The mall is currently progressing with plans to expand areas dedicated to entertainment activities, further increasing its appeal to visitors and serving a wide range of age groups. In addition, The Warehouse Mall allocated spaces to support community initiatives and activities, hosting a number of events in collaboration with both public and private sector entities.

## CHAIRMAN'S LETTER

31 December 2025

### Dear Esteemed Shareholders,

As part of our continued efforts to support youth initiatives such as LOYAC, the Public Authority for Minors Affairs, and the Public Authority for Manpower, and stemming from our belief in empowering national talent and promoting positive community engagement, we remain committed to strengthening cooperation with government entities, various ministries, and the embassies of friendly and neighboring countries. Guided by our conviction that cinema serves as an important cultural bridge connecting Kuwait to the world, the Company collaborated with these entities by organizing special screenings and providing awareness-oriented promotional spaces that support meaningful community messages.

Furthermore, and in continuation of our efforts to support the Kuwaiti cinema industry by linking academic learning with practical experience, we maintained our partnership with the American International University, supporting the development of cinema in Kuwait and encouraging young people to participate in this growing field.

### Dear Esteemed Shareholders,

With regards to our financial performance for 2025, the Company achieved net profits of KWD 17,581,989, with earnings of 189.87 fils per share, compared to 2024, when net profits amounted to KWD 13,387,378 and earnings were 144.57 fils per share.

Total assets reached approximately KWD 241 million in 2025, compared to approximately KWD 234 million in 2024, representing growth of around 2.99%. Shareholders' equity also increased to

approximately KWD 106 million 2025, compared to approximately KWD 92 million in 2024, reflecting growth of around 15%.

In light of these results, the Board of Directors has recommended the distribution of cash dividends of 80% for the financial year ended 31 December 2025.

The Board has also recommended the approval of Directors' remuneration amounting to KWD 35,000 for the year ended 31 December 2025.

May God grant us continued success.

Peace be upon you, and the mercy of God and His blessings,

**Abdulaziz Dawood Al-Marzouq**  
Chairman

## **BOARD OF DIRECTORS**   **EXECUTIVE MANAGEMENT**

**Abdulaziz Dawoud Al-Marzouq**  
Chairman

**Nasser Bader Al Rowdan**  
Chief Executive Officer

**Hisham Fahad Al Ghanim**  
Vice Chairman

**Khaled Issam Al Marzooq**  
General Manager Development &  
Operations

**Nasser Bader Al Rowdan**  
Board Member & CEO

**Kareem Ahmad Amer**  
Assistant General Manager Finance

**Marzouq Jassim Al Marzouq**  
Board Member

**Fawaz Abdulaziz Al Fadhalah**  
General Manager Finance &  
Administration

**Osama Rashed Al Armali**  
Board Member Independent

**Ghalia Emad Hayat**

**Fawaz Abdulaziz Al Fadhalah**  
Secretary Of The Board Of Directors

General Manager  
Programs & Marketing

# Governance Report

31 December 2025

## BRIEF OUTLINE OF THE GROUP'S CORPORATE GOVERNANCE

Driven by the commitment Kuwait National Cinema Company "Parent Company" to implement the Capital Markets Authority's regulations and the best practices of the wise governance principles, the Company continued in 2025 to comply with all instructions issued in this regard. The company has also been keen on developing the governance system by enhancing the integrity and preserving the best practice of ethics at the level of its departments, throughout reviewing and updating the relevant policies and procedures to comply with the best practices and in line with the instructions issued by the Capital Markets Authority. Believing in the importance of the role of internal control and enabling the Risk Management office to carry out its functions, the company inserted all its effort to update its systems and practices with a view to ensure the highest quality for its financial and operational reports. The Investor's Affairs unit has also activated its role by providing all required data to current and potential investors in an easy and lucid manner to respond to any queries, either through the company's e-mail or by direct contact.

### Rule 1:

## A BALANCED STRUCTURE FOR THE BOARD OF DIRECTORS

### Board Director's Formation

Member Name	Position	Education, Qualification and Experience	Date of Election/ Assignment
Abdulaziz Dawoud Al-Marzouq	Chairman Non-executive	Bachelor of Finance 25 years of experience in the banking and investment field	27/04/2025
Hisham Fahad Al Ghanim	Vice Chairman Non-executive	Bachelor of Political Science / General Administration 30 years of experience in the administrative field	27/04/2025
Nasser Bader Al Rowdan	Board Member & CEO	Diploma in Civil Engineering Technology 34 years of experience in the administrative field	27/04/2025
Marzouq Jassim Al Marzouq	Board Member Non-executive	Bachelor of Business Administration 30 years of experience in the administrative field	27/04/2025
Osama Rashed Al Armali	Board Member Independent	Bachelor of Commerce 37 years of experience in the financial and administrative field	27/04/2025
Fawaz Abdulaziz Al Fadhalah	Secretary of the Board of Directors	Bachelor of Accounting 20 years of experience in the financial and administrative field	27/04/2025

# Governance Report

31 December 2025

## • BOARD OF DIRECTOR'S MEETINGS

- The Board of Directors meets regularly, not less than 6 times each year, to perform its duties and responsibilities and discuss the subjects related to the company's business.

### BOARD OF DIRECTOR'S MEETINGS in 2025

Member name	Meeting Number (01/2025) Date 22/01/2025	Meeting Number (02/2025) Date 13/03/2025	Meeting Number (03/2025) Date 26/03/2025	Meeting Number (04/2025) Date 27/04/2025	Meeting Number (05/2025) Date 11/05/2025	Meeting Number (06/2025) Date 04/06/2025	Meeting Number (07/2025) Date 07/08/2025	Meeting Number (08/2025) Date 13/08/2025	Meeting Number (09/2025) Date 09/10/2025	Meeting Number (10/2025) Date 06/11/2025	Meeting Number (11/2025) Date 08/12/2025	Number of meetings
Abdulaziz Dawoud Al-Marzouq Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Hisham Fahad Al Ghanim Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Nasser Bader Al Rowdan Board Member & CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Marzouq Jassim Al Marzouq Board Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Osama Rashed Al Armali Board Member – Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Fawaz Abdulaziz Al Fadhalah Secretary of the Board of Directors	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

### Brief note about recording, organizing and filing minutes of board of directors' meetings

The Board Secretary maintains a special register in which the minutes of the board meetings are recorded , kept and the registered in a serial numbering , showing the location and timing of the meeting in addition to preparing the agenda of the meetings including voting processes , also notification of the board members of the scheduled meeting three days before the event, also ensuring the signature of all board members on the minutes of meetings, taking into consideration the emergency meetings .

# Governance Report

31 December 2025

## Acknowledgement of the Independent Board Member.

The independent member acknowledges the availability of independence conditions according to the form approved by CMA.

 **وزارة التجارة والصناعة**  
Ministry of COMMERCE and Industry 

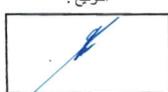
إقرار عضو مجلس الإدارة المستقل

أقر أنا الموقع أدناه (المستقل) بكوني مستقلاً وفقاً للشروط المنصوص عليها في المادة (3-2) من الفصل الثالث من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتها.

2- أنه يتوافر لدي المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

الإسم : .....  
التاريخ : .....

التوقيع :



## Rule 2:

### Proper specification of Tasks & Responsibilities

**Brief note about how the company defines the policy for the roles, responsibilities and duties of Board of Directors and Executive Management as well as the authorities and powers delegated to the Executive Management.**

The company has clearly specified the duties and responsibilities of the Board of Directors and the Executive Management in the adopted policies and regulations in such way as to reflect a balance in the powers and responsibilities between the Board of Directors and the Executive Management. The Board of Directors entrusted the Executive Management with certain authorities for specific periods of time with regard to several financial and administrative aspects in line with the requirements of the Capital Markets Authority.

**The Company's Board of Directors Performs its core functions and responsibilities, which include the following:**

1. Approve the company's key objectives, strategies, and policies.
2. Determine the capital structure that best suits the company and its financial objectives.
3. Approve the organizational and functional structures in the company and review them on a regular basis.
4. Approve the estimated annual budgets and approves the interim and annual financial statements.
5. Supervise the main capital expenditure and ownership and disposal of assets.
6. Determine the dividend policy.
7. Ensure that the company complies with the policies and procedures designed to observe the regulations enforced in the company and the internal regulations.
8. Ensure the accuracy and integrity of the data and information that should be disclosed according to the policies and laws of disclosure and transparency in the company.
9. Establish the company's corporate governance system, which does not conflict with the corporate governance rules issued by the CMA, review it in full, and supervise its effectiveness whenever necessary.
10. Ensure the accuracy of financial and accounting systems including all related systems to financial reports.

# Governance Report

31 December 2025

11. Ensure the implementation of regulatory systems to measure and manage risks.
12. Develop a policy to regulate the relationship with the stakeholders to preserve their rights.
13. Develop a mechanism to regulate the relationship with all relevant parties.
14. Verify the transparency and clarity of the organization structure of the company, which allows a decision making process, achieving the principles of the governance, and splitting between the authorities and the power of the Board of Directors and the Executive Management.
15. Supervise, and monitors the performance of the Executive Management's members, and ensures that they are executing all the duties assigned to them.
16. Issue the granted remuneration regulations to the employees.
17. Assign or eliminate any member of the Executive Management, CEO or his equivalent.
18. Develop a plan/policy to integrate sustainability factors into the company's overall strategy, key action plans, and risk measurement and management processes if necessary.

## Duties & Responsibilities of Executive Management

**The company's executive management, represented by the Chief Executive Officer and key executives, execute a set of tasks that may be summarized as follows:**

1. Implement all polices, and internal regulations of the company as approved by the Board of Directors.
2. Execute the general strategy and detailed plans approved by the Board of Directors.
3. Prepare periodic reports (financial and non-financial reports) regarding developing the company's activities in light of the strategic plans and the objectives of the company, and submitting those reports to the board of directors.
4. Develop an integrated accounting system that keeps records, registers and accounts that reflect in a detailed and accurate manner the financial data and the income statement in order to save the company's assets.
5. Prepare the financial statements according to the International Accounting Standards approved by the Capital Markets Authority.
6. Manage the daily work and management activities, managing the company's resources in an appropriate way, increasing the profit and minimizing the expenses in accordance with the company's objectives and strategy.
7. Participate in building and developing the culture of moral values within the company.
8. Set up internal control systems and risk management systems and ensures the effectiveness and the efficiency of those systems.

## Board of Directors' Achievements During 2025

- Supervised the application of all procedures related to corporate governance rules in the company.
- Followed up, reviewed and approved all recommendations and periodic reports issued by the committees emanating from the Board of Directors.
- Followed up, reviewed and approved of all periodic reports issued by the Finance Department.
- Followed up, reviewed and approved all the reports related to corporate governance requirements.
- Followed up on the company's operations with the Executive Management, and discussion of all observations received from regulatory authorities.
- Formation of the Board of Directors and its subcommittees.
- Approved the Board of Directors structure and its subcommittees.
- Approved the delegations of authority for Board Members and Executive Management.
- Approved of all the required amendments to the Board Charter, Code of Conduct, and disclosure and reporting mechanisms.
- Approved the Corporate Social Responsibility and Sustainability Plan.
- Updated and approved of the company's goals and strategies and approved of any amendments.
- Discussed and approved all policies, procedures, and regulations related to corporate governance requirements and all company departments.

# Governance Report

31 December 2025

## Brief note about the requirements of Board of Directors formation for specialized independent committees, including the following data about each one

- Name of the committee
- Tasks & achievements of the committee during the year
- Date of formation and duration
- Committee head and members
- Number of meetings held during the year

## Nominations and Remuneration Committee

### The main tasks and responsibilities of the Nominations and Remuneration Committee include:

- 1- Recommend the nominations and re-nominations of Board Members and Executive Management.
- 2- Develop a clear policy for the remuneration of Board Members and Executive Management.
- 3- Develop job descriptions for Executive Members, Non-executive Members, and Independent Members.
- 4- Ensure that the independence status of a Board Member is not compromised.
- 5- Prepare the remuneration report for Board Members and Executive Management.

## Nominations and Remuneration Committee Achievements during 2025

- Evaluated the Key Performance Indicators (KPIs) for the Board Members and Executive Management and prepared annual performance evaluation.
- Opened the nominations and re-nominations for the Board of Directors members and reviewed the applications.
- Implemented conditions related to the integrity and financial soundness standards for Executive Management.
- Ensured that the independent Board member had not lost their independence status.
- Reviewed the job descriptions for Board of Directors members and Executive Management.
- Studied and reviewed the remuneration policy.
- Proposed remuneration for members of the Board of Directors and the Chief Executive Officer.
- Prepared the remuneration report.

