

**NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH
INDEPENDENT AUDITORS' REPORT**

NATIONAL CONSUMER HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
National Consumer Holding Company – K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Consumer Holding Company – K.S.C. (Public) “the Parent Company” and its subsidiaries “the Group”, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information.

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

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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of 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 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. The following is the key audit matter that we have identified and how it was addressed in the context of our audit:

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Goodwill of KD 5,513,817 as at December 31, 2025, represents a material balance in the consolidated statement of financial position and is subject to annual impairment testing. This area was considered a key audit matter due to the significant judgment required to determine the recoverable amounts of the cash-generating units (CGUs) to which goodwill is allocated. The impairment assessment requires management to make key assumptions, including forecasts of future cash flows, growth rates, and discount rates, as disclosed in the accounting policies (2 – e, 2 – i, and note 5). Our audit procedures included, among others, evaluating the Group's impairment testing model and assessing the reasonableness of key assumptions used by management. We compared cash flow forecasts to historical performance and approved budgets, and performed sensitivity analyses to evaluate the impact of reasonably possible changes in key assumptions. We also assessed the mathematical accuracy of the model and evaluated whether the applied assumptions were within a reasonable range. In addition, we assessed the adequacy of the related disclosures in the financial statements in accordance with applicable accounting standards.

Other information included in the Annual Report of the Group for the year ended December 31, 2025

Management is responsible for the other information. Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditors' 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 after that date.

Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 IFRSs, 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 the 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.

We communicated 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 identified during our audit.

We also provided Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

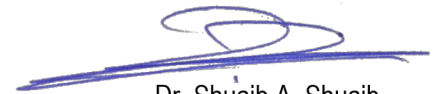


Report on Other Legal and Regulatory Requirements

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 year ended December 31, 2025, that might have had a material effect on the business or financial position of the Parent Company.

Furthermore, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2025, that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
March 31, 2026



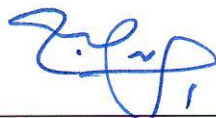
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NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	2025	2024
Non-current assets:			
Property and equipment	3	3,459,599	2,226,756
Intangible assets		1,784	-
Right of use assets	4	3,488,982	2,411,042
Goodwill	5	5,513,817	6,698,640
Total non-current assets		12,464,182	11,336,438
Current assets:			
Financial assets at fair value through profit or loss	6	6,067,872	19,536,609
Inventories	7	417,334	70,759
Due from related parties	8	611	-
Accounts receivable and other debit balances	9	4,630,320	1,093,139
Cash and cash equivalents	10	10,547,867	671,195
Total current assets		21,664,004	21,371,702
Total assets		34,128,186	32,708,140
<u>EQUITY AND LIABILITIES</u>			
Equity:			
Share capital	11	30,000,000	30,000,000
Foreign currency translation reserve		(5,184)	(6,223)
Accumulated losses		(71,959)	(468,601)
Equity attributable to shareholders of the Parent Company		29,922,857	29,525,176
Non-controlling interests		(112,747)	(17,909)
Total equity		29,810,110	29,507,267
Non-current liabilities:			
Lease liabilities	14	2,858,959	1,988,789
Provision for end of service indemnity	15	161,641	162,093
Total non-current liabilities		3,020,600	2,150,882
Current liabilities:			
Lease liabilities	14	1,015,674	722,242
Accounts payable and other credit balances	16	281,802	327,749
Total current liabilities		1,297,476	1,049,991
Total liabilities		4,318,076	3,200,873
Total equity and liabilities		34,128,186	32,708,140

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.



Sheikh Ahmad Ali Jarrah Alsabah
Chairman

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
Operating revenue:			
Service revenue	17	2,130,266	2,086,936
Sales revenue	17	487,955	417,504
Net investments income	17, 20	2,440,913	1,460,027
		<u>5,059,134</u>	<u>3,964,467</u>
Operating expense:			
Service costs	18	(1,971,610)	(1,581,863)
Cost of sales		(260,207)	(528,168)
General and administrative expenses	19	(1,146,320)	(602,344)
Selling and marketing expenses		(78,837)	(106,350)
Depreciation	3	(58,341)	(19,732)
		<u>(3,515,315)</u>	<u>(2,838,457)</u>
Operating profit		1,543,819	1,126,010
Provision for end of service indemnity no longer required	15	9,069	4,207
Loss on sale of property and equipment		(92,472)	(142,440)
Impairment loss on goodwill	5	(1,184,823)	-
Impairment loss of property and equipment	3	-	(299,700)
Income from Wakala investments		52,480	36,604
Finance charges	14	(160,811)	(110,231)
Impact of lease agreement cancellation	4	35,014	8,075
Rental deductions	14	33,223	50,538
Accounts receivables written off		-	(1,451)
Other income		66,305	117,845
Profit for the year before contribution to National Labor Support Tax (NLST) and Zakat		301,804	789,457
NLST	2 – p	-	(15,790)
Zakat	2 – q	-	(4,437)
Profit for the year		<u>301,804</u>	<u>769,230</u>
Attributable to:			
Shareholders of the Parent Company		396,642	787,139
Non-controlling interests		(94,838)	(17,909)
Profit for the year		301,804	769,230
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to the Parent Company's Shareholders	22	<u>1.32</u>	<u>2.62</u>

