

**UNITED PROJECTS COMPANY FOR
AVIATION SERVICES K.S.C.P. AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Projects Company For Aviation Services K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Valuation of a financing arrangement

The Group has started financing a related party since 2014 for constructing and developing a mega commercial mall in UAE ("Project") through a complex financing arrangement. As the terms of the agreement are critical for assessing the classification of this arrangement and the valuation of amounts due from an associate, the management evaluates these terms. The financing arrangement is classified as a debt instrument at fair value through profit or loss. The management assessed the fair value of the financing arrangement based on the fair value of the Project at the reporting date using the discounted cash flow method that requires the use of various unobservable inputs. Given the significance of the Project and the complexity and estimation uncertainty involved in the valuation of the financing arrangement, we have identified the valuation of the financing arrangement as a key audit matter.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Valuation of a financing arrangement (continued)

As part of our audit procedures, among others, we have evaluated the terms of various agreements entered by the Group in relation to this Project to assess the appropriateness of the accounting treatment, classification and disclosure of all aspects of the financing arrangements to date. We have tested a sample of the material contributions made during the year to finance the Project by tracing them to supporting evidence and comparing it with the contractual terms of the agreements. For the valuation of the Project, we performed audit procedures over the Group's projected financial information (PFI) for the Project. Our work focused on assessing the reasonableness of key operational and financial assumptions used in the PFI by comparing them to actual operating data to date, approved budgets and relevant external information and testing the integrity and consistency of the forecasting model. We involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology used and challenging of the assumptions and judgements applied by management. We evaluated the adequacy of the Group's disclosures concerning the loan to an associate in Note 14 to the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities in Note 20.

Other information included in the Group's 2025 Annual Report

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 auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

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



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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 scepticism 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED PROJECTS COMPANY FOR AVIATION SERVICES K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, 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, as amended, 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 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
(AL-AIBAN, AL-OSAIMI & PARTNERS)

18 March 2026
Kuwait

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 KD	2024 KD
Revenue	5	3,769,901	8,570,298
Operating costs		(474,797)	(1,410,807)
GROSS PROFIT		3,295,104	7,159,491
General and administrative expenses		(1,255,312)	(2,173,561)
Salaries and employee benefits		(1,223,422)	(1,420,507)
Share of results of an associate	7	-	(1,806,070)
Other income		594,361	12,965
Profit before interest, taxation, depreciation and amortisation (“EBITDA”)		1,410,731	1,772,318
Depreciation		(4,250)	(1,760)
Amortisation on service concession arrangement	8	(1,333,027)	(427,253)
Amortization on right-of-use assets		(159,683)	(82,080)
(Loss) profit before interest and taxation (“EBIT”)		(86,229)	1,261,225
Interest income		341,090	248,588
Finance cost on service concession arrangement liabilities	8	(1,150,369)	(370,796)
Finance cost		(106,085)	(73,511)
(Loss) profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”) and Zakat		(1,001,593)	1,065,506
Contribution to KFAS		-	(8,973)
NLST		-	(23,650)
Zakat		-	(7,407)
(LOSS) PROFIT FOR THE YEAR		(1,001,593)	1,025,476
Attributable to:			
Equity holders of the Parent Company		(1,200,291)	956,934
Non-controlling interest	4	198,698	68,542
		(1,001,593)	1,025,476
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	6	(3.18) Fils	2.53 Fils

The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME

For the year ended 31 December 2025

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
(Loss) profit for the year	(1,001,593)	1,025,476
Other comprehensive loss:		
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustment	-	8,762
Share of other comprehensive loss of an associate	-	(145,460)
Other comprehensive loss for the year	-	(136,698)
Total comprehensive (loss) income for the year	(1,001,593)	888,778
Attributable to:		
Equity holders of the Parent Company	(1,200,291)	820,236
Non-controlling interests	198,698	68,542
Total comprehensive (loss) income for the year	(1,001,593)	888,778