## Nominations and Remuneration Committee Formation

Nominations & Remuneration committee has been formed as per the requirement of CMA on 27 April 2025, the membership of the committee ends when the board of directors memberships does.

## Nominations and Remuneration Committee Members

Name	Position
Mr. Abdulaziz Dawoud Al-Marzouq	Head of Committee
Mr. Marzouq Jassim Al Marzouq	Committee Member
Mr. Osama Rashed Al Armali	Committee Member – Independent
Mr. Fawaz Abdulaziz Al Fadhalah	Secretary of the Committee

# Governance Report

31 December 2025

## Meetings of the Nominations and Remunerations Committee during the year 2025

Member Name	Meeting Number	Number of meetings				
	( 01/2025 )	( 02/2025 )	( 03/2025 )	( 04/2025 )	( 05/2025 )	
	Date	Date	Date	Date	Date	
Abdulaziz Dawoud Al-Marzouq Head of Committee	16/01/2025	06/02/2025	11/03/2025	23/04/2025	07/05/2025	5
Marzouq Jassim Al Marzouq Committee Member	✓	✓	✓	✓	✓	5
Osama Rashed Al Armali Committee Member - Independent	✓	✓	✓	✓	✓	5
Fawaz Abdulaziz Al Fadhalah Committee Secretary	✓	✓	✓	✓	✓	5

According to CMA requirements, the company maintains a special register in which the committee meeting minutes are recorded and kept with the secretary of the committee.

## Audit Committee

### Duties and Responsibilities of Audit Committee

- 1- Review the periodic financial statements before presenting them to the Board of Directors and provide opinions and recommendations regarding them to the Board.
- 2- Recommend to the Board of Directors the appointment, reappointment, or replacement of external auditors and determining their fees.
- 3- Monitor the work of external auditors.
- 4- Review the observations of external auditors on the company's financial statements and following up on the actions taken regarding them.
- 5- Review the accounting policies in place, providing opinions, and make recommendations to the Board of Directors regarding them.
- 6- Evaluate the adequacy of the internal control systems applied within the company and prepare a report that includes the committee's opinion and recommendations on this matter.
- 7- Provide technical supervision over the internal audit department in the company to verify its effectiveness in carrying out the tasks and responsibilities assigned by the Board of Directors.
- 8- Recommend the appointment, transfer, or dismissal of the Internal Audit Manager, and evaluate their performance as well as the performance of the internal audit department.
- 9- Review and approving the audit plans proposed by the internal auditor, and provide feedback on them.
- 10- Review the results of the internal audit reports and confirm that corrective actions were taken regarding the observations contained in the report.
- 11- Review the results of regulatory authority reports and ensure that the necessary actions have been taken regarding them.
- 12- Ensure the company's compliance with relevant laws, policies, regulations, and instructions.

# Governance Report

31 December 2025

## Audit Committee Achievements During 2025

- Approved the Internal Audit Plan.
- Recommended to the Board of Directors the appointment of the external auditor after ensuring their independence and reviewing the appointment letter.
- Reviewed the quarterly interim financial statements as well as the annual financial statements and submitted a recommendation to the Board of Directors for approval
- Reviewed the results of internal audit reports and ensured that corrective actions were taken regarding the observations mentioned in the report.
- Reviewed the results of the reports on evaluation and review of internal control systems, as well as the performance of the Internal Audit Office, and ensured that corrective actions were taken regarding the observations mentioned in both reports.
- Prepared the Audit Committee report and submitted it to the Board of Directors for presentation to the General Assembly.

## Audit Committee Formation

Auditing committee has been formed as per the requirement of CMA on 27 April 2025, the membership of the committee ends when the Board of Directors Membership ends.

## Audit Committee Members

Name	Position
Mr. Hisham Fahad Al-Ghanim	Head of Committee
Mr. Marzouq Jassim Al Marzouq	Committee Member
Mr. Osama Rashed Al Armali	Committee Member – Independent
Mr. Kareem Ahmad Amer	Secretary of the Committee

## Audit Committee Meetings during 2025

Member Name	Meeting Number ( 01/2025 ) Date 15/01/2025	Meeting Number ( 02/2025 ) Date 10/03/2025	Meeting Number ( 03/2025 ) Date 23/03/2025	Meeting Number ( 04/2025 ) Date 08/05/2025	Meeting Number ( 05/2025 ) Date 01/06/2025	Meeting Number ( 06/2025 ) Date 06/08/2025	Meeting Number ( 07/2025 ) Date 07/11/2025	Number of meetings
Hisham Fahad Al Ghanim Head of Committee	✓	✓	✓	✓	✓	✓	✓	7
Marzouq Jassim Al Marzouq Committee Member	✓	✓	✓	✓	✓	✓	✓	7
Osama Rashed Al Armali Committee Member Independent	✓	✓	✓	✓	✓	✓	✓	7
Kareem Ahmad Amer Committee Secretary	✓	✓	✓	✓	✓	✓	✓	7

According to CMA requirements, the company maintains a special register in which the committee meeting minutes are recorded and kept with the secretary of the committee

# Governance Report

31 December 2025

## Risk Management Committee.

### The main tasks and responsibilities of the Risk Committee include:

1. Prepare and review risk management strategies and policies before they are approved by the Board of Directors.
2. Ensure the availability of adequate resources and systems for risk management.
3. Evaluate the systems and mechanisms for identifying, measuring, and monitoring the various types of risks that the company may face, in order to identify any deficiencies.
4. Assist the Board of Directors to determine and assess the acceptable level of risk in the company.
5. Review the organizational structure of risk management and provide recommendations on it before it is approved by the Board of Directors.
6. Ensure the independence of risk management employees from activities that may expose the company to risks.
7. Ensure that risk management employees have a complete understanding of the risks surrounding the company.
8. Prepare periodic reports on the nature of the risks the company is exposed to.
9. Review the issues raised by the associated Audit Committee that may impact risk management in the company.

### Risk Management Achievements During 2025

- Followed up, reviewed, and approved all reports related to risk assessment.
- Reviewed the results of the internal audit report on the operations of the Risk Management Office.
- Reviewed the results of Risk Management reports and ensured that corrective actions were taken regarding the observations mentioned in the report.

#### Updated and reviewed each of the following:

- The Risk register, including existing and proposed control departments to the Committee.
- The Risk Management Policy.
- The Risk Appetite Statement.
- The job description of the Head of the Risk Management Office.

### Risk Management Committee Formation

Risk Management Committee has been formed as per the requirement of CMA on 27 April 2025 , the membership of the committee ends when the Board of Directors membership ends.

### Risk Management Committee Members

Name	Position
Mr. Hisham Fahad Al-Ghanim	Head of Committee
Mr. Nasser Bader Al Rowdan	Committee Member
Mr. Osama Rashed Al Armali	Committee Member – Independent
Mrs. Ghalia Emad Hayat	Secretary of the Committee

### Risk Management Committee Meetings during 2025

Member Name	Meeting Number	Number of Meetings					
	( 01/2025 ) Date	( 02/2025 ) Date	( 03/2025 ) Date	( 04/2025 ) Date	( 05/2025 ) Date	( 06/2025 ) Date	
Hisham Fahad Al Ghanim Head of Committee	15/01/2025	08/05/2025	06/08/2025	05/10/2025	02/11/2025	03/12/2025	6
Nasser Bader Al Rowdan Committee Member	✓	✓	✓	✓	✓	✓	6
Osama Rashed Al Armali Committee Member – Independent	✓	✓	✓	✓	✓	✓	6
Ghalia Emad Hayat Committee Secretary	✓	✓	✓	✓	✓	✓	6

According to CMA requirements, the company maintains a special register in which the committee meeting minutes are recorded and kept with the secretary of the committee.

# Governance Report

31 December 2025

## **Brief note about how to implement the requirements that enable Board Members to obtain accurate and timely information.**

Kuwait National Cinema Company provides the mechanisms and tools that enable the Board Members to obtain the required information and data in a timely manner through the continuous development of the IT environment within the company, in addition to establishing channels of direct communication between the Board's Secretary and Board Members and providing reports and topics of discussion prior to the meetings with sufficient time for discussion and decision-making thereto.

## **Rule 3:**

## **Selecting Competent Individuals for the Board of Directors' and Executive Management Membership**

### **Brief note about the implementing requirements of nominations and remuneration committee formation**

The committee was established to assist the company's Board of Directors in fulfilling its supervisory responsibilities related to the effectiveness and integrity of compliance with the company's nomination and remuneration policies and procedures. It is responsible for reviewing and approving selection criteria and appointment procedures for Board Members and Executive management, ensuring that the nomination and remuneration policy and methodology align with the company's strategic objectives. Therefore, the remuneration policy was developed to attract employees with the necessary competence, skills, and experience. Based on the committee's recommendations, the Board of Directors approved this policy.

## **Report on the remuneration granted to Board Members, Executive Management, and Directors**

### **1- Summary of the rewards and incentives policy at the company, particularly regarding Board Members, Executive Management, and Directors**

#### **Introduction:**

The company's remuneration policy has been prepared to attract and maintain employees with competence, knowledge, skills and experience. The Board of Directors, based on the recommendations of the Nomination and Remuneration Committee, approves and amends the remuneration policy in the company, taking into account the following points:

#### **Firstly: Remunerations of Board Members:**

The remuneration of the Chairman and the members of the Board of Directors is determined according to:

1. Recommendation from the Remuneration and Nominations Committee.
  2. It should not contrast with article of association of the company or any other related regulations.
  3. The remuneration of Board members is subject to annual review.
  4. The following factors are considered when determining the remuneration of Board Members.
    - a. The company's performance and the extent to which it achieves its profits and desired objectives.
    - b. The annual evaluation of the board members provided that they have received a rating of very good or higher.
  5. It is presented to the Board of Directors for feedback.
  6. The final approval of the Board Members' remuneration is granted by the company's General Assembly.
- Compliance with the provisions of Article 198 of the Companies Law No. 1 of 2016, which stipulates that the total remuneration of Board members should not exceed 10% of the net profit after deducting depreciation, reserves, and distributing no less than 5% of the capital to shareholders, or any higher percentage specified in the company's contract.
  - A Non-executive Board Member may be exempted from the annual remuneration cap, based on the approval of the Ordinary General Assembly.

# Governance Report

31 December 2025

## Secondly: Remunerations of the Executive Management in the company:

The Nominations and Remunerations Committee studies the annual remuneration proposal for the Executive Management of the company based on their annual evaluation and submits its recommendation to the Board of Directors for approval.

The Executive Management's reward system is linked to the key performance indicators of the Executive Management and the results achieved by the company, and includes the following:

### Fixed Remuneration:

- The level of responsibilities assigned to the employees, their career path, experiences, and competencies are taken into consideration.
- Fixed remuneration, including amounts, allowances, benefits and perks, is determined according to the job grade schedule approved by the Board of Directors.

### Performance Based on Remuneration

- Performance-based remuneration is linked to the achievement of pre-established goals for both the Executive Management and the company.
- The performance remunerations have been set to motivate the Executive Management to double their efforts and to achieve the targeted goals.
- The performance remunerations are regularly reviewed.

**Thirdly: This remuneration is not binding, but is subject to annual study, based on the company's achievement of the desired profits and objectives.**

## 2- Remuneration Includes the following two statements:

Remunerations and Benefits for Board Members							
Total number of BOD members	Remunerations and benefits through the parent company			Remunerations and benefits through subsidiary companies			
	Fixed Remunerations and benefits (Kuwaiti Dinar)	Inconsistent Remunerations and benefits (Kuwaiti Dinar)		Fixed Remunerations and benefits (Kuwaiti Dinar)		Inconsistent Remunerations and benefits (Kuwaiti Dinar)	
	Health Insurance	Annual Bonus	Committee Bonus	Health Insurance	Monthly Salaries (total per year)	Annual Bonus	Committee Bonus
5	—	35,000	—	1,280	72,000	20,000	—

Total Remunerations and Benefits for the Executives receiving the highest rewards								
Total number of executives	Remunerations and benefits through the parent company				Remunerations and benefits through subsidiary companies			
	Fixed Remunerations and benefits (Kuwaiti Dinar)		Inconsistent Remunerations and benefits (Kuwaiti Dinar)		Fixed Remunerations and benefits (Kuwaiti Dinar)		Inconsistent Remunerations and benefits (Kuwaiti Dinar)	
	Monthly Salaries (total per year)	Health Insurance	Annual Bonus	Committee Bonus	Monthly Salaries (total per year)	Health Insurance	Annual Bonus	Committee Bonus
5	213,900	4,480	52,850	—	—	—	2,000	—

## 3- Any fundamental violations related to the remuneration policy

There were no fundamental violations related to the remuneration policy approved by the Board of Directors.