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

	<u>2025</u>	<u>2024</u>
Profit for the year	<u>301,804</u>	<u>769,230</u>
Other comprehensive income (loss):		
<u>Items to be reclassified subsequently to profit or loss</u>		
Exchange differences on translating foreign operations	<u>1,039</u>	<u>(326)</u>
Other comprehensive income (loss) for the year	<u>1,039</u>	<u>(326)</u>
Total comprehensive income for the year	<u><u>302,843</u></u>	<u><u>768,904</u></u>
Attributable to:		
Shareholders of the Parent Company	<u>397,681</u>	<u>786,813</u>
Non-controlling interests	<u>(94,838)</u>	<u>(17,909)</u>
Total comprehensive income for the year	<u><u>302,843</u></u>	<u><u>768,904</u></u>

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company			Subtotal	Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Accumulated losses			
Balance at January 1, 2024	30,000,000	(5,897)	(1,255,740)	28,738,363	-	28,738,363
Profit (loss) for the year	-	-	787,139	787,139	(17,909)	769,230
Other comprehensive loss for the year	-	(326)	-	(326)	-	(326)
Total comprehensive (loss) income for the year	-	(326)	787,139	786,813	(17,909)	768,904
Balance as at December 31, 2024	30,000,000	(6,223)	(468,601)	29,525,176	(17,909)	29,507,267
Profit (loss) for the year	-	-	396,642	396,642	(94,838)	301,804
Other comprehensive income for the year	-	1,039	-	1,039	-	1,039
Total comprehensive income (loss) for the year	-	1,039	396,642	397,681	(94,838)	302,843
Balance as at December 31, 2025	30,000,000	(5,184)	(71,959)	29,922,857	(112,747)	29,810,110

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Notes	2025	2024
Cash flows from operating activities:			
Profit for the year before contribution to, National Labor Support Tax (NLST) and Zakat		301,804	789,457
Adjustments:			
Depreciation and amortization		1,247,958	1,009,888
Impairment loss of property and equipment	3	-	299,700
Impairment loss on goodwill	5	1,184,823	-
Accounts receivables written off		-	1,451
Net provision for end-of-service indemnity	15	36,294	43,326
Loss on sale of property and equipment		92,472	142,440
Income from Wakala investments		(52,480)	(36,604)
Finance charges	14	160,811	110,231
Impact of lease agreement cancellation		(35,014)	(8,075)
Rent deductions	14	(33,223)	(50,538)
Net investments income	17, 20	(2,440,913)	(1,460,027)
		<u>462,532</u>	<u>841,249</u>
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(3,536,545)	(14,941)
Due from related parties		(611)	-
Inventories		(346,575)	68,914
Accounts payable and other credit balances		19,622	(77,234)
Cash flows (used in) generated from operations		<u>(3,401,577)</u>	817,988
Paid for end of service indemnity	15	(36,706)	(99,220)
Payment of NLST		(52,538)	-
Payment for Zakat		(6,553)	(13,063)
Net cash flows (used in) generated from operating activities		<u>(3,497,374)</u>	<u>705,705</u>
Cash flows from investing activities:			
Paid for purchase of property and equipment	3	(1,694,889)	(2,345,599)
Proceeds from sale of property and equipment		19,833	583,373
Paid for purchase of intangible assets		(1,889)	-
Net proceeds from sale (paid for purchase) of financial assets at FVTPL		12,466,007	496,851
Net movement in Wakala investments		-	900,000
Income received from Wakala investments		51,844	75,295
Cash dividend received	20	3,443,643	226,651
Net cash flows generated from (used in) investing activities		<u>14,284,549</u>	<u>(63,429)</u>
Cash flows from financing activities:			
Payment of lease liabilities	14	(910,503)	(785,839)
Net cash flow used in financing activities		<u>(910,503)</u>	<u>(785,839)</u>
Net increase (decrease) in cash and cash equivalents			
		9,876,672	(143,563)
Cash and cash equivalents at beginning of the year		671,195	814,758
Cash and cash equivalents at end of the year	10	<u>10,547,867</u>	<u>671,195</u>

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

1. The Parent Company's incorporation and activities

National Consumer Holding Company "the Parent Company" is a Kuwaiti shareholding company (Public) registered in the State of Kuwait. The Parent Company was incorporated pursuant to Amiri decree issued on March 5, 1996 and Article of Association of a Kuwaiti Shareholding Company (Closed), authenticated at Ministry of Justice – Real Estate Authentication and Registration Department – State of Kuwait, under Ref. No.1025 / Vol.1 dated March 5, 1996, and its subsequent amendments, with the latest amendment notarized in the Commercial Registry dated August 8, 2024.

The Parent Company is listed in the Kuwait Boursa.

The parent company's purposes are as follows:

- Managing subsidiaries or participating in managing other companies where the Company has a shareholding therein and providing the required support for the same.
- Investing its funds in trading of shares, bonds and other securities.
- Owning movables and real estate required to achieve its activities pursuant to the limits prescribed by law.
- Financing and lending companies in which the Parent Company holds shares and guaranteeing with third parties. In this case, its contribution ratio in the capital of the borrowing company shall not be less than 20%.
- Owning industrial property rights such as patents, trademarks, models, royalties and other moral rights, utilizing and renting them to subsidiaries or other companies.
- Office for managing works of the holding company.

The Parent Company is registered in the commercial register under Ref. No. 71953 dated December 21, 1997.

The Parent Company's registered address is P.O. Box 3767, Safat, postal code 13038, State of Kuwait.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on March 31, 2026. And they are subject to approval by the General Assembly of the shareholders of the Parent Company. The Shareholders' General Assembly has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

a) Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with the IFRS accounting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The material accounting policies adopted are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company, and are prepared under the historical cost basis, except for Financial assets at fair value through profit or loss ("FVTPL") which are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in (Note 2 - u). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended December 31, 2024.