The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 KD	2024 KD
ASSETS			
Non-current assets			
Property and equipment		13,996	12,458
Service concession rights	8	22,176,815	22,750,261
Loan to an associate	14	220,517,482	248,530,607
		<u>242,708,293</u>	<u>271,293,326</u>
Current assets			
Accounts receivable and other assets	9	1,203,375	1,889,669
Cash and cash equivalents	10	8,832,582	9,660,825
		<u>10,035,957</u>	<u>11,550,494</u>
TOTAL ASSETS		<u><u>252,744,250</u></u>	<u><u>282,843,820</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11 (a)	38,250,000	38,250,000
Share premium		48,605,000	48,605,000
Statutory reserve	11 (b)	7,416,960	7,416,960
Treasury shares	12	(1,544,594)	(1,544,594)
Other reserve		(111,480)	(111,480)
Foreign currency translation reserve		56,401	56,401
Retained earnings		11,791,643	12,991,934
Equity attributable to equity holders of the Parent Company		<u>104,463,930</u>	<u>105,664,221</u>
Non-controlling interest	4	1,338,543	1,139,845
Total equity		<u>105,802,473</u>	<u>106,804,066</u>
Non-current liabilities			
Service concession arrangement liabilities	8	21,007,573	21,396,204
Accounts payable and other liabilities	13	891,128	846,770
Employees' end of service benefits		693,679	771,392
		<u>22,592,380</u>	<u>23,014,366</u>
Current liabilities			
Service concession arrangement liabilities	8	2,052,000	1,539,000
Accounts payable and other liabilities	13	5,505,965	6,681,831
Loan from a related party	14	116,791,432	144,804,557
		<u>124,349,397</u>	<u>153,025,388</u>
Total liabilities		<u>146,941,777</u>	<u>176,039,754</u>
TOTAL EQUITY AND LIABILITIES		<u><u>252,744,250</u></u>	<u><u>282,843,820</u></u>

Tarek Ibrahim Mohammad Al Mousa
Chairman

Hamad Adnan Eisa Malallah
CEO & Vice Chairman

 The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
OPERATING ACTIVITIES			
(Loss) profit for the year before KFAS, NLST and Zakat		(1,001,593)	1,065,506
Adjustments for:			
Depreciation		4,250	1,760
Amortisation of right-of-use assets		159,683	82,080
Amortisation of service concession rights	8	1,333,027	427,253
Provision for employees' end of service benefits		103,845	134,215
Share of results of an associate	7	-	1,806,070
Interest income		(341,090)	(248,588)
Net (reversal of) allowances for expected credit losses	9	(86,734)	54,428
Finance cost on service concession arrangement liabilities	8	1,150,369	370,796
Finance cost		106,085	73,511
		1,427,842	3,767,031
Working capital adjustments:			
Accounts receivable and other assets		661,738	169,993
Accounts payable and other liabilities		(1,004,585)	(703,626)
		1,084,995	3,233,398
Employees' end of service benefits paid		(181,558)	(222,190)
Taxes paid		(219,722)	(77,222)
Net cash flows from operating activities		683,715	2,933,986
INVESTING ACTIVITIES			
Additions to service concession rights	8	(759,581)	(100,106)
Purchase of property and equipment		(5,788)	(13,615)
Loan to an associate	14	28,013,125	(33,298,486)
Interest income received		335,282	241,156
Net cash flows used in investing activities		27,583,038	(33,171,051)
FINANCING ACTIVITIES			
(Repayment of) proceeds from loan from a related party	14	(28,013,125)	33,298,486
Payment of service concession arrangement liabilities	8	(1,026,000)	-
Payment of lease liabilities		(55,871)	(115,960)
Net cash flows from financing activities		(29,094,996)	33,182,526
NET INCREASE IN CASH AND CASH EQUIVALENTS		(828,243)	2,945,461
Cash and cash equivalents as at 1 January		9,660,825	6,715,364
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	10	8,832,582	9,660,825

The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2025

Non-cash items excluded from the consolidated statement of cash flows:

	<i>Notes</i>	2025 KD	2024 KD
Additions to right of-use assets		(771,800)	-
Additions to lease liabilities (adjusted with accounts payable and other liabilities)		654,702	-
Prepayments adjusted with right of-use assets		117,098	-
Additions to service concession rights	8	-	(22,564,408)
Prepayments adjusted with service concession rights	8	-	(513,000)
Additions to service concession arrangement liabilities	8	-	22,564,408
Derecognition of right of-use assets		612,117	-
Derecognition of lease liabilities		(606,515)	-

The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Attributable to equity holders of the Parent Company</i>									<i>Total KD</i>
	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interest KD</i>	
As at 1 January 2025	38,250,000	48,605,000	7,416,960	(1,544,594)	(111,480)	56,401	12,991,934	105,664,221	1,139,845	106,804,066
(Loss) profit for the year	-	-	-	-	-	-	(1,200,291)	(1,200,291)	198,698	(1,001,593)
Total comprehensive (loss) income for the year	-	-	-	-	-	-	(1,200,291)	(1,200,291)	198,698	(1,001,593)
As at 31 December 2025	38,250,000	48,605,000	7,416,960	(1,544,594)	(111,480)	56,401	11,791,643	104,463,930	1,338,543	105,802,473