# Governance Report

31 December 2025

## Rule 4:

### Ensuring the Integrity of the Financial Reports:

**Written commitments from both the Board of Directors and Executive Management regarding the accuracy and integrity of the prepared financial reports.**

#### Board of Directors' Commitment

We, the Chairman and members of the Board of Directors of Kuwait National Cinema Company (Kuwaiti public shareholding company) (the parent company and the subsidiary companies), hereby declare and warrant the accuracy and integrity of the consolidated financial statements for the year ended 31<sup>st</sup> of December 2025 which have been provided to the external auditor. We affirm that the financial reports of the company have been presented fairly, properly and according to the International Financial Reporting Standards applicable in the State of Kuwait and approved by the CMA and represent the financial position of the company as of 31<sup>st</sup> of December 2025 based on the information and reports received from the Executive Management and the external auditors and that due care has been exercised to verify the integrity and accuracy of those reports.

Member Name	Position
Abdulaziz Dawoud Al-Marzouq	Chairman
Hisham Fahad Al Ghanim	Vice Chairman
Nasser Bader Al Rowdan	Board Member & CEO
Marzouq Jassim Al Marzouq	Board Member
Osama Rashed Al Armali	Board Member - Independent

Signed by the Board of Directors on the 17 February 2026

#### Executive Management Commitment

The Executive Management, represented by the Chief Executive Officer and the Finance Managers submitted a written declaration to the Board of Directors of the Company on the 17 February 2026, declaring that the consolidated financial information for the fiscal year ended on the 31<sup>st</sup> of December 2025 of Kuwait National Cinema Company (Kuwaiti Public Shareholding Company) "the parent company" and its two subsidiary companies (collectively referred to as "the Group") were presented in a proper and fair manner and show all the financial aspects of the company in terms of operating data and results, and that they were prepared according to the international financial reporting standards approved by the Kuwait Capital Markets Authority.

### An overview of the application of the requirements for forming the Audit Committee

The Audit Committee is formed with a view to helping the Board of Directors in supervising the internal control systems at the Company, monitoring the internal audit function and the reports of the external auditor, verifying that the procedures in place at the company conform to the laws, regulations and rules of professional conduct. The members of the committee specialized in financial matters with a long experience in reviewing accounts and financial reports in order to ensure the transparency and fairness of the reports issued by the Company's various departments.

The role and responsibilities of the committee, along with all conditions related to its formation, have been defined in the Audit Committee's charter approved by the Board of Directors.

There was no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

### Ensuring the independence and impartiality of the External Auditors

The general assembly has nominated CMA authenticated auditing office upon the proposal of Board of Directors after a recommendation from the Audit Committee. The appointment of the auditor met all the CMA requirements, ensuring their independence from the company and its Board of Directors, and that they do not perform any additional services other than auditing and reviewing, to maintain their impartiality and independence.

# Governance Report

31 December 2025

## Rule 5:

### Setting proper system for Risk Management and Internal Control

#### Brief note about the requirements for formation of Department/office/independent unit for risks management

Kuwait National Cinema Company has a Risk Management Office that operates directly under the supervision of Risk Management Committee, with the assistance of a specialized consulting firm appointed to support this office. The office works on implementing its own policies and procedures manual, which has been approved by the Board of Directors. Relevant departments cooperate with the Risk Management Office to provide a risk register report for approval by the Board of Director.

#### Brief note of the application of the requirements for forming the Risks Management Committee

The Board of Directors of the company formed a Risk Management Committee, ensuring compliance with the requirements of the Capital Markets Authority. The committee's tasks, responsibilities, membership duration, and working methods were defined within the Risk Committee charter approved by the Board.

This committee was established to assist the Board of Directors in carrying out its supervisory responsibilities related to current and emerging risks associated with the company's activities.

#### Brief note of the internal control and supervision systems

The Board of Directors seeks to ensure the efficiency and effectiveness of the internal control systems necessary to protect the company's operations and verify compliance with the implementation of these systems. The organizational structure of the company reflects its internal control and monitoring systems through the following:

- Ensuring proper definition of responsibilities and authorities.
- Guaranteeing segregation of duties and avoiding conflicts of interest.
- Implementing the principle of dual control.

The effectiveness of control in Kuwait National Cinema Company is demonstrated in the multiple-phase control system adopted by the company as a business approach through the provision of an internal audit office with adequate authority, independence and resources to enable it to perform its work effectively. An independent audit office has been assigned to review the company's internal control system and prepare a report in this regard, to be submitted to the Capital Markets Authority annually. Additionally, another audit office is assigned to review and evaluate the performance of the internal audit office every three years, provided that both the audit committee and the Board of Directors are provided with a copy of this report. The Audit Committee is responsible for overseeing the framework of the internal control systems in addition to selecting and rotating the external auditor in accordance with regulatory requirements.

#### Brief note about the requirements for formation of management/office/independent unit for internal auditing

The company has an Internal Audit Office, where the concerned officer enjoys full independence. The Audit Committee monitors the work of that office. Further, the company has appointed a consulting firm to work with the Internal Audit Office to perform the tasks and responsibilities in accordance with the policy and procedures of the office, along with the audit plan approved by the Board of Directors.

# Governance Report

31 December 2025

## **Rule 6: Enhancing Professional Conduct and Moral Values**

### **Brief note about the work charter which include specific criteria and identifiers for the professional conduct and moral values**

Investor confidence in the integrity and financial soundness of the company is derived from the extent to which professional conduct and ethical values are embedded within the company. The Kuwait National Cinema Company continues to emphasize its commitment to promoting this culture by ensuring that all employees, whether Board Members or Executive Management, adhere to the company's internal policies, regulations, and legal and regulatory requirements. This guarantees the interests of all stakeholders, especially shareholders, are protected with a high level of transparency, thus helping to avoid any conflicts of interest. The company has outlined a set of policies and procedures in its Code of Conduct, of which we summarize the following:

#### **Transactions with Related Parties**

The policy on transactions with related parties outlines the guiding principles for conducting and managing transactions with related parties, whether the information involves the company and Board Members or Executive Management and related parties, as these may present a source of actual conflicts of interest. Therefore, the Board of Directors is committed to implementing a conflict of interest policy. The company, under the supervision of the Board, has reviewed the policy on transactions with related parties to ensure its alignment with the nature of the company's operations and regulatory developments in the markets in which it operates. Additionally, the company follows a set of procedural templates to manage the disclosure of potential conflicts of interest and the mechanisms for addressing them.

#### **Whistleblowing Policy**

The whistleblowing policy creates a work environment based on cooperation and transparency for all employees. The company has established an email address on its website, allowing any stakeholders to report their concerns or suspicions regarding any violations, misconduct, or unethical behaviors to the Board of Directors. These procedures are carried out within a framework that ensures the protection of the whistleblower, provides necessary investigations, and supervises these processes.

#### **Brief note about the policies and mechanisms to reduce the conflicts of interest**

The company has a policy regarding the limitation of conflicts of interest approved by the Board of Directors. The aim of these systems and policies is to achieve fairness, transparency, and prevent conflicts of interest and the misuse of insider information. The policy also aims to regulate the company's disclosure procedures for material information and provide a mechanism for announcing it in line with corporate governance instructions. Furthermore, the conflict-of-interest policy stipulates the reporting of any interest held by an employee, a board member, or their relatives in any contracts or transactions with the company and prohibits them from making decisions or voting on any decisions related to this interest.

## Governance Report

31 December 2025

### Rule 7:

#### Disclosure and Transparency in an Accurate and Timely Manner

##### Brief note about the application of accurate disclosure and transparency mechanism which determines the full aspects of disclosure

Governance standards include enhancing the mechanism for accurate and timely disclosure of all matters related to the company's establishment, financial position, performance, and ownership structure. The Board of Directors has approved disclosure policies and procedures to ensure that accurate information is provided in a timely manner to shareholders and stakeholders. The relevant departments approved by the Board of Directors are responsible for verifying the disclosure of the core information related to the company to the Boursa Kuwait and the Capital Markets Authority.

##### Brief note about requirements for Board of the Directors, Executive Management and Managers' disclosure register

The company holds a register that includes all operations related to the members of the Board of Directors and Executive Management for the year 2025 maintained by the Investors' Affairs Unit and shareholders have the right to peruse this register without paying any fees.

##### Brief note about the requirements for formation Investors Affairs Unit

This unit ensures the ability of stakeholders to communicate with the company in an effective manner. This unit gave effect to its role by providing all the data that existing and prospective investors may need, in a straightforward and prompt manner and does so by responding to enquiries by email or direct personal communication.

##### Brief note about the development of information technology infrastructure to be mainly used in the disclosure process

Kuwait National Cinema Company is keen on developing its information technology infrastructure to serve as the key driver of its disclosure process. To this end, the company's website serves as an essential part of the disclosure mechanism in addition to the annual reports, financial statements, the notes of the financial statements and the information related to the company's activities.

### Rule 8:

#### Respecting the Shareholders' Rights

##### Brief note about the requirements of identification and protecting the general shareholders' rights to ensure justice and equality among all shareholders

Transparency towards the company's shareholders is one of the most important matters to protect the rights of shareholders, where transparency concept is seriously and permanently sustained by the company's management. To reinforce the application of this principle, the company's management works on maintaining communication with shareholders through available means and on an ongoing basis, by:

## Governance Report

31 December 2025

- Following up on delivering the invitation for and documents of the ordinary and extraordinary general assembly, delivering cash dividends through the approved means, inviting shareholders and encouraging them to exercise their rights through direct communication and follow-up or any other available means.
- Adopting an open-door policy to receive any proposals and complaints, communicated in the chairman's letter during the meetings of the general assemblies.
- Sending regular bulletins and invitations for participation and/or perusing the activities and events organized by the company.
- Providing all information, data and advertising on a regular basis through the company's website.

### **Brief note about establishing special register to be kept at The Clearing Company as part of the requirements for continuous monitoring of shareholder data.**

The company has a register maintained by the clearing agency which allows investors to inspect this register. All dealings with the data recorded in the register are treated with the highest standards of protection and confidentiality, without conflicting with the applicable laws and controls.

### **Brief note about how shareholders are encouraged to participate and vote in the company's general assembly meetings.**

Kuwait National Cinema Company encourages its shareholders to attend the general assembly meeting and gives them the opportunity to vote and exercise all their rights.

## **Rule 9: Recognition of Stakeholder's Role**

### **Brief note about the systems and policies that guarantee protection and recognition of Stakeholders rights**

Kuwait National Cinema Company has adopted a policy that regulates its relations with stakeholders. The policy features rules and procedures that guarantee protection and recognition of the rights of stakeholders and ensures that they are properly indemnified in the event of violation of any of their rights in strict observance of the letter and spirit of the relevant laws.

### **Brief note about stakeholders encouraging methodology to follow the activities of the company**

The company guarantees stakeholder rights by providing information periodically by maintaining continuous communication with them and encouraging them to follow up the company's activities within a framework of clear transparency and open dialogue by keeping them informed of all developments related to its periodical financial statements and on-going disclosures subject to the company's contracts and operational policies.

## Governance Report

31 December 2025

### **Rule 10: Performance Enhancement and Improvement**

#### **Brief note of the requirements for setting mechanism that enables Board of Directors and Executive Management to have regular training courses.**

Kuwait National Cinema Company is keen to provide the members of the Board of Directors and Executive Management with all necessary training programs in order to develop skills and increase knowledge in view of achieving a better level of management and competence. In this regard, in 2025, the company has coordinated with training and consultancy authorities in various fields.

#### **Brief note about appraisal mechanism of Board of Directors as a whole and the performance of each Board Member and Executive Management member separately**

The performance of the Board of Directors and the Executive Management is appraised first as a whole, then individually for each member separately by means of key performance indicators KPI.

#### **Brief note about the efforts of Board of Directors in creating institutional values to the staff throughout the application of the strategical objectives and improving the performance levels.**

At the beginning of every year, the company identifies the values that it will seek to enhance in the short, medium and long term by laying down such mechanisms and procedures that will facilitate the achievement of the company's strategic objectives. Furthermore, Kuwait National Cinema Company continuously develops its internal integrated reporting systems thereby reaffirming its ongoing focus on creating institutional values for all its employees in order to motivate them to strive to achieve financial prosperity for their company.