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Adoption of new and revised Standards

New and revised Standards that are effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to the implementation of the following new and revised International Financial Reporting Standards as of January 1, 2025:

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

The adoption of the above amendments and interpretations did not have material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised Standards issued but not yet effective

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

IFRS 18 Presentation and Disclosures in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements,
- improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after January 1, 2027.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

NATIONAL CONSUMER HOLDING COMPANY – K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

These amendments are not expected to have any material impact on the consolidated financial statements.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of Holding %	
			2025	2024
Professional Group Holding Company – W.L.L Holding	State of Kuwait	Holding Company	100%	100%
Cozmo Entertainment General Trading and Contracting Company – W.L.L.	State of Kuwait	Wholesale and retail trad Cartons and	100%	100%
Saudi Kuwaiti Carton Company – W.L.L. (a)	Saudi Arabia	Paper production Manufacturing industries	100%	100%
Gulf Metal Industry Company – W.L.L.	Saudi Arabia	Restaurant management services	75%	75%
Prime Snack Boxes Company for Restaurant Management - W.L.L. (b)	State of Kuwait	Restaurant management services	100%	90%

a) During the prior year ended December 31, 2024, pursuant to the minutes of the partners' general assembly meeting of the subsidiary "Saudi Kuwaiti Carton Company – W.L.L." held on August 15, 2024, the partners resolved to terminate the company's operations and cancel its commercial license. The liquidation of the subsidiary company is currently in process; this event did not have a material impact on the consolidated financial statements.

b) During the year ended December 31, 2025, and according to an amended Memorandum of Incorporation dated December 7, 2025, the ownership of the subsidiary, "Prime Snack Boxes Company for Restaurant Management – W.L.L.", was updated. As a result, the Parent Company's ownership percentage in the subsidiary increased to 100%.

Subsidiaries (investees) are those enterprises controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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When the Parent Company holds less than a majority of the investee's voting rights, it has power over the investee if those voting rights are sufficient to give it the practical ability to direct the investee's relevant activities unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's / Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

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A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

d) Financial instruments

The Group classifies its financial instruments as “Financial assets” and “Financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, due from related parties, financial assets at fair value through profit or loss, accounts payables and lease liabilities.

- **Financial assets:**

Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

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 objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value Through Profit or Loss (FVTPL). The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' 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 that 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 lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

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Initial recognition

Purchases and sales of financial assets are recognized on settlement date – the date on which an asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVPL.

Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets

The Group classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.
- Financial assets at fair value through profit or loss (FVTPL).

Debt instruments at amortized cost:

A financial asset is measured at amortized cost if it meets both of the following conditions:

- 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.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of income. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash and cash equivalents, Wakala investments, trade receivables and due from related parties are classified as debt instruments at amortized cost.

1) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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2) Wakala investments

Wakala is an agreement whereby the Parent Company, under an agency agreement, provides a sum of money to a customer who invests it according to specific conditions in return for a fee. The agent is obliged to return the amount in case of default, negligence or violation of any terms and conditions of the Wakala.

3) Trade receivables

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as FVTPL.

Changes in fair value, gain/loss on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity under financial assets at FVPL in the consolidated statement of financial position.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For Trade and other receivables, the Group applies the standard's simplified approach and calculates ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group establishes a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures are segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

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For debt instruments classified at FVOCI, related party balances and inter-company loans, the Group has applied a forward looking approach wherein recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, the Group applies a three stage assessment to measuring ECL as follows:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- Stage 2 (not credit impaired) – financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low
- Stage 3 (credit impaired) – financial assets that have objective evidence of impairment at the reporting date and assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows have occurred.

In assessing whether the credit quality on a financial instrument has deteriorated significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss. For debt instruments at FVOCI, the loss allowance is charged to consolidated statement of profit or loss and is recognized in OCI.

The Group considers a financial asset as credit impaired when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- **Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using an effective interest rate method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is

- (i) contingent consideration of an acquirer in a business combination,
- (ii) held for trading or
- (iii) it is designated as at FVTPL.

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Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortized cost:

Financial liabilities that are not at FVTPL as above are measured subsequently at amortized cost using the effective interest method.

1) Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Business combinations and Goodwill:

Business Combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the resulting gain / loss is included in consolidated statement of profit or loss or other comprehensive income as appropriate.

The Group separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9: Financial Instruments. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previously held interest, over the fair value of the identifiable assets, liabilities and contingent liabilities as at the date of the acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Where there is an excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost, the Group is required to reassess the identification and measurement of the net identifiable assets and measurement of the cost of the acquisition and recognize immediately in consolidated statement of profit or loss any excess remaining after that remeasurement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

f) Inventories

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials, direct labor, and overhead incurred in bringing the inventories to their present location and condition. Cost is determined using a weighted average.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Write-down is made for obsolete and slow-moving items based on their expected future use and net realizable value.

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g) Property and equipment

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated statement of profit or loss in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off.

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in consolidated statement of profit or loss for the period. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified in the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is computed on a straight-line basis over the estimated useful lives of other property and equipment as follows:

<u>Assets</u>	<u>Depreciation rate (Years)</u>
Leasehold improvements	5 – 15
Machinery and equipment	5 – 25
Motor vehicles	5
Tools and equipment	5
Furniture and fixtures	3 - 5

Capital work in progress is stated at cost. Following completion, it will be transferred to relevant category under property and equipment.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of Property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

h) Intangible assets

Intangible assets are measured on initial recognition at cost, which comprises its purchase price, and any directly attributable cost of preparing the asset for its intended use.