	<i>Attributable to equity holders of the Parent Company</i>									<i>Total KD</i>
	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Treasury shares KD</i>	<i>Other reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interest KD</i>	
As at 1 January 2024	38,250,000	48,605,000	7,317,263	(1,544,594)	33,980	47,639	12,134,697	104,843,985	1,071,303	105,915,288
Profit for the year	-	-	-	-	-	-	956,934	956,934	68,542	1,025,476
Other comprehensive (loss) income for the year	-	-	-	-	(145,460)	8,762	-	(136,698)	-	(136,698)
Total comprehensive (loss) income for the year	-	-	-	-	(145,460)	8,762	956,934	820,236	68,542	888,778
Transfer to statutory reserve	-	-	99,697	-	-	-	(99,697)	-	-	-
As at 31 December 2024	38,250,000	48,605,000	7,416,960	(1,544,594)	(111,480)	56,401	12,991,934	105,664,221	1,139,845	106,804,066

The attached notes 1 to 21 form part of these consolidated financial statements.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

1 ACTIVITIES AND CORPORATE INFORMATION

The consolidated financial statements of the United Projects Company for Aviation Services K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 were authorised for issue by the board of directors on 17 March 2026. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the annual general assembly meeting (AGM).

United Projects Company for Aviation Services K.S.C.P. (the “Parent Company”) was established as a closed Kuwaiti shareholding company on 4 December 2000 and was subsequently listed on Boursa Kuwait on 5 June 2006. The Parent Company’s registered address is Kuwait International Airport, P.O. Box 27068 Safat 13131, State of Kuwait. Subsequent to the reporting date, the registered address has changed to Symphony Building, Floor 8, Plot No. 1A/1, Block No. 71, Salem Al-Mubarak Street and Arabian Gulf Street, Salmiya. The main objectives of the Parent Company are:

- ▶ Providing airplane ground and cleaning services and supply of water and other airplane supplies;
- ▶ Leasing out airplanes;
- ▶ Tourism, travel and cargo shipment services;
- ▶ Managing projects;
- ▶ Investing surplus funds in investment portfolios managed by specialised institutions;
- ▶ The right to participate with other firms, which operate in the same field or those, which would assist in achieving its objectives in Kuwait or abroad, and to purchase those firms or participate in their equity.
- ▶ Management and development of real estate activities including real estate consultancy services;
- ▶ General trading of construction materials, equipment and real estate;
- ▶ To own, lease and rent out land and real estate properties;
- ▶ Sharing in executing the infrastructure for the housing, trading and industrial projects and manage real estate facilities under BOT regulations.

The Parent Company is listed on Boursa Kuwait and is a subsidiary of PWC Aviation Services Company K.S.C. (Closed) (“Intermediate Parent Company”). During the year, owing to business reorganization, the Ultimate Parent Company of the Group has changed from Agility Public Warehousing Company K.S.C.P., which is listed on Boursa Kuwait to Agility Global PLC, a UK incorporated public limited company listed on the Abu Dhabi Securities Exchange (ADX).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared on a historical cost basis, except for loan to an associate that has been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars (“KD”), which is also the functional of the Parent Company.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

Certain comparative amounts have been reclassified to conform to the current-year presentation. These reclassifications were made to enhance the consistency of the consolidated financial statement presentation in accordance with IFRS requirements and had no impact on total comprehensive income, profit or loss, or equity for the comparative period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations, and amendments adopted by the Group

Several amendments and interpretations apply for the first time in 2025, but do not have an impact on the consolidated financial statements of the Group.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment did not have any impact on the Group's consolidated financial statements.

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards issued is those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE (continued)

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ A clarification that a financial liability is derecognised on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognise 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)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Group’s consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group’s voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognized at fair value.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The consolidated financial statements of the Group include:

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Effective % equity interest</i>	
			<i>2025</i>	<i>2024</i>
Royal Aviation Company K.S.C. (Closed) ("RAC")	Kuwait	Management and services	66.57	66.57
UPAC United Real Estate Company K.S.C.C. ("UREC")	Kuwait	Real estate and property development	100	100
Al Arfaj Real Estate Company K.S.C. (Closed) ("Arfaj") ¹	Kuwait	Real estate and property development	100	100
<i>Held indirectly through Arfaj</i>				
Arfaj Limited	United Arab Emirates	Real estate and property development	100	100

Subsequent to the reporting date, the Group has incorporated a new subsidiary in the State of Kuwait, namely UPAC Premier for Exhibition and Conference Management W.L.L. The new subsidiary has a capital of KD 10,000 and is fully owned by the Group.