### **Rule 11: Focus on the Importance of the Social Responsibility**

#### **Brief note about setting a strategy that ensures achieving a balance between the company's and the society's objectives**

Based on its commitment and firm belief in the importance of social responsibility and sustainability, which will have a long-term impact, the Kuwait National Cinema Company is committed to implementing best social practices that support sustainable development and enhance its positive impact on society.

#### **Summary of the implementation of the social responsibility and sustainability plan**

The company developed a Social Responsibility and Sustainability Plan for 2025. The initiatives under this plan reflect the company's responsibility toward society and the environment. To strengthen its active role, these initiatives include supporting the local community, spreading community awareness, and protecting the environment.

# Governance Report

31 December 2025

## Brief note about the applied programs and mechanisms that assist in highlighting the efforts of the company in the field of social work

### Local Community Support

Based on the company's vision and plan to support society and sustainable development, the Kuwait National Cinema Company took the lead in supporting the local community by backing purposeful social and voluntary initiatives and activities that reflect its commitment to promoting and elevating positive social behavior. Among these initiatives, the company organized free cinema screenings for people with disabilities and special needs, in cooperation with schools and specialized centers.

### Community Awareness Campaign

Out of belief in and commitment to its social duty, the Kuwait National Cinema Company intensified its efforts to support social and voluntary initiatives and activities aimed at promoting and elevating social behavior. It also highlighted awareness of cancer, in addition to supporting media initiatives for community centers, government sectors, and authorities such as the Ministry of Health, Ministry of Higher Education, Ministry of Interior, Ministry of Social Affairs, the Kuwaiti Lawyers Association, and the Public Authority for Disability Affairs. Support was also extended to private-sector entities such as non-profit charitable, medical, and rehabilitation associations through the display of awareness videos and national festivals. Moreover, The Warehouse Mall allocated spaces to support cancer awareness campaigns, a blood donation campaign in cooperation with the Ministry of Health, and a diabetes awareness campaign.

### Environmental Protection

The company also sought to adopt sustainable practices that protect the environment and reduce negative impact. These include a strategy to reduce the use of printed paper and rely on digital transactions, in addition to cooperating with environmentally friendly printing houses to manufacture popcorn containers. These measures aim to enhance environmental awareness and contribute to the conservation of natural resources.

### Partnerships and Sponsorships

Through its partnerships, the Kuwait National Cinema Company seeks to unify efforts, achieve shared development goals, and enhance social responsibility. The company believes that effective partnerships have a positive and sustainable impact on society; among its most important partnerships are:

### LOYAC

The partnership between Kuwait National Cinema Company and LOYAC is considered one of the leading partnerships in the field of supporting and empowering youth in Kuwait. LOYAC is distinguished by its ability to develop and empower young people by teaching them various skills and enabling them to achieve their ambitions. The joint efforts between the two companies have contributed to providing training and educational opportunities for youth. Thanks to this partnership, the two companies have been able to motivate young people to develop their artistic and technical skills in various fields, which has led to the flourishing of diverse talents in Kuwait and enriched the artistic scene with creative works that reflect the culture and identity of Kuwaiti society.

# Governance Report

31 December 2025

## **American International University**

The American International University and Kuwait National Cinema Company organized a film festival, workshops, and lectures. This collaboration between the educational and private sectors resulted in the transfer of information, exchange of experiences, and enhancement of the film industry in Kuwait, as well as encouraging young people. Additionally, the partnership was able to highlight job opportunities and the challenges facing the film industry in Kuwait, sparking the ambition of youth to explore the cinema field and excel in it.

As part of this partnership, both parties organized the launch of the festival at the Cinescape Al-Assima Mall, specifically in Cinescape Skyline, which helped attract a large audience by inviting several Kuwaiti celebrities to participate in the festival and discuss the job market while introducing them to diverse and unique cinematic works. Cinescape 360 Mall attracted the audience to workshops and educational seminars, which benefited more than 730 people. In the near future, there are several projects in collaboration with the university to develop cinema in Kuwait across various fields and methods.

## **Applied Behavior Analysis Center (ABC)**

As part of its social responsibility, Kuwait National Cinema Company seeks to support and enhance its role in the community through social initiatives and activities aimed at promoting and improving social behavior. Believing in its social responsibility, Kuwait National Cinema Company collaborated with the Applied Behavior Analysis Center (ABC) to support children with autism spectrum disorder (ASD) by dedicating several monthly screenings for people with special needs. The company also took into account their special needs, such as keeping the lights on, reducing the sound levels in the cinema, and allowing freedom of movement inside and outside the hall to ensure their complete comfort. Additionally, the company worked on providing recreational spaces outside of the screenings for people with special needs, offering unlimited support.

## **Public Authority for Minors Affairs**

Based on the role of the authority in guardianship over Kuwaiti minors and in line with its social responsibility, Kuwait National Cinema Company trained approximately 32 minors, aged between 15 and 21 years. The company provided them with training job opportunities at Cinescape theaters during their free time in the summer vacation. The focus was on developing their skills, making use of their time, and helping them recognize their abilities and potential to take on responsibilities and become more self-reliant.

## **Public Authority for Manpower**

The Kuwait National Cinema Company trained a number of university students and provided internship opportunities through practical training programs during the summer vacation. These programs aim to raise awareness of the importance of working in the private sector and its impact on professional development, with a focus on skill development, positive use of time, identifying capabilities for responsibility, enhancing self-reliance, highlighting the importance of training, and fostering a spirit of challenge and work ethic by opening pathways to private-sector employment within the Kuwaiti work environment.

# INDEPENDENT AUDITOR'S REPORT

31 December 2025

# INDEPENDENT AUDITOR'S REPORT

Kuwait National Cinema K.P.S.C.

## REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

We have audited the consolidated financial statements of the Kuwait National Cinema – K.P.S.C

(the "Parent Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

**I**our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

31 December 2025

## Revenue recognition – Movie Shows

The Group recognised revenue from movie shows of KD 14,245,457 million during the year.

The Group recognizes revenue when the related movie show has been exhibited.

There is an inherent risk around the accuracy and timing of revenue recorded due to the complexity of the Information Technology (IT) environment used to manage the sale of tickets for movie shows.. This, together with the level of audit effort required, has resulted in revenue recognition from movie shows identified as a key audit matter.

The accounting policies for revenue recognition from movie shows are set out in note 2.3.13 and the details of revenue are disclosed in note 19 to the consolidated financial statements.

## How our audit addressed the key audit matter

**We performed the following procedures, inter alia, to address the key audit matter:**

- We obtained an understanding of the process adopted by management to recognize revenue from the exhibition of movie shows.
- We evaluated the relevant IT systems and the design and operating effectiveness of controls over the IT environment, as well as the controls specific to the recording of ticket sales and the recognition of related revenue, to determine if they had been appropriately designed and implemented.
- We audited the reconciliation between revenue recorded in accounting records and the cash receipts recorded in the bank statements.
- We performed data analytic procedures by recalculating the revenue recognized based on the price masterfile, and also to reconcile the amounts recorded in the books as ticket bookings, the amounts collected as reflected in the bank statements for the year and the amounts recorded in the accounting books.
- We performed substantive tests of details and analytical procedures, which included, but were not limited to, a monthly revenue analysis, an analysis of revenue per movie and the average ticket price.
- We assessed the disclosures in the consolidated financial statements relating to revenue against the requirements of IFRS Accounting Standards.

## Fair value of investment properties

The Group's investment properties are carried at KD 88,967,344 in the consolidated statement of financial position as at 31 December 2025 and the net loss from change in fair value presented in the consolidated statement of income amounted to KD 865,596. The Group measures its investment properties

at fair value with all fair value changes being presented in profit or loss.

The determination of fair value of these investment properties is based on valuations performed by external valuers using the capitalized income approach and market comparative price.

The valuation of the investment properties portfolio requires management to apply significant judgements and makes significant estimates. These include the forecast of discounted future cash flows analysis, the assessment of the expected remaining holding period, future rental rates and discount rates.

The valuation of the investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements and consequently, we have determined this to be a key audit matter.

Refer to note 6 in the consolidated financial statements for further details relating to this matter.

## How our audit addressed the key audit matter

**We performed the following procedures, inter alia, to address the key audit matter:**

- We obtained an understanding of the process adopted by management to determine the fair value of investment properties.
- We evaluated the controls related to the valuation of investment properties and determined that these controls had been designed and implemented.
- We assessed the external valuer's skills, competence, objectivity and independence and read their (terms of engagement) with the Group to determine if the scope of their work was sufficient for audit purposes.
- We agreed the total valuation in the valuer's report to the amount reported in the consolidated statement of financial position.
- We tested the data provided to the valuer by the Group, on a sample basis.
- We assessed, on a sample basis, whether the valuation of the properties was performed in accordance with the requirements of IFRS Accounting Standards. We utilized our internal specialist to perform this testing.
- We reperformed the arithmetical accuracy of the determination of fair value.
- We assessed the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

# INDEPENDENT AUDITOR'S REPORT

31 December 2025

## Other Information

Management is responsible for the other information. The other information consists of information included in the Annual Report of the Group for the year ended 31 December 2025, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report of 2025 after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

# INDEPENDENT AUDITOR'S REPORT

31 December 2025

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out; and that, to the best of our knowledge and belief, no 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, have occurred during the financial year ended 31 December 2025 that might have had a material effect on the business of the Group or on its consolidated financial position. We further report that, during the course of our Audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended and its executive regulation during the year ended 31 December 2025, that might have had a material effect on the business of the Group or on its consolidated financial position.



**Ali B. Al-Wazzan**

Licence No. 246 A

Deloitte & Touche - Al-Wazzan & Co.

Kuwait, 17 February 2026

# Consolidated Statement of Financial Position as at 31 December 2025

(All amounts are in Kuwaiti Dinar)

	Note	2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	22,660,740	24,167,765
Investment properties	6	88,967,344	89,832,940
Right-of-use leased assets	7	9,792,781	11,864,903
Intangible assets		1,111,258	227,679
Investment in an associate	9	57,597,188	52,702,065
Investments at fair value through other comprehensive income ("FVTOCI")	10	13,308,840	7,300,597
Trade and other receivables		831,125	843,446
		<u>194,269,276</u>	<u>186,939,395</u>
<b>Current assets</b>			
Inventories		572,815	658,561
Trade and other receivables		1,216,027	774,828
Cash and cash equivalents	11	45,657,934	45,925,696
		<u>47,446,776</u>	<u>47,359,085</u>
<b>Total assets</b>		<u>241,716,052</u>	<u>234,298,480</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	10,106,250	10,106,250
Treasury shares	13	(8,201,231)	(8,201,231)
Statutory reserve	14	5,065,834	5,065,834
Voluntary reserve	15	19,810,029	17,980,964
Other reserves	16	25,624,811	22,335,285
Retained earnings		53,692,906	45,348,095
Equity attributable to shareholders of the Parent Company		106,098,599	92,635,197
Non-controlling interests		17,410	14,802
<b>Total equity</b>		<u>106,116,009</u>	<u>92,649,999</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other payables	17	4,966,465	7,887,178
Lease liabilities	8	23,152,786	25,312,733
Loans and bank facilities	18	64,144,500	67,774,750
Post-employment benefits		1,795,023	1,699,987
		<u>94,058,774</u>	<u>102,674,648</u>
<b>Current liabilities</b>			
Trade and other payables	17	17,286,249	16,107,831
Lease liabilities	8	1,754,256	2,131,155
Loans and bank facilities	18	22,500,764	20,734,847
		<u>41,541,269</u>	<u>38,973,833</u>
<b>Total liabilities</b>		<u>135,600,043</u>	<u>141,648,481</u>
<b>Total equity and liabilities</b>		<u>241,716,052</u>	<u>234,298,480</u>