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Following initial recognition, intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortized, but reviewed for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

i) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, as it does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so much 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

j) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector and employees' contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the financial period and approximates the present value of the final obligation.

k) Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

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Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

Distributions for the year that are approved after the reporting date are disclosed as an event after the date of consolidated statement of financial position.

l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

m) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model as follows to account for revenue arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

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The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. The sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

Rendering of services

Revenue is recognized when the service is rendered.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Rent

Rental income is recognized when earned on a time-apportionment basis.

Other income

Other income is recognized based on an accrual basis.

n) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are not recognized for future operating losses.

o) Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

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1) Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

2) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

p) National Labor Support Tax (NLST)

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to the shareholders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, NLST, Zakat, Board of Directors' remuneration, and cash dividends received from companies listed in Boursa Kuwait, in accordance with Law No. 19 of 2000, and Ministerial resolution No. 24 of 2006, and their Executive Regulations.

No NLST has been provided for since there was no taxable profit on which NLST could be calculated for the year ended December 31, 2025.

q) Contribution to Zakat

Zakat is calculated at 1% of the Parent Company's consolidated profit before contribution to KFAS, NLST, Zakat, and Board of Directors' remuneration, and after deducting its share of profit from Kuwaiti shareholding non-consolidated associates and subsidiaries, share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 of 2006, and Ministerial resolution No. 58 of 2007, and their Executive Regulations.

No Zakat has been provided since there was no financial profit on which Zakat could be calculated for the year ended December 31, 2025.

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r) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at FVTPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in “cumulative changes in fair value” in other comprehensive income. Translation differences on monetary items such as debt instruments classified as FVOCI are included in consolidated statement of profit or loss.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

s) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

t) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

u) Critical accounting judgments, estimates and assumptions

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that 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 revenue and expenses during the year. Actual results could differ from the estimates.

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a) Judgments

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

1- Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note (2 - m) are met requires significant judgment.

2- Provision for expected credit losses and provision for inventories

The determination of the recoverability of the amount due from customers and the marketability of the inventories and the factors determining the impairment of the receivable and inventories involve significant judgment.

3- Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note (2 - d).

4- Business combinations

At the time of Parent Company's acquisition to subsidiaries, the Parent Company considers whether the acquisition represents the acquisition of a business or of an asset (or a group of assets and liabilities). The Parent Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets. More specifically, consideration is made to the extent of which significant processes are acquired. The significance of processes requires significant judgment.

Where the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of an asset (or a group of assets and liabilities). The cost of acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognized.

5- Leases

Critical judgements required in the application of IFRS 16 include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

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b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

1- Fair value of unquoted financial assets

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

2- Useful lives of depreciable assets

The Group reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of assets. Uncertainties in these estimates mainly relate to obsolescence and changes in operations.

3- Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use" of the asset or the cash-generating unit to which the goodwill is allocated. Estimating a value in use requires the Group to make an estimate of the expected future cash-flows from the asset or the cash-generating unit and also choose an appropriate discount rate in order to calculate the present-value of the cash-flows.

4- Provision for allowance for expected credit losses and inventories

The extent of Allowance for expected credit losses and inventories involves an estimation process. Allowance for expected credit losses is based on a forward looking ECL approach. Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventories are subject to management approval.

5- Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

6- Leases

Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:

- Estimation of the lease term.
- Determination of the appropriate rate to discount the lease payments.
- Assessment of whether a right-of-use asset is impaired.

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3. Property and equipment

	Leasehold improvements	Machinery and equipment	Motor vehicles	Tools and equipment	Furniture and fixtures	Work in progress	Total
Cost:							
At January 1, 2024	1,178,046	1,820,118	128,928	9,037	264,522	599,693	4,000,344
Reclassification	-	-	-	-	-	(599,693)	(599,693)
Additions	434,683	1,596,011	-	3,582	28,669	282,654	2,345,599
Disposals	(524,454)	(896,586)	(71,215)	(10,198)	(27,591)	-	(1,530,044)
Foreign currency translation adjustments	(79)	1,255	(11)	9	(1)	1,287	2,460
At December 31, 2024	1,088,196	2,520,798	57,702	2,430	265,599	283,941	4,218,666
Additions	207,673	582,663	-	50,107	11,340	843,106	1,694,889
Disposals	(71,149)	(312,734)	-	-	-	-	(383,883)
Transfer from WIP	422,638	632,758	31,480	8,405	5,955	(1,101,236)	-
Foreign currency translation adjustments	(1,270)	(3,214)	(94)	(49)	(55)	(1,712)	(6,394)
At December 31, 2025	1,646,088	3,420,271	89,088	60,893	282,839	24,099	5,523,278
Accumulated depreciation and impairment loss							
At January 1, 2024	681,143	1,144,349	128,928	6,357	236,184	-	2,196,961
Charge for the year	51,581	231,861	-	2,725	12,175	-	298,342
Related to disposals	(304,585)	(394,277)	(71,215)	(8,781)	(25,373)	-	(804,231)
Impairment losses	276,641	23,059	-	-	-	-	299,700
Foreign currency translation adjustments	(41)	1,194	(11)	(1)	(3)	-	1,138
At December 31, 2024	704,739	1,006,186	57,702	300	222,983	-	1,991,910
Charge for the year	64,747	253,729	1,574	13,417	10,795	-	344,262
Related to disposals	(3,501)	(268,077)	-	-	-	-	(271,578)
Foreign currency translation adjustments	(16)	(880)	(5)	(8)	(6)	-	(915)
At December 31, 2025	765,969	990,958	59,271	13,709	233,772	-	2,063,679
Net book value:							
At December 31, 2025	880,119	2,429,313	29,817	47,184	49,067	24,099	3,459,599
At December 31, 2024	383,457	1,514,612	-	2,130	42,616	283,941	2,226,756

- Depreciation charged for the year was distributed as follows:

	2025	2024
Cost of sales and service costs	285,921	278,610
Others	58,341	19,732
	344,262	298,342

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4. Right of use assets

The Group leases several assets, including lands. The lease term ranges from 6 to 10 years (2024 – 10 years).