Revenue recognition

Revenue is recognised either at a point in time or overtime, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership.

Services income

The Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning and security), as well as other services such as aircraft ground handling. The consideration charged for these services includes fees charged based on a percentage and reimbursement of certain expenses incurred. These services are separately invoiced.

Interest income

Interest income is recognised at it accrues using the effective interest rate method.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises 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 are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in section 'Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 interest 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases (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) and lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Taxation

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

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration, and transfer to statutory reserve should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

National Labor Support Tax (NLST) and Zakat

National Labor Support Tax and Zakat was provided for in accordance with the applicable fiscal laws, rules and regulations. Consequent to the implementation of DMTT in the State of Kuwait, the Group is not liable to National Labor Support Tax and Zakat effective from 1 January 2025.

Domestic Minimum Top-up Tax (DMTT)

Income taxes arising from tax law enacted by the State of Kuwait (Law No. 157 of 2024) for implementation of DMTT on entities which are part of multinational group with annual revenues of EUR 750 million or more are provided for in accordance with the Executive regulations issued through Ministerial Resolution No. 55 of 2025. Refer Note 21 for further information.

Investment in an associate

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

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Financial assets

Initial recognition and measurement

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

'Interest' is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cashflows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

The Group has determined the classification and measurement of its financial assets as follows:

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of income when the asset is derecognised, modified or impaired.

Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets in this category are those assets, which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest income is recognised using the effective interest method. Dividend income from equity investments measured at FVTPL is recognised in the consolidated statement of income when the right to the payment has been established.

Loan to an associate is classified as financial assets carried at FVTPL since the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include loans and borrowings and accounts payable and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR).

Accounts payable and other liabilities

Liabilities are recognised for amounts the Group obligated to pay in the future for goods or services received, whether billed by the supplier or not.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) 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, discounted at an approximation of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For rent receivables and other assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Fair value measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as 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 each reporting date 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 incurred to settle the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contingencies

Contingent liabilities are not recognised on the consolidated statement of financial position. They are disclosed in the consolidated financial statement unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised on the consolidated statement of financial position, but disclosed in the consolidated financial statement when an inflow of economic benefits is probable.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Any realised losses are recognised in treasury share reserve or share premium reserve to the extent of the credit balance in that account. Any excess losses are charged to retained earnings then to the reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Employees' end of service benefits

The Group provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Foreign currencies

The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenues and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance and the reporting is consistent with the internal reports provided to the chief operation decision maker. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Service concession arrangements (Intangible asset model)

The Group, as an operator under service concession arrangements with the Government, accounts for such agreements in accordance with IFRIC 12 *Service Concession Arrangements*. Under these agreements, the Government (the grantor) controls the infrastructure and determines the services to be provided, to whom, and at what price. The Group is granted the right to operate the infrastructure and charge users for a specified concession period.

Accordingly, the infrastructure is not recognised as property, plant and equipment or investment property of the Group. Instead, the consideration receivable for construction or upgrade services is recognised as an intangible asset (service concession right).

The intangible asset is initially measured at cost, which includes:

- ▶ construction and development costs incurred in relation to the infrastructure; and
- ▶ directly attributable costs necessary to bring the asset into operation.

The intangible asset is subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the concession period (i.e. 17 years), which reflects the pattern in which the future economic benefits are expected to be consumed.

Revenue from construction or upgrade services under concession arrangements is recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*, with a corresponding increase in the intangible asset.

At each reporting date, the Group reviews the carrying amount of service concession intangible assets for indicators of impairment and recognises an impairment loss where the carrying amount exceeds the recoverable amount, in accordance with IAS 36 *Impairment of Assets*.

The Group measures the service concession arrangement liabilities at the present value of concession payments to be made over the concession period. The concession payments include fixed payments (including in-substance fixed payments).

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgments

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

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Equity accounting of entities in which the Group holds less than 20% holding.

The Group assessed that the voting rights in Naples Topco Limited (“Naples”) are dominant factor in deciding who has significant influence on entity. The Group has a representation on Naples’s board of directors and the Group’s consent is required for all major operational decisions. Accordingly, the Group has considered the significant influence achieved through absolute voting rights is sufficient to give it the practical ability to direct the relevant activities of the investee company, despite the fact they have less than 20% holding.

Going concern assessment

The Group’s management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the necessary resources to continue in business for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Legal cases