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

Abdulaziz Dawoud Marzouq Al-Marzouq  
Chairman

Hisham Fahad Al-Ghanim  
Vice Chairman

## Consolidated Statement of Income for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar)

	Note	2025	2024
Operating revenues	19	40,122,917	37,728,966
Operating costs	20	(22,670,723)	(24,242,901)
<b>Gross profit</b>		<b>17,452,194</b>	<b>13,486,065</b>
Other operating income	21	3,043,345	3,314,771
Administrative and general expenses		(2,114,105)	(2,363,515)
Other operating expenses	21	(828,120)	(721,352)
Change in fair value of investment properties	6	(865,596)	(433,434)
Dividends income from investments		468,121	426,037
Group's share of results of an associate	9	6,421,333	5,681,169
Finance costs	22	(5,283,517)	(5,479,922)
<b>Net profit before deductions</b>		<b>18,293,655</b>	<b>13,909,819</b>
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(111,011)	(75,080)
National labor support tax ("NLST")		(450,724)	(335,931)
Zakat		(111,948)	(73,753)
Board of Directors' remuneration	25	(35,000)	(35,000)
<b>Net profit for the year</b>		<b>17,584,972</b>	<b>13,390,055</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company		17,581,989	13,387,378
Non-controlling interest		2,983	2,677
		<u>17,584,972</u>	<u>13,390,055</u>
<b>Basic and diluted earnings profit per share (fils)</b>	24	<b>189.87</b>	<b>144.57</b>

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar)

	2025	2024
<b>Net profit for the year</b>	<b>17,584,972</b>	<b>13,390,055</b>
<b>Other comprehensive income items:</b>		
<b>Items that will not be reclassified subsequently to statement of income:</b>		
Change in fair value on investments at FVTOCI	2,508,243	746,301
Group's share from change in fair value reserve of an associate	734,341	339,812
Gain on lands revaluation	99,599	172,799
	<u>3,342,183</u>	<u>1,258,912</u>
<b>Items that may be reclassified subsequently to statement of income:</b>		
Group's share from foreign currency reserves of an associate	(10,551)	5,222
Foreign Exchange differences on translation of a subsidiary	(42,106)	384,969
	<u>(52,657)</u>	<u>390,191</u>
Total other comprehensive income /(loss) for the year	<u>3,289,526</u>	<u>1,649,103</u>
<b>Total comprehensive income for the year</b>	<b>20,874,498</b>	<b>15,039,158</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	20,871,515	15,036,481
Non-controlling interest	2,983	2,677
	<u>20,874,498</u>	<u>15,039,158</u>

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

# Consolidated Statement of Changes in Equity for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar)

## Equity attributable to shareholders of the Parent Company

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (Note 16)	Retained earnings	Total	Non- controlling interests	Total
<b>Balance as at 1 January 2024</b>	10,106,250	(8,201,231)	5,065,834	16,590,250	20,686,182	40,759,546	85,006,831	15,125	85,021,956
Net profit for the year	-	-	-	-	-	13,387,378	13,387,378	2,677	13,390,055
Other comprehensive income items	-	-	-	-	1,649,103	-	1,649,103	-	1,649,103
Total comprehensive income for the year	-	-	-	-	1,649,103	13,387,378	15,036,481	2,677	15,039,158
Cash dividends	-	-	-	-	-	(7,408,115)	(7,408,115)	-	(7,408,115)
Cash dividends in subsidiaries	-	-	-	-	-	-	-	(3,000)	(3,000)
Transferred to reserves	-	-	-	1,390,714	-	(1,390,714)	-	-	-
<b>Balance as at 31 December 2024</b>	<u>10,106,250</u>	<u>(8,201,231)</u>	<u>5,065,834</u>	<u>17,980,964</u>	<u>22,335,285</u>	<u>45,348,095</u>	<u>92,635,197</u>	<u>14,802</u>	<u>92,649,999</u>
<b>Balance as at 1 January 2025</b>	10,106,250	(8,201,231)	5,065,834	17,980,964	22,335,285	45,348,095	92,635,197	14,802	92,649,999
Net profit for the year	-	-	-	-	-	17,581,989	17,581,989	2,983	17,584,972
Other comprehensive income items	-	-	-	-	3,289,526	-	3,289,526	-	3,289,526
Total comprehensive income for the year	-	-	-	-	3,289,526	17,581,989	20,871,515	2,983	20,874,498
Cash dividends (Note 25)	-	-	-	-	-	(7,408,113)	(7,408,113)	-	(7,408,113)
Cash dividends in subsidiaries	-	-	-	-	-	-	-	(375)	(375)
Transferred to reserves	-	-	-	1,829,065	-	(1,829,065)	-	-	-
<b>Balance as at 31 December 2025</b>	<u>10,106,250</u>	<u>(8,201,231)</u>	<u>5,065,834</u>	<u>19,810,029</u>	<u>25,624,811</u>	<u>53,692,906</u>	<u>106,098,599</u>	<u>17,410</u>	<u>106,116,009</u>

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

# Consolidated Statement of Cash Flows

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar)

	Note	2025	2024
<b>Cash flow from operating activities</b>			
Net profit for year		17,584,972	13,390,055
Adjustments for:			
Depreciation and amortization		3,753,683	2,377,005
Impairment of property, plant, equipment and right-of-use assets		-	2,720,000
Impairment of intangible assets		200,000	124,861
Impact on modification of leases		(65,298)	-
Interest income		(1,163,495)	(1,173,550)
Depreciation of right-of-use leased assets	7	1,659,930	2,017,135
Gain on disposal of property, plant and equipment		(15,000)	(616,052)
Dividends income		(468,121)	(426,037)
Change in fair value of investment properties	6	865,596	433,434
Group's share of business results of an associate	9	(6,421,333)	(5,681,169)
Post-employment benefits		195,996	212,864
Reversal of provision for expected credit losses		1,447	(207,452)
Interest charged on lease liabilities		881,739	974,579
Finance costs	22	4,401,778	4,505,343
Operating profit before changes in working capital		21,411,894	18,651,016
Change in inventories		85,746	7,530
Change in trade and other receivables		(472,431)	599,866
Change in trade and other payables		(1,835,490)	(5,763,288)
Cash generated from operating activities		19,189,719	13,495,124
Post-employment benefits paid		(100,960)	(111,753)
Net cash generated from operating activities		19,088,759	13,383,371
<b>Cash flows from investing activities</b>			
Paid for purchase of property, plant and equipment		(368,559)	(834,129)
Paid for purchase of intangible assets		(2,862,102)	(363,682)
Interest income received		1,163,495	1,173,550
Time deposits		(12,250,000)	(2,000,000)
Paid for acquisition of financial investments		(3,500,000)	-
Proceeds from sale of property, plant and equipment		15,023	815,954
Proceeds from disposal of investments at FVTOCI		-	110,015
Dividends received		2,718,121	2,676,037
Net cash (used in)/ generated from investing activities		(15,084,022)	1,577,745
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings and bank facilities		(1,864,333)	7,040,155
Paid for finance interest		(4,441,918)	(4,547,822)
Repayment of lease liabilities		(2,059,356)	(2,206,472)
Repayment of interest of lease liabilities	8	(881,739)	(974,579)
Dividends paid		(7,275,153)	(7,280,078)
Net cash (used in)/ generated from financing activities		(16,522,499)	(7,968,796)
<b>Net change in cash and cash equivalents</b>		<b>(12,517,762)</b>	<b>6,992,320</b>
<b>Cash and cash equivalents at the beginning of the year</b>	11	<b>43,930,138</b>	<b>36,937,818</b>
<b>Cash and cash equivalents at the end of the year</b>	11	<b>31,412,376</b>	<b>43,930,138</b>

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

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 1. Incorporation and activities

Kuwait National Cinema Company "the Parent Company" was established as a Kuwaiti Shareholding Public Company in the State of Kuwait on 5 October 1954. The main objectives of the Parent Company are establishing, operating and utilizing cinemas inside and outside Kuwait, importing, producing and distributing movies of different genres and sizes, in addition to exporting, leasing and selling them to others. As well as, importing all machinery and equipment required for cinema industry and trading therein. The Parent Company's objectives also include trading in raw movies, tools of cinematography and projection, along with its furniture and in general, everything that would be involved or used in cinema industry. In addition, bidding for all tenders, government or private is also included within its objectives. The Parent Company has the right to deal with theatre groups, music and marching bands inside and outside the state of Kuwait in order to hold concerts and performances, on the condition that such concerts and performances should be held in accordance with the state's laws and regulations. The Parent Company has also the right to lease cinemas to government and private bodies as well as impresarios. In general, the Parent Company is specialized in everything related to cinema and its aspects of education, entertainment and intellectual activity inside and outside Kuwait. Utilizing financial surpluses available to the company through investing them in real estate and financial portfolios managed by specialized companies and entities. The Parent Company has the right to establish, operate and utilize theatres, import all machinery, equipment and devices required for this activity, utilize and lease shops, restaurants, coffee shops, fun games halls in cinema and theatre buildings, manage and operate the visual and audio media and carry out the activities of publishing, distribution and media. The Parent Company has the right to exercise its activities directly or by leasing to others or acting on behalf of others. The Parent Company may have an interest or participate in any way in any entity that conducts similar business, or which may help it achieve its objectives. The company has the right also to establish and participate such entities. The company has the right to manage, operate, and establish restaurants, coffee shops, and ready-made meals, own the movable assets and real estate necessary to carry out its activities within the limits permitted by law, as well as retail sales of gifts and accessories. The company carries out its all objectives inside and outside Kuwait.

The registered office of the Company is located at Old Khaitan area, Plot 9, Building 164, 2nd floor (office 1 & 2), P.O. Box 502 Safat, 13006 Safat, Kuwait.

These consolidated financial statements include the financial statements of the Parent Company and its following Subsidiaries (collectively "the Group").

The Group have full control over its subsidiaries. There is no material non-controlling interest to be disclosed.

The consolidated financial statements were authorized for issuance for the financial year ended 31 December 2025 by the Board of Directors of the Parent Company on 17 February 2026. The General Assembly of the Parent Company's Shareholders has the authority to amend the consolidated financial statements after its issuance.

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

These consolidated financial statements are prepared under the historical cost basis of measurement, except for investment properties, lands and investments at fair value through statement of comprehensive income that are measured at fair value, as explained in the accounting policies below. The accounting policies of the Group have been consistently applied to all years presented, except as stated in Note 2.2 in relation to adoption of new and revised International Financial Reporting Standards.

The consolidated financial statements are presented in Kuwaiti Dinars which is the functional currency of the Group.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note (4).

	Ownership Percentage (%) 2025	Ownership Percentage (%) 2024	Activity	Incorporation Country
International Film Distribution Company – K.S.C.C	99.25	99.25	Publishing and film distribution	Kuwait
Al Kout Film Production and Distribution Company – S.A.E	100	100	Production and film distribution	Egypt

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### 2.2 New and revised accounting standards

#### 2.2.1 Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these do not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

#### 2.2.2 Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> <li>• permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.</li> <li>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>• add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and</li> <li>• Investments in equity instruments designated at FVTOCI-require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.</li> </ul>	1 January 2026

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

IFRS 18 Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"><li>• present specified categories and defined subtotals in the statement of profit or loss</li><li>• provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements</li><li>• improve aggregation and disaggregation.</li></ul> <p>The application of this standard may have an impact on the consolidated financial statements in future periods.</p>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.</p> <p>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"><li>• it is a subsidiary (this includes an intermediate parent)</li><li>• it does not have public accountability, and</li><li>• its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</li></ul>	1 January 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### 2.3 Significant accounting policies

#### 2.3.1 Basis of consolidation

##### Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date in which Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, revenues and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company's Shareholders .

When the Group loses control of a subsidiary, a gain or loss resulted from derecognition is recognized in the statement of income and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest,
- The carrying amount of the assets before disposal (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

##### Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities, liabilities or equity instruments related to share-based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any interest acquired previously over the net of the asset acquired of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If the net of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the any interest acquired previously, the excess is recognized immediately in the consolidated statement of income as gain.

Non-controlling interests may be measured either at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value of such share. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in the consolidated statement of income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the statement of income where such treatment would be appropriate if that interest were disposed off.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### Goodwill

Goodwill, arising on an acquisition of subsidiaries, is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of any of the cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 2.3.2 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The resulted assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "non-current assets held for sale and non-continuing operations".

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred constructive obligations or made payments on behalf of the associates.

On acquisition of an associate, any excess of the cost of the acquisition over the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities

of the associate as at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment in the associates. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognized immediately in the consolidated statement of income.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss in the associates. The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the requirements of IAS 36 "Impairment of Assets".

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are disposed from the share of the Group in an associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of income (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to consolidated statement of income on the disposal of the related assets or liabilities.

### 2.3.3 Property, plant and equipment

Property, plant and equipment, other than lands, are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance, repairs and immaterial

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renewal are recognized in the consolidated statement of income for the period in which the expenses are incurred.