The movement of the right to use assets is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	2,411,042	1,833,401
Adjustments (Note 14)	-	79,053
Additions (Note 14)	2,065,915	1,679,885
Disposals	(84,384)	(469,743)
Amortization for the year	(903,591)	(711,546)
Foreign currency translation adjustments	-	(8)
Balance at the end of the year	<u>3,488,982</u>	<u>2,411,042</u>

Expenses related to right-of-use assets recognized in the consolidated statement of profit or loss for the year were as follows:

	<u>2025</u>	<u>2024</u>
Expenses relating to short-term and low-value leases:		
- Service cost (Note 18)	(157,809)	(145,798)
- General and administrative expenses (Note 19)	(100,273)	(59,234)
	<u>(258,082)</u>	<u>(205,032)</u>
Amortization charges on right of use	(903,591)	(711,546)
Finance charges on lease liabilities (Note 14)	(160,811)	(110,231)
Impact of lease agreement cancellation	35,014	8,075

- The leases in which the Group is the lessee do not contain any variable lease payment terms.

5. Goodwill

Management conducted an impairment test on the Cash Generating Unit (CGU) related to the subsidiary, Cozmo Entertainment General Trading and Contracting Company – W.L.L., using the Discounted Cash flows technique (DCF) to assess whether there is an impairment in the goodwill value, applying 8.77% as a discount rate and an expected growth rate of 1%. The impairment test resulted in a goodwill impairment of KD 1,184,823, recognized in the consolidated statement of profit or loss.

	<u>2025</u>	<u>2024</u>
Cost	6,698,640	6,698,640
Accumulated impairment losses	(1,184,823)	-
	<u>5,513,817</u>	<u>6,698,640</u>

The movement of goodwill during the year can be presented as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	6,698,640	6,698,640
Impairment loss for the year	(1,184,823)	-
	<u>5,513,817</u>	<u>6,698,640</u>

The recoverable amount of a CGU “Cozmo Entertainment General Trading and Contracting Company – W.L.L.” is determined based on value-in-use calculations. These calculations use cash flow projections based on management-approved financial budgets for a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates stated below.

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The key assumptions used for value-in-use calculations are as follows:

	<u>2025</u>	<u>2024</u>
Average expected growth rate in revenue	9%	15%
Discount rate	8.77%	11.63%
Growth rate	1%	2%

Management determined the budgeted gross margin based on past performance and its expectations of market development. The weighted-average growth rates used are consistent with the forecasts in industry reports. The discount rates used reflect specific risks relating to the relevant Cozmo Entertainment General Trading and Contracting Company – W.L.L.

6. Financial assets at fair value through profit or loss

	<u>2025</u>	<u>2024</u>
Quoted shares	5,210,920	1,845,025
Investment fund	-	16,811,928
Unquoted shares	856,952	879,656
Balance at the end of the year	<u>6,067,872</u>	<u>19,536,609</u>

The movement during the year on the balance of financial assets at fair value through profit or loss was as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	19,536,609	18,800,084
Additions	129,595,955	52,007,153
Disposals	(143,202,977)	(51,870,484)
Unrealized gain on changes in the fair value of financial assets at FVTPL (Note 20)	138,285	599,856
Balance at the end of the year	<u>6,067,872</u>	<u>19,536,609</u>

7. Inventories

	<u>2025</u>	<u>2024</u>
Raw materials	-	4,078
Finished goods	417,334	58,620
Spare parts	-	8,061
	<u>417,334</u>	<u>70,759</u>

8. Related parties' disclosures

The Group has entered into various transactions with related parties, i.e., shareholders, Board of Directors, key management personnel, and other related parties. Prices and payment terms are approved by the Group's management. Significant related parties' transactions and balances are as follows:

Balances included in the consolidated statement of financial position

	Nature	<u>2025</u>	<u>2024</u>
Due from related parties	Others	<u>611</u>	<u>-</u>

Balances included in the consolidated statement of profit or loss:

	Nature	<u>2025</u>	<u>2024</u>
General and administrative expenses	Board of Directors	<u>41,940</u>	<u>23,580</u>

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Key management compensations

	<u>2025</u>	<u>2024</u>
Short-term benefits	120,145	150,390
End of service indemnity benefits	5,455	5,455
	<u>125,600</u>	<u>155,845</u>

9. Accounts receivable and other debit balances

	<u>2025</u>	<u>2024</u>
Trade receivables (a)	229,343	343,624
Less: provision for expected credit losses (b)	-	(42,549)
Net trade receivables	<u>229,343</u>	<u>301,075</u>
Staff receivables	18,348	22,756
Less: provision for expected credit losses (b)	-	(4,073)
Net staff receivables	<u>18,348</u>	<u>18,683</u>
Refundable deposits	147,390	140,525
Advance payments to suppliers	253,276	523,624
Advance payments to acquire a new subsidiary (c)	3,883,604	-
Prepaid expenses	52,429	105,832
Accrued income	31,655	-
Other debit balances	14,275	3,400
	<u>4,630,320</u>	<u>1,093,139</u>

a) Trade receivables:

Trade receivables are non-interest bearing and are generally due within 60 days (2024 – 60 days).