Land is stated at fair value based on periodic valuations by independent real estate experts usually every three to five years or at early periods if significant or volatile change in fair value are experienced. Any valuation increase arising on revaluation of land is recognized directly in equity under revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognized in the profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed.

Decline in carrying amount arising as a result of the revaluation is directly charged to the consolidated statement of income to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation.

Depreciation is calculated based on estimated useful life of the applicable assets except for the lands on a straight-line basis. The carrying amount is written down immediately to its recoverable amount if the carrying amount of Property, plant and equipment is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted basis.

Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income.

Projects under construction are included in property, plant and equipment until they are completed and ready for their intended use. At that time, they are reclassified under the appropriate category of assets and the depreciation is calculated since then.

### 2.3.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amounts paid as cost for purchasing films are capitalized within intangible assets and are amortized on the time periods according to the expected future benefits.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition are measured as the difference between the net proceeds and the carrying amount of the disposed asset and recognized in the consolidated statement of income.

### 2.3.5 Impairment of tangible and intangible assets other than goodwill

The Group annually reviews tangible assets and intangible assets to determine whether there is objective evidence that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses are recognized in the consolidated statement of income for the year in which they arise.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

### 2.3.6 Investment properties

Investment properties are properties which have been acquired to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value by accredited independent valuers and the lowest valuation shall be considered. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of income in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the period in which the property is derecognized.

Projects in progress intended to be used as investment properties shall be considered as investment properties and carried at cost. They are re-measured at fair value by accredited independent valuers and the lowest valuation shall be considered. In case there is no reliable method for measuring fair value, projects in progress should be recognized at cost up to the shorter of development completion date or the date of reliable determination of its fair value.

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## for the year ended 31 December 2025

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### 2.3.7 Financial Instruments

#### Recognition and derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

All regular purchases and sales of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated Statement of income or in the consolidated Statement of income and other comprehensive income in accordance with the policy applicable to the related instrument. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

A financial asset (in whole or in part) is de-recognized when the contractual rights to receive cash flows from the financial asset have expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognized in the consolidated Statement of income.

#### Classification and measurement of financial assets and financial liabilities

##### Financial Assets

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except equity instruments and derivatives.

##### The business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### Contractual cash flow assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cashflows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:

- Amortized cost (AC)
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

##### Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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Financial assets classified at AC are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognized in the consolidated Statement of income. Any gain or loss on derecognition is recognized in the consolidated Statement of income.

### Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments at FVOCI

The Group classifies debt instruments at FVOCI if it meets both of the following conditions: -

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument classified as FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income ("OCI"). Interest income and foreign exchange gains and losses are recognized in consolidated Statement of income. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to consolidated Statement of income.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVOCI if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Equity instruments at FVOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognized in OCI. Dividends are recognized in consolidated Statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. (On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity).

### Fair Value Through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in the consolidated Statement of income. Interest income and dividends are recognized in the consolidated Statement of income according to the terms of the contract, or when the right to payment has been established.

### Impairment of financial assets

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

IFRS 9 introduces three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

#### Stage 1: 12 months ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition, or on exposures that are determined to have a low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

#### Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

#### Stage 3: Lifetime ECL – credit impaired.

A financial asset is considered as credit impaired when there is objective evidence that the amount due under the financial asset is uncollectible. The Group considers a financial asset as credit impaired if the amount due under the financial instrument is overdue by more than 90 days, or if it is known that the counter party has any known difficulties in payment,

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unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Lifetime ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of lifetime expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortization.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realized and the time value of money.

The Group applies the simplified approach to recognize lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component are categorized under stage 2 and lifetime ECL is recognized.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for (AC).

### 2.3.8 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is determined based on the estimated selling prices less all the estimated costs of completion and costs necessary to make the sale.

### 2.3.9 Post-employment benefits

The Group is liable under Kuwait Labor Law to make payments under defined benefit plans to employees upon termination of employment. Such payment is made on a lump sum basis at the end of an employee service. Defined benefit plan is un-funded and is based on the liability that would arise on involuntary termination of all employees on the consolidated financial statements date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

### 2.3.10 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a discount rate that reflects market's assessments and the time value of money and the risks specific to the obligation.

### 2.3.11 Treasury shares

Treasury shares represent the Company's own shares that have been issued, subsequently purchased by the Group and not yet reissued or cancelled till the date of the consolidated financial statements. Treasury shares are accounted for using the cost method. Under the cost method, the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are reissued; gains resulted are recognized within a separate un-distributable account in equity "treasury shares reserve". Any realized losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings to reserves and then to premium. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

### 2.3.12 Foreign currencies

#### Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

#### Transactions and balances

Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. At the date of the consolidated financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains or losses are resulted from the settlement of such transactions and from the translation at year-end in the consolidated statement of income.

#### Group's entities

The results and financial position of all of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows (other than companies which are operating in high inflation countries):

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- Assets and liabilities for each financial position statement are translated at the closing rate at the date of the financial statements.
- Income and expenses for each income statement are translated at average exchange rates.
- All resulting exchange differences are recognized as a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 2.3.13 Revenues recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or point over time.

Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

- Revenues from movies shows are recognized at point in time, when the entity meets performance obligation and the customer has control over such service.
- Revenues from movies distribution are recognized at point over time, when the entity meets performance obligation through transferring the right of use promised to the customer.
- Revenues from foods and drinks goods are recognized at point in time, when the entity meets performance obligation and the customer has control over such goods.
- Revenues from consultancy contracts are recognized at point over time, when the entity meets performance obligation and the customer has control over such service.

- Other revenues are recognized at point in time or point over time, once such service is rendered or upon completing the service according to its nature.
- Revenues from dividends resulting from equity instruments designated at FVOCI in the statement of income, when the Company's right in receiving dividends, unless such dividends are represented clearly in redeeming a portion of investment cost.
- Interest income is recognized on a time proportion using specific effective methods.
- Rental income is recognized according to Accounting Policy No. (2.3.14).

### 2.3.14 Accounting for Leases

#### The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognized as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with leases of short-term leases and low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

### Subsequent Measurement

Generally, after the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss (Note 2.3.5).

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in consolidated statement of comprehensive income.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### Where the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

### 2.3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the consolidated statement of income in the year in which they are incurred.

Investment income which is generated from the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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### 2.3.16 Statutory deductions

#### KFAS

The Group calculates contribution to KFAS at 1% of profits in accordance with amended calculation based on a resolution of Foundation's BOD after disposal of transfer from net profit to Statutory reserve.

#### NLST

The Group calculates NLST in accordance with Law No. 19 of 2000 and Ministry of Finance's Resolution No. 24 of 2006 at 2.5% of taxable profit for the year. As per Law, cash dividends of listed companies subjected to NLST have to be deducted from the profit for the year to determine taxable income.

#### Zakat

Zakat is calculated at 1% of profits in accordance with the Ministry of Finance resolution No. 58 of 2007. Calculated Zakat is charged on the consolidated statement of income in accordance with these requirements.

## 3. Financial risk management

### 3.1 Financial risk

The Group's operations expose it to certain financial risks, market risks (which include foreign currency risks and risks of fair value resulting from change in interest rates, and risks of fluctuations in cash flows resulting from change in interest rates, and market prices risks) credit risk and liquidity risks.

The Group manages these financial risks, by the continuous evaluation of market conditions and its trends and the management's assessments of the changes for long-term and short-term market factors

#### Market risk

Market risk is the risk of loss resulting from fluctuations in the fair value or the future cash flows of financial instrument due to changes in the market prices. Market risks include three types of risk: foreign currency risk, interest rate risk and price risk.

The Group's senior management monitors and manages its market risks by regular oversight of the market's circumstances and the change in foreign exchange and interest rates, and market prices.

#### Foreign currency risk

Foreign exchange risk is the risk that the fluctuations in the fair value or the future cash flows of a financial instrument as a result of changes in the Group's foreign exchange rates or the value of monetary assets and liabilities denominated in foreign currencies.

The Group is exposed to foreign currency risks resulted mainly from the Group's dealings with financial instruments denominated in foreign currency. Foreign currency risks are resulting from the future transactions on financial instruments in foreign currency as reflected in the consolidated financial statements.

The major transactions of the Group are in Kuwaiti Dinars. Financial assets in foreign currency are represented in certain receivables and bank current accounts. Financial liabilities in foreign currencies are represented in certain payables in foreign currencies.

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## The Group follows up the foreign currency risks through:

- Follow-up the changes in foreign currency exchange rates on regular basis
- Minimize dealing with financial instruments denominated in foreign currency and due to the main Group's activity.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2025	2024
<b>US Dollars</b>	17,181,799	19,483,473

Had the USD changed by 10% against the Kuwaiti Dinar, the consolidated financial statements of the Group would be changed as follows:

	2025	2024
<b>Net Profit</b>	1,718,180	1,948,347

## Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risks and risks of interest rates). The Group is exposed to such risks as the Group owns investments classified in the consolidated financial position as investment at FVTOCI investments

The Group's management monitors and manages such risks through: -

- Manage the Group's investments through portfolios managed by specialized portfolio managers.
- Invest in companies' shares that have good financial positions that generate high operating income and cash dividends and with well performing investment funds.
- Investments in unquoted shares and securities should be in companies that carry similar activities where such investments should be studied and approved by the senior management.
- Periodic follow-up of the changes in market prices.

As at 31 December 2025, a 5% change in the market price index, with all other variables held constant, would affect other comprehensive income due to changes in the fair value of financial assets classified as FVTOCI. The impact would be KD 459,112 as at 31 December 2025 (KD 343,502 as at 31 December 2024).

## Interest rate risks

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

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to cash flow interest rate risks.

The financial Instruments held by the Group which are exposed to this risk are represented in loans and bank facilities (Note 20) because it carries variable interest rates.

As at 31 December 2025, had interest rates been 100 basis points higher/lower, interest charged for the year would have been lower/higher by KD 810,173 (KD 1,071,697- 2024) approximately.

The Group's management monitors and manages such risks through:

- Regular follow-up of the market interest rates.
- Borrowings for short and long terms, which help mitigating interest rate risks.

## Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Receivables, cash and cash equivalents are considered most of the assets exposed to credit risk. The Group monitors and manages this risk by:

- Dealing with high credit worthiness and reputable customers.
- Dealing with highly credit rated banks.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The management of the Group believes that the maximum exposure to credit risks as at 31 December is as follows:

	2025	2024
Trade and other receivables	2,450,193	2,266,864
Current accounts, deposits and cash at investment portfolios (Note 11)	45,646,171	45,914,356

### Liquidity risks

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. The Group manages liquidity risk by maintaining adequate cash and bank balances and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group manages liquidity risk through maintaining adequate assets, which are easily convertible into cash and also by securing banking facilities in addition to ongoing monitoring of the expected and actual cash flows and maturity profile of financial assets and liabilities.

The following are the maturity dates of the Group's liabilities as at 31 December 2025 and 2024:

2024	Within 1 year	More than 1 year to 6 years
Loans and bank facilities	20,734,847	70,792,963
Lease liabilities	2,131,155	33,596,108
Trade and other payables	16,107,831	7,887,178
	<b>2025</b>	<b>More than 1 year to 6 years</b>
Loans and bank facilities	22,500,764	67,028,866
Lease liabilities	1,754,256	30,574,759
Trade and other payables	17,286,249	4,966,465

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### 3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to the Shareholders through the optimization use of the equity.

The capital structure of the Group consists of net debt (borrowings less cash and cash at banks) and equity (including capital, reserves, retained earnings and non-controlling interests).

During 2025, the Group's strategy does not change from 2024; which is to maintain lowest possible gearing ratio.