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables, as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables have been assessed on a collective basis, respectively, and grouped based on shared credit risk characteristics and days past due.

The expected credit loss rates are based on the payment profile for sales over the past 1 to 3 years before December 31, 2025, as well as the corresponding historical credit losses during that period. Given the short period exposed to credit risk, the impact of current and forward-looking macroeconomic factors has not been considered significant within the reporting period.

There has been no change to the estimation techniques or to the significant assumptions made during the current year. During the year ended December 31, 2025, the Group's management re-assessed its customers' expected credit loss rates.

Trade receivables are written off (i.e., derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Group on alternative payment arrangements, among others, are considered indicators of no reasonable expectation of recovery and, therefore, are considered credit impaired.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases:

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	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	Less than 60 days	60 – 365 days		
2025				
Expected credit loss rate	-	-	-	-
Gross carrying amount	178,434	50,909	-	229,343
Expected credit loss	-	-	-	-
2024				
Expected credit loss rate	4.5%	14.7%	100%	-
Gross carrying amount	170,787	161,833	11,004	343,624
Expected credit loss	7,685	23,860	11,004	42,549

b) Provision for expected credit losses

The movement in the provision of the expected credit losses is as follows:

	2025	2024
Balance at the beginning of the year	46,622	128,132
Utilized during the year	(46,622)	(81,141)
Foreign currency translation adjustments	-	(369)
Balance at the end of the year	-	46,622

c) Advance payments to acquire a new subsidiary

The above balance reflects amounts paid during the year ended December 31, 2025, in connection with an acquisition agreement dated November 25, 2025, entered into by the Parent Company to acquire 100% of the shares of The English International Group Holding Company – W.L.L. (the "Acquiree"). The Acquiree owns a 75% stake in the J6-F Private School project, which involves developing and operating a private school in Jaber Al-Ahmad City on land covering 9,297 square meters, with a 35-year concession period. The planned start date for operations and student enrollment is September 2027.

In addition to the amounts paid so far, the Parent Company is expected to make additional payments of approximately KD 7,875,000 over the next three years to cover the project's construction and operational costs.

The agreement also grants the Acquiree the right to acquire the remaining 25% interest in the project after three years from the start of operations, with a 12% compounded annual return in favor of the partner. Additionally, the agreement states that the Acquiree will hire a specialized operator to manage and operate the project, who will receive a 10% stake in the project.

Completion of the acquisition and transfer of ownership are in progress and remain subject to obtaining the necessary approvals from the relevant regulatory authorities. Accordingly, the acquisition has not been fully recognized in the accompanying consolidated financial statements as at the reporting date.

10. Cash and cash equivalents

	2025	2024
Cash on hand and at banks	180,885	295,214
Cash with financial institutions – managed in a portfolio	1,086,982	375,981
Wakala investments	9,280,000	-
	10,547,867	671,195

The annual effective interest rate on Wakala investments is 2.5% per annum. The Wakala investments have an average contractual maturity of less than 30 days from the deposit date.

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11. Share capital

The Parent Company's authorized share capital is KD 100,000,000 (one hundred million Kuwaiti Dinars), divided into 1,000,000,000 shares (one billion shares) of 100 fils each, all of which are in cash. The issued and paid-up share capital is KD 30,000,000 (thirty million Kuwaiti Dinars), divided into 300,000,000 shares (three hundred million shares), and all shares are issued in cash.

12. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to the Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat, and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association. Since there was accumulated loss as of the end of the year, no transfer to the statutory reserve was made during the year.

13. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to KFAS, NLST, Zakat, and the Board of Directors' remuneration is transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' General Assembly upon recommendation by the Board of Directors. Since there was accumulated loss as of the end of the year, no transfer was made to the voluntary reserve during the year.

14. Lease liabilities

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	2,711,031	2,154,589
Adjustments (Note 4)	-	79,053
Additions (Note 4)	2,065,915	1,679,885
Disposals	(119,398)	(476,341)
Finance charges on lease liabilities (Note 4)	160,811	110,231
Payments	(910,503)	(785,839)
Rental deductions	(33,223)	(50,538)
Foreign currency translation adjustments	-	(9)
Balance at the end of the year	<u>3,874,633</u>	<u>2,711,031</u>

Analyzed as:

	<u>2025</u>	<u>2024</u>
Non-current portion	2,858,959	1,988,789
Current portion	1,015,674	722,242
Total present value of leases liabilities	<u>3,874,633</u>	<u>2,711,031</u>

	Minimum lease payments		Present value of minimum lease payments	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<u>Amounts payable relating to leases liabilities</u>				
Within one year	1,170,247	830,351	1,015,674	722,242
From the second year to the end of the leases	3,223,428	2,143,671	2,858,959	1,988,789
Total payable of lease liabilities	4,393,675	2,974,022	3,874,633	2,711,031
Less: Unamortized future finance charge	(519,042)	(262,991)	-	-
Present value of minimum lease payments	<u>3,874,633</u>	<u>2,711,031</u>	<u>3,874,633</u>	<u>2,711,031</u>

The lease term ranges from 6 to 10 years (2024 – 10 years) and the average effective borrowing rate is 4.75% per annum (2024 – 4.75% per annum).

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15. Provision for end of service indemnity

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	162,093	217,990
Charged for the year	45,363	47,533
Paid during the year	(36,706)	(99,220)
Provision no longer required	(9,069)	(4,207)
Foreign currency translation adjustments	(40)	(3)
Balance at end of the year	<u>161,641</u>	<u>162,093</u>

16. Accounts payable and other credit balances

	<u>2025</u>	<u>2024</u>
Trade payables (a)	50,045	21,490
Accrued expenses	139,301	159,313
Accrued staff leave	86,559	78,181
Advances from customers	1,582	6,267
NLST payable	-	50,386
Zakat payable	-	5,213
Other payables	4,315	6,899
	<u>281,802</u>	<u>327,749</u>

a) Trade payables are non-interest bearing and are normally settled on an average period of 90 days (2024 – 90 days).

b) The carrying amounts of accounts payable and other credit balances largely correspond to their fair values.

17. Operating revenue

2025

<u>By type of activity</u>	<u>Services</u>	<u>Sales</u>	<u>Investment</u>	<u>Total</u>
Games revenue	2,130,266	47,817	-	2,178,083
Sales of carton	-	1,284	-	1,284
Restuarantes sales	-	49,650	-	49,650
Sale of metal fasteners	-	389,204	-	389,204
Investment Income	-	-	2,440,913	2,440,913
	<u>2,130,266</u>	<u>487,955</u>	<u>2,440,913</u>	<u>5,059,134</u>

2024

<u>By type of activity</u>	<u>Services</u>	<u>Sales</u>	<u>Investment</u>	<u>Total</u>
Games revenue	2,086,936	65,765	-	2,152,701
Sales of carton	-	351,739	-	351,739
Investment Income	-	-	1,460,027	1,460,027
	<u>2,086,936</u>	<u>417,504</u>	<u>1,460,027</u>	<u>3,964,467</u>

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18. Service costs

	<u>2025</u>	<u>2024</u>
Depreciation and amortization	1,196,196	826,269
Staff costs	347,131	314,821
Rental (Note 4)	157,809	145,798
Tournament expense	82,680	73,182
Maintenance expense	66,354	47,148
Festival expense	38,062	24,418
Cost of sales and gaming revenue	35,328	32,566
Transportation expense	14,533	10,764
Bank fees	8,457	10,005
Electricity expense	8,059	12,115
Government fees	4,049	8,285
Printing and stationery	3,323	2,989
Insurance	2,564	4,515
Communication	2,322	1,232
Travel and marketing	1,349	-
Penalties	-	67,068
Others	3,394	688
	<u>1,971,610</u>	<u>1,581,863</u>

19. General and administrative expenses

	<u>2025</u>	<u>2024</u>
Staff costs	604,774	262,175
Professional and legal fees	237,845	138,822
Rent (Note 4)	100,273	59,234
Repairs and maintenance	21,190	10,501
Transportation	18,770	12,310
Travel	18,177	16,607
Electricity and water	15,370	-
Subscriptions	10,866	-
Insurance	5,860	7,004
Communication	4,472	6,349
Bank fees	4,434	4,685
Printing and stationery	1,961	4,761
Commissions	1,281	12,680
Others	101,047	67,216
	<u>1,146,320</u>	<u>602,344</u>

20. Net investments income

	<u>2025</u>	<u>2024</u>
Unrealized gain from changes in fair value of financial assets at FVTPL (Note 6)	138,285	599,856
Realized (loss) gain on sale of financial assets at FVTPL	(1,141,015)	633,520
Cash Dividends	3,443,643	226,651
	<u>2,440,913</u>	<u>1,460,027</u>

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21. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, National Labor Support Tax, Zakat, and Board of Directors' remuneration, and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries and associates, transfer to statutory reserve, and any accumulated losses.

No KFAS has been provided for, since there was no eligible profit after setting off the accumulated losses of the Group.

22. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	<u>2025</u>	<u>2024</u>
Profit for the year attributable to Parent Company's shareholders	<u>396,642</u>	<u>787,139</u>
	Shares	Shares
Weighted average number of shares outstanding	<u>300,000,000</u>	<u>300,000,000</u>
	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>1.32</u>	<u>2.62</u>

23. Shareholders' Annual General Assembly

The Board of Directors' meeting held on March 31, 2026, recommended not to distribute cash dividends or bonus shares, or remuneration to the Board of Directors of the parent company for the year ended December 31, 2025. This recommendation is subject to the approval of the Shareholders' Annual General Assembly of the parent company.

The Parent Company Shareholders' Ordinary General Assembly held on April 27, 2025, had approved the consolidated financial statements for the year ended December 31, 2024, and resolved not to distribute cash dividends or bonus shares or remuneration to the Board of Directors of the Parent Company for the year ended December 31, 2024.

24. Contingent liabilities, capital commitments and legal claims

As of December 31, the Group is contingently liable in respect of the following:

	<u>2025</u>	<u>2024</u>
Letters of guarantee	<u>27,512</u>	<u>29,512</u>

For the capital commitments, please refer to (Note 9 – C).

Legal claims:

On April 27 and 28, 2025, the Parent Company participated in a public auction organized by Bursa Kuwait for the sale of unquoted shares owned to the Ministry of Justice – Enforcement Department. As a result of the auction, the Parent Company acquired unquoted shares in several companies for a total amount of KD 7,071,631. The full amount due for the acquisition has been paid, and the shares have been registered in the name of the Parent Company. However, on May 12, 2025, an official announcement was issued by Bursa Kuwait stating the cancellation of the aforementioned auction result and the restoration of the situation to its prior state. This decision was issued by the Enforcement Department at the Ministry of Justice, as the legal procedures related to the sale process were not properly fulfilled.

During the year ended December 31, 2025, the Parent Company redeemed the full amount paid for the shares acquisition, which was KD 7,071,631.