The gearing ratio as at 31 December is as follows:

	2025	2024
Total loans and bank facilities (Note 18)	86,645,264	88,509,597
Total Lease liabilities (Note 8)	24,907,042	27,443,888
Less: cash and cash equivalents (Note 11)	(45,657,934)	(45,925,696)
Net debts	65,894,372	70,027,789
Total equity	106,116,009	92,649,999
Total capital	172,010,381	162,677,788
Gearing ratio %	38%	43%

### 3.3 Fair value

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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** - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

**Level 2** - inputs other than quoted prices included within Level 1, that are observable for the asset or liability; either directly or indirectly; and

**Level 3** - unobservable inputs for the asset or liability.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

Financial Assets	Fair value as at		Date of valuation	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relation of unobservable inputs to fair value
	31 December 2025	31 December 2024					
<b>Equity instruments designated as FVTOCI</b>							
Quoted shares	9,182,249	6,870,049	31 December 2025	Level 1	Last bid price	N/A	N/A
Unquoted shares	546,378	396,754	31 December 2025	Level 3	Discounted cash flows	Discount rate	Higher discount results in value decline
Unquoted shares	3,580,213	33,794	31 December 2025	Level 3	market comparative and adjusted book value	Discount rate	Higher discount results in value decline

## Adjustment for determining fair value hierarchy 3 of equity instruments.

	2025	2024
Balance as at 1 January	430,548	66,194
Disposals	3,500,000	-
Change in fair value	196,043	364,354
Balance as at 31 December	<u>4,126,591</u>	<u>430,548</u>

The fair value of other financial assets and liabilities approximates their carrying value as at consolidated financial statements date.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### 4. Critical accounting estimates, assumptions and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Significant judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the assets recognized in the consolidated financial statements.

#### Classification of investments in equity instruments - IFRS 9

On acquisition of an investment, the Group decides whether it should be classified as "FVTPL" or "FVTOCI". The Group follows the guidance of IFRS 9 on classifying its investments.

The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

#### Classification of real estate

The management will decide on the acquisition of a real estate whether it should be classified as held for trading, property under development or investment property.

The Group classifies property as held for trading property if acquired principally for sale in the ordinary course of business.

The Group classifies property as property plant and equipment when acquired for the purpose of the group operation.

The Group classifies property as investment property if acquired to generate rental income or for capital appreciation, or for undetermined future use.

#### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

#### Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the Management has applied judgments and estimates to determine the incremental borrowing rate.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### **Sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Fair value measurement and valuation techniques

Certain assets and liabilities of the Group are measured at fair value for preparing the financial statements. The Group's management determines the appropriate key methods and inputs required for fair value measurement. Upon determining the fair value of assets and liabilities, the management uses observable market data. In case no market observable data is available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about the evaluation methods and necessary inputs, which are used to determine the fair value of assets and liabilities, has been disclosed in Notes (3.3, 6 and 10).

#### Useful lives of property, plant and equipment and right of use assets

The management determines the useful lives and depreciations of property, plant and equipment, and right of use asset, as well as increases the depreciation expense when the estimated useful lives became lower than the previously estimated useful lives or eliminates or write down value of the obsolete assets or non-strategic assets whether disposed or sold.

#### Impairment of tangible assets

The Group reviews the carrying amounts of its properties, plant and equipment and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

#### Contingent liabilities/liabilities

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

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 5. Property, plant and equipment

	Lands	Buildings & enhancement on leased assets	Machinery equipment & vehicles	Furniture & computers	Total
<b>Cost or valuation</b>					
As at 31 January 2024	8,937,163	23,886,233	9,752,599	3,523,577	46,099,572
Additions during the year	-	346,791	463,755	23,583	834,129
Revaluation of lands	172,799	-	-	-	172,799
Disposals	-	(456,706)	-	-	(456,706)
As at 31 December 2024	9,109,962	23,776,318	10,216,354	3,547,160	46,649,794
Additions during the year	-	15,331	316,749	36,479	368,559
Revaluation of lands	99,599	-	-	-	99,599
Disposals	-	(11,937)	(500,362)	(363,643)	(875,942)
As at 31 December 2025	9,209,561	23,779,712	10,032,741	3,219,996	46,242,010
<b>Total depreciation and impairment</b>					
As at 1 January 2024	-	9,989,422	6,948,463	2,505,169	19,443,054
Depreciation for the year	-	1,212,982	814,243	248,554	2,275,779
Impairment	-	997,852	12,972	9,176	1,020,000
Disposals	-	(256,804)	-	-	(256,804)
As at 31 December 2024	-	11,943,452	7,775,678	2,762,899	22,482,029
Depreciation for the year	-	1,080,253	709,844	185,063	1,975,160
Disposals	-	(11,936)	(500,342)	(363,641)	(875,919)
As at 31 December 2025	-	13,011,769	7,985,180	2,584,321	23,581,270
<b>Net book value</b>					
As at 31 December 2025	9,209,561	10,767,943	2,047,561	635,675	22,660,740
As at 31 December 2024	9,109,962	11,832,866	2,440,676	784,261	24,167,765
Useful lives (year)		5-40	4-15	5-15	

- The lands are stated at the revalued amount, being fair value as at the date of valuation. The fair value of the lands as at 31 December 2025 is estimated based on valuations carried out by independent valuers unrelated to the Group. The independent valuers are licensed from the relevant regulatory bodies. They have appropriate qualifications and experiences in valuation of properties. one of these appraisers is a local bank. The fair value of lands has been determined based on acceptable methods of valuation such as market comparable (level 2). In estimating the fair value of properties, the best use of the properties is the current use. There has been no change to the valuation technique during the year.
- The historical cost of lands that are measured at fair value is KD 650,000 as at 31 December 2025 and 2024.
- The Group recorded impairment of property, plant and equipment and right-of-use leased assets (Note 7) amounted to KD nil during the current year (KD 1,020,000 - 2024), and KD nil during the current year (KD 1,700,000 - 2024) respectively. The impact of such impairment was included in operating costs in the consolidated statement of income

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

- Depreciation has been charged to the statement of income as follows:

	<u>2025</u>	<u>2024</u>
Operating costs	1,787,087	2,142,115
Administrative and general expenses	187,639	132,962
Other operating expense	434	702
	<u>1,975,160</u>	<u>2,275,779</u>

## 6. Investment properties

	<u>2025</u>	<u>2024</u>
Investment properties constructed on leased land	83,984,976	84,948,266
Investment property constructed on owned land	4,982,368	4,884,674
	<u>88,967,344</u>	<u>89,832,940</u>

### Movement on investment properties is as follows:

	<u>2025</u>	<u>2024</u>
Balance as at 1 January	89,832,940	90,266,374
Change in fair value	(865,596)	(433,434)
Balance at 31 December	<u>88,967,344</u>	<u>89,832,940</u>

- The investment properties constructed on leased land consist of a commercial, recreational, and cultural mall in South Sabahiya. These properties are built on land leased from the Government of the State of Kuwait (the lessor) under a contract that can be renewed with the consent of both parties. According to the terms of the lease, the ownership of the investment properties will revert to the lessor at the end of the contract. The lease is set to expire in March 2043.

The investment properties constructed on lease land include the right-of-use asset related to the land.

- The fair value of the Group's investment properties as at 31 December 2025 are estimated based on valuations carried out by independent valuers not related to the Group. These valuers are licensed by the relevant regulatory bodies. And possess the appropriate qualifications and recent experiences in valuation of properties at locations in which the properties are situated. Among those valuers are two Local Banks. The fair value of investment properties was determined as set out in Note (3.3). In estimating the fair value of the properties, the highest and best use of the properties is considered to be their current use. There has been no change to the valuation technique during the year.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The following table shows information about methods of fair values determination for significant financial assets and liabilities:

Investment properties	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relation of unobservable inputs to fair value
	31 December 2025	31 December 2024				
Constructed on Leased land	83,984,976	84,948,266	Level 3	Income method by using capitalization rate	Income / capitalization rate	Changes in capitalization rate will result in changes in fair value
Constructed on owned land	4,982,368	4,884,674	Level 2	Comparable market price	-	-

- The applied capitalization rate is calculated by reference to yield rates observed by valuers for similar properties in the respective location and adjusted based on valuers' knowledge of factors specific to concerned real estates. The used valuation model includes unobservable significant inputs including average capitalization rate at 12.76% - 2025 (12.5% - 2024). The average capitalization rate used for valuation takes into account lease income, nature of property and prevailing market circumstances. The change in capitalization rate at 5% will result in change in fair value of investment properties amounting to KD 3,529,122 as at 31 December 2025 (KD 3,533,664 - 2024).

## 7. Right of use leased assets

### 7.1 When the Group is a lessee

#### Right-of-use leased assets

The Group as a lessee has leased several assets including buildings, lands. The Group's obligations are secured by the lessors' title to the leased assets for such leases. Movement on right of use leased assets during the year is as follows

	Buildings	Lands	Total
<b>Cost</b>			
As at 1 January 2024	26,198,140	790,962	26,989,102
As at 31 December 2024	26,198,140	790,962	26,989,102
Disposals	(4,360,217)	-	(4,360,217)
Impact on modification of leases	(198,324)	-	(198,324)
As at 31 December 2025	21,639,599	790,962	22,430,561
<b>Accumulated Depreciation</b>			
As at 1 January 2024	10,956,443	450,621	11,407,064
Depreciation	1,927,161	89,974	2,017,135
Impairment in value (Note 5)	1,700,000	-	1,700,000
As at 31 December 2024	14,583,604	540,595	15,124,199
Depreciation	1,569,956	89,974	1,659,930
Disposals	(4,146,349)	-	(4,146,349)
As at 31 December 2025	12,007,211	630,569	12,637,780
<b>Net book value</b>			
As at 31 December 2025	9,632,388	160,393	9,792,781
As at 31 December 2024	11,614,536	250,367	11,864,903

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The following tables shows different types of expenses related to leases that have been recognized in statement of income:

	<u>2025</u>	<u>2024</u>
Depreciation expense on right-of-use assets (included in operating costs)	1,659,930	2,017,135
Impairment (included in operating costs)	-	1,700,000
Expense related to variable lease payments not included in the measurement of lease liabilities (included in operating costs)	1,189,760	1,161,391
Interest expense on lease liabilities (included in finance costs)	881,739	974,579
Expense related to short-term leases (included in operating costs)	132,936	7,976
	<u>3,864,365</u>	<u>5,861,081</u>

For short-term leases and leases of low-value assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased asset.

## 7.2 When the Group is a lessor

### Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to investment property constructed on lease land with lease terms between five to twenty years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Operating rental income from investment properties of KD 14,848,247 for the year 2025 (KD 14,939,422 for the year 2024) is recognized in the consolidated statement of income.

## 8. Lease liabilities

	<u>2025</u>	<u>2024</u>
Non-current lease liabilities	23,152,786	25,312,733
Amounts payable after 12 months		
Current lease liabilities	1,754,256	2,131,155
Amounts payable within 12 months	<u>24,907,042</u>	<u>27,443,888</u>

### Maturity analysis

Maturity dates of undiscounted lease liabilities are as follows:

	<u>2025</u>	<u>2024</u>
No later than 1 year	1,754,256	2,131,155
From 1 to 5 years	10,200,430	9,724,524
From 5 to 20 Years	20,374,329	23,871,584
	32,329,015	35,727,263
Less unearned interest	(7,421,973)	(8,283,375)
	<u>24,907,042</u>	<u>27,443,888</u>

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

Movement on lease liabilities during the year is as follows:

	<u>2025</u>	<u>2024</u>
Balance at 1 January	27,443,888	29,650,360
Finance interest	881,739	974,579
Lease payments	(2,941,095)	(3,181,051)
Impact on modification of leases	(279,166)	-
Disposals	(198,324)	-
Balance at 31 December	<u>24,907,042</u>	<u>27,443,888</u>

All above movements have been eliminated during the preparation of consolidated statement of cash flows as they are non-cash transactions except for the lease payments.

## 9. Investment in an associate

This represents Group's investments in Tamdeen Shopping Centers K.S.C.C at 30%. The following is the movement of such investment during the year:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	52,702,065	48,925,862
Group's share of business results	6,421,333	5,681,169
Group's share of reserves	723,790	345,034
Dividends	(2,250,000)	(2,250,000)
Balance at the end of the year	<u>57,597,188</u>	<u>52,702,065</u>

Shares of the associate are unquoted. The following is a summary of the associate's financial information as per the financial statements of this associate which have been prepared in accordance with IFRSs:

	<u>2025</u>	<u>2024</u>
Current assets	96,577,259	123,219,315
Non-current assets	446,048,571	442,139,297
Current liabilities	(51,850,114)	(101,811,388)
Non-current liabilities	(260,175,468)	(249,371,498)
Non-controlling interests	(6,960,293)	(6,852,850)

	<u>2025</u>	<u>2024</u>
Revenues	72,492,145	65,502,983
Profit for the year	21,798,282	19,219,997
Other comprehensive income for the year	2,214,240	1,139,234
Total comprehensive income for the year	<u>24,012,522</u>	<u>20,359,231</u>

The following is reconciliation of the above-summarized financial information for the purpose of determining the book value of the Group's share in Tamdeen Shopping Centers Company K.S.C.C recognized in the consolidated financial statements:

	<u>2025</u>	<u>2024</u>
Net assets of an associate	223,639,955	207,322,876
Group's share in net assets (30%)	67,091,985	62,196,862
Unrealized gain on elimination of inter-company transactions	(9,494,797)	(9,494,797)
Book value of Tamdeen Shopping Centers K.S.C.C	<u>57,597,188</u>	<u>52,702,065</u>

Capital commitments of the Associate amounted to KD 1,080,300 as at 31 December 2025 (KD 740,374 as at 31 December 2024).