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Accordingly, the Parent Company filed lawsuits in the competent court requesting the invalidation and stay of execution of the decision of the Head of the Execution Department. As of the reporting date, these lawsuits remain pending, and a hearing has been scheduled for April 7, 2026.

There are certain lawsuits raised by / against the group, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group's Legal counsels, there will be no material adverse impact on the Group consolidated financial statements, and hence, no provisions were recorded in the Group's records as of the reporting date.

25. DMTT Income Taxes

On December 31, 2024, the State of Kuwait enacted Law No. 157 of 2024 (the "Law"), introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025 on entities that are part of the Multinational Entities (MNE) Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. This Law effectively replaces the existing National Labor Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within its scope.

On June 29, 2025, the Ministry of Finance issued Executive Regulations outlining the mechanisms for calculating taxable income, determining the effective tax rate, and implementing the Law. Currently, the Group's revenue does not exceed the annual revenue threshold specified by this law.

26. Segment information

The Group has allocated its assets among the following reportable geographic segments based on the geographic location of customers and segment assets:

- State of Kuwait.
- Gulf Cooperation Council (GCC Countries).

	State of Kuwait		GCC Countries		Total	
	2025	2024	2025	2024	2025	2024
Revenues	4,866,065	3,772,947	389,160	408,789	5,255,225	4,181,736
Expenses	(4,194,108)	(2,717,081)	(759,313)	(695,425)	(4,953,421)	(3,412,506)
Profit (loss)	671,957	1,055,866	(370,153)	(286,636)	301,804	769,230
Total assets	31,995,716	31,727,245	2,132,470	980,895	34,128,186	32,708,140
Total liabilities	(4,212,909)	(3,127,932)	(105,167)	(72,941)	(4,318,076)	(3,200,873)
Net assets	27,782,807	28,599,313	2,027,303	907,954	29,810,110	29,507,267

27. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, receivables, financial assets at fair value through profit or loss, due from related parties, lease liabilities and payables. As a result, it is exposed to the risks indicated below. The Group does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest profit for its financial assets and liabilities carrying floating interest rates. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

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	2025		Effect on consolidated statement of profit or loss (KD)
	Increase (Decrease) in interest rate	Balance on December 31 (KD)	
Wakala investments	± 0.5%	9,280,000	± 46,400

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, causing the other party to incur a financial loss. Financial assets that may expose the Group to credit risk consist of cash at banks, receivables and amounts due from related parties. The Group's cash at banks are placed with high credit rating financial institutions. Receivables are presented net of allowance for expected credit loss. Credit risk concerning receivables is limited due to the large number of customers and their dispersion across different industries.

Cash at banks

The Group's cash at banks measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash at banks, Wakala investments, receivables, and due from related parties.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The group may reduce its exposure to foreign exchange rate fluctuations by using derivative financial instruments. The Group ensures that net exposure remains at an acceptable level by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar. The Group is not currently significantly exposed to such risk.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between other currencies and the Kuwaiti Dinar:

	Increase / (Decrease) against Kuwaiti Dinar	Effect on the consolidated statement of profit or loss (Kuwait Dinar)	Effect on the consolidated other comprehensive income (Kuwaiti Dinar)
2025			
Saudi Riyal	±5%	±19,689	±23,842
2024			
Saudi Riyal	±5%	±13,893	±4,249

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d) Liquidity risk

Liquidity risk is the risk that the Group will have difficulty raising funds to meet commitments associated with its financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in Wakala investments or other investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

Maturity table for undiscounted financial liabilities

	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 to12 months</u>	<u>1 to10 years</u>	<u>Total</u>
<u>2025</u>					
Leases liabilities	76,695	225,795	713,184	2,858,959	3,874,633
Accounts payable and other credit balances	-	95,176	186,626	-	281,802
Total	<u>76,695</u>	<u>320,971</u>	<u>899,810</u>	<u>2,858,959</u>	<u>4,156,435</u>
	<u>Up to 1 month</u>	<u>1 to 3 months</u>	<u>3 to12 months</u>	<u>1 to10 years</u>	<u>Total</u>
<u>2024</u>					
Leases liabilities	45,140	135,421	541,681	1,988,789	2,711,031
Accounts payable and other credit balances	-	178,319	149,430	-	327,749
Total	<u>45,140</u>	<u>313,740</u>	<u>691,111</u>	<u>1,988,789</u>	<u>3,038,780</u>

e) Equity price risk

Equity price risk is the risk that fair values of equities decrease as the result of changes in level of equity indices and the value of individual stocks. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio and are continuously monitored. As per the management, the cost approximates the fair value of the financial assets at fair value through profit and loss.

28. Fair value measurement

The Group measures financial assets, such as financial assets at FVPL, at fair value at each reporting date.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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The following table presents the Group's assets that are measured at fair value:

	December 31, 2025			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	5,210,920	-	856,952	6,067,872
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	1,845,025	16,811,928	879,656	19,536,609

There were no transfers between levels of fair value measurements during the year.

The fair values of cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The movement in level three during the year represents changes in fair value.

29. Capital risk management

The Group's objectives when managing capital resources are to safeguard the Group's ability to continue as a going concern, in order to providing returns for shareholders and benefits for other stakeholders, and maintaining an optimal capital resource structure to reduce the cost of capital.

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid-up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans, or obtain additional loans.

30. Comparative figures

Certain of the prior year amounts have been reclassified to conform to the amounts of current year presentation. These reclassifications had no impact on the prior year's income statement or retained earnings.

31. Subsequent events

Subsequent to the consolidated financial statements date, on February 28, 2026, a military conflict arose in the Middle East, creating significant geopolitical uncertainty in the region.

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

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