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 10. Investments at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Quoted shares	9,182,249	6,870,049
Unquoted shares	4,126,591	430,548
	<u>13,308,840</u>	<u>7,300,597</u>

The accumulated balance of profits related to disposed investments held in the fair value reserve amounted to KD 6,058,945 as at 31 December 2025 and 31 December 2024.

Fair value is determined based on valuation techniques disclosed in (Note 3).

## 11. Cash and cash equivalents

	<u>2025</u>	<u>2024</u>
Cash on hand	16,205	15,782
Banks' current accounts	9,113,642	24,007,179
Time deposits with banks & at investment portfolio (less than three months)	18,661,391	16,750,000
Cash at investment portfolios	3,621,138	3,157,177
Cash and cash equivalents for cash flow purpose	31,412,376	43,930,138
Time deposits (more than three months)	14,250,000	2,000,000
Credit loss	(4,442)	(4,442)
Cash on hand and at banks and investment portfolios	<u>45,657,934</u>	<u>45,925,696</u>

The yield rate on time deposits is 4.395% as at 31 December 2025 (4.17% as at 31 December 2024).

## 12. Share capital

The Parent Company's authorized, issued and paid-up share capital is amounted to KD 10,106,250 as at 31 December 2025 (KD 10,106,250 as at 31 December 2024) comprising of 101,062,500 shares of 100 Fils per share and all shares are in cash.

## 13. Treasury shares

	<u>2025</u>	<u>2024</u>
Number of treasury shares (share)	8,460,323	8,460,323
Percentage to issued shares (%)	8.37	8.37
Market value	12,690,485	9,813,975

The Parent Company commits to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the Parent Company, pursuant to the relevant instructions of the relevant regulatory authorities.

## 14. Statutory reserve

In accordance with Company's Law and the Parent Company's Articles of Association, 10% of annual net profit is to be transferred to statutory reserve. The General Assembly may resolve to discontinue such annual transfers when the reserve reaches 50% of the share capital. This reserve is not available for distribution except for the cases stipulated by Companies Law.

On 14 April 2010, the Ordinary General Assembly decided to discontinue the deduction from net profit to statutory reserve as exceeds it 50% of the share capital.

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 15. Voluntary reserve

According to the Parent Company's Articles of Association, a percentage of the net profit for the year proposed by the Board of Directors and approved by the General Assembly is transferred to the voluntary reserve. The General Assembly may discontinue this transfer based on the proposal of the Board of Directors. On 17 February 2026, the Board of Directors proposed transferring an amount of KD 1,829,065 to the voluntary reserve account for the year ended 31 December 2025 (KD 1,390,714 for the year ended as at 31 December 2024).

## 16. Other reserves

	Lands revaluation reserve	Investment revaluation reserve	Foreign Currency translation reserve	Treasury shares reserve	Total
Balance as at 1 January 2024	11,757,139	8,163,646	638,304	127,093	20,686,182
Fair value gain on investments at FVTOCI	-	1,086,113	-	-	1,086,113
Gain on lands revaluation	172,799	-	-	-	172,799
Foreign currency translation reserve	-	-	390,191	-	390,191
Other comprehensive loss	172,799	1,086,113	390,191	-	1,649,103
Balance as at 31 December 2024	11,929,938	9,249,759	1,028,495	127,093	22,335,285
<b>Balance at 1 January 2025</b>	11,929,938	9,249,759	1,028,495	127,093	22,335,285
Fair value gain on investments at FVTOCI	-	3,242,584	-	-	3,242,584
Gain on lands revaluation	99,599	-	-	-	99,599
Foreign currency translation reserve	-	-	(52,657)	-	(52,657)
Other comprehensive income	99,599	3,242,584	(52,657)	-	3,289,526
<b>Balance at 31 December 2025</b>	<b>12,029,537</b>	<b>12,492,343</b>	<b>975,838</b>	<b>127,093</b>	<b>25,624,811</b>

Land revaluation reserve includes the following:

	2025	2024
Lands revaluation reserve within property, plant and equipment	8,559,561	8,459,962
Lands revaluation reserve within investment properties	2,363,735	2,363,735
Lands revaluation reserve sold to an associate	1,106,241	1,106,241
	<u>12,029,537</u>	<u>11,929,938</u>

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 17. Trade and other payables

	<u>2025</u>	<u>2024</u>
Non-current		
Retention payable to contractors	-	2,714,696
Others' deposits	4,966,465	5,172,482
	<u>4,966,465</u>	<u>7,887,178</u>
Current		
Trade payables	4,393,609	4,100,571
Provision for claims	2,154,065	2,154,064
Dividends payable	1,339,407	1,206,856
Construction contract liabilities of investment properties	3,354,886	4,976,798
Retention payable to contractors	2,260,383	-
Expenses and accrued leaves	1,695,566	1,891,707
Deferred income	1,320,953	1,206,072
Due to related parties (Note 26)	2,400	-
Board of Directors' remuneration (Note 25)	35,000	35,000
KFAS	111,011	75,080
NLST	450,724	335,931
Zakat	111,948	73,753
Other payables	56,297	51,999
	<u>17,286,249</u>	<u>16,107,831</u>
	<u>22,252,714</u>	<u>23,995,009</u>

## 18. Loans and bank facilities

	<u>2025</u>	<u>2024</u>
Non-current		
Islamic Finance	64,144,500	67,774,750
	<u>64,144,500</u>	<u>67,774,750</u>
Current		
Islamic Finance	13,630,250	13,630,250
Loans	8,250,000	7,000,000
Banks – Overdrafts	620,514	104,597
	<u>22,500,764</u>	<u>20,734,847</u>
	<u>86,645,264</u>	<u>88,509,597</u>

- Long-term loans and bank facilities are granted to the Group from local banks against commitments from the Group represented mainly in transferring revenues of investment properties to the Company's accounts with those banks.
- The repayment period of long-term loans ranges between 2 to 6 years.
- The average interest rate on loans and bank facilities was 0.98% during 2025 (1.02% - 2024) above CBK discount rate.

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 19. Operating Revenues

	2025	2024
Revenue of cinema and buffets activities	<u>25,274,670</u>	<u>22,789,544</u>
Lease Income from investment properties	<u>14,848,247</u>	<u>14,939,422</u>
	<u>40,122,917</u>	<u>37,728,966</u>

Revenue of cinema and buffets activities is recognized at a point in time while Lease income from investment properties is recognized at a point over time.

## 20. Operating costs

	2025	2024
Cost of cinema and buffets activities	<u>18,891,411</u>	<u>20,285,336</u>
Investment properties expense	<u>3,779,312</u>	<u>3,957,565</u>
	<u>22,670,723</u>	<u>24,242,901</u>

## 21. Other operating income/expenses

This item includes revenues and expenses excluding the main activity and profit from sales property, plant and equipment.

## 22. Finance costs

	2025	2024
Finance costs of bank facilities	<u>4,401,778</u>	<u>4,505,343</u>
Financing costs of lease liabilities (Note 8)	<u>881,739</u>	<u>974,579</u>
Total finance costs	<u>5,283,517</u>	<u>5,479,922</u>

## 23. Employees costs

Employees costs have been charged to the statement of income as follows:

	2025	2024
Operating costs	<u>2,089,172</u>	<u>2,194,893</u>
Other operating expenses	<u>152,193</u>	<u>160,228</u>
Administrative and general expenses	<u>590,108</u>	<u>573,777</u>
	<u>2,831,473</u>	<u>2,928,898</u>

## 24. Basic and diluted earnings per share to shareholders of the Parent Company

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares) plus the weighted average number of ordinary shares to be issued upon conversion of all dilutive potential ordinary shares into ordinary shares. The Parent Company had no diluted shares as at 31 December 2025/2024.

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding less treasury shares, during the year is as follows:

	2025	2024
Net profit for the year attributable for shareholders of the Parent Company	17,581,989	13,387,378
Weighted average number of outstanding shares less treasury shares (share)	92,602,177	92,602,177
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (fils)	<u>189.87</u>	<u>144.57</u>

Both basic and diluted earnings per share are equal since the Parent Company does not have diluted outstanding instruments.

## 25. Dividends

On 27 April 2025, the General Assembly of the Parent Company's Shareholders approved the consolidated financial statements for the year ended 31 December 2024 and approved distribution of cash dividends for the year ended 31 December 2024 at 80 Fils per share after deducting treasury shares. Moreover, Board of Directors' remuneration of KD 35,000 for the year ended 31 December 2024 was approved.

On 17 February 2026, the Board of Directors of the Parent Company proposed to distribute profits for the year ended 31 December 2025 at 80 Fils per share for 2025, and proposed Board of Directors' remuneration of KD 35,000 for the year ended 31 December 2025. This proposal is subject to approval of the Shareholders in the General Assembly.

## 26. Related party transactions

Related parties represent the Shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies, which are controlled by the major Shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the year.

The following is the statement of the transactions and balances resulted from such transactions:

Related parties' transactions	2025	2024
Key management compensation	317,355	295,439
Expenses (rents, consultancy and others) charged to consolidated statement of income	1,818,653	1,344,842
income	171,754	111,235
lease and other income	35,000	35,000
Board of Directors remuneration		

The balances resulting from those transactions:

	2025	2024
Due to related parties (Note 17)	2,400	-
Cash at investment portfolios	3,621,138	3,157,177
Key management compensation	296,889	281,686

A related party manages an investment portfolio on behalf of the Parent Company. The book value of this portfolio amounted to KD 13,308,840 as at 31 December 2025 (KD 7,300,597 as at 31 December 2024).

Transactions with related parties are subject to approval of the General Assembly of Shareholders.

# Notes to the Consolidated Financial Statements

## for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

### 27. Segments information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. The Group's CEO is identified as a chief operating decision maker for the Group.

The main objective of the Group is to engage in activities relating to the cinema industry, entertainment, and culture events. In addition, the Group invests its available excess funds through investment portfolios, and investment properties in the state of Kuwait.

The segment profit or loss is measured based on the internal management accounts prepared in accordance with IFRS, adjusted for certain management allocations. Segment assets are based on the carrying amounts reported in the consolidated statement of financial position

No operating segments have been aggregated in the preparation of the segment information. The segments disclosed represent the Group's reportable segments as reviewed by the chief operating decision maker.

The following is segment information which is presented to the management:

Cinema and Buffets Segment: Represents all activities related to cinema shows, films distribution as well as activities related to buffets supplemented to theatres.

- Investment Segment: Represents investment in equity, investment funds and investments in an associate.
- Investment properties Segment: Represents activities related to real estates including rental of investment properties.

The following schedule presents the information about revenues, profit, and assets for each Segment:

	2025				
	Cinema & buffets Segment	Financials Investments Segment	Investment Properties Segment	Unallocated Items	Total
Net revenues	25,274,670	6,889,454	14,848,247	3,043,345	50,055,716
Costs	(18,891,411)	-	(3,779,312)	(9,800,021)	(32,470,744)
Segments' profits/ (loss)	6,383,259	6,889,454	11,068,935	(6,756,676)	17,584,972
Assets	32,177,908	74,527,165	88,967,344	46,043,635	241,716,052

	2024				
	Cinema & buffets Segment	Financials Investments Segment	Investment Properties Segment	Unallocated Items	Total
Net revenues	22,789,544	6,107,206	14,939,422	2,881,337	46,717,509
Costs	(20,285,336)	-	(3,957,565)	(9,084,553)	(33,327,454)
Segments' profits/ (loss)	2,504,208	6,107,206	10,981,857	(6,203,216)	13,390,055
Assets	34,842,754	63,159,839	89,832,940	46,462,947	234,298,480

# Notes to the Consolidated Financial Statements for the year ended 31 December 2025

(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 28. Contingent liabilities

The letters of guarantee issued for third parties were amounted to KD 2,328,445 as at 31 December 2025 (KD 2,328,445 as at 31 December 2024).

## 29. Future commitment

### Capital expenditure commitments

Future commitments for purchasing films

2025

566,265

2024

739,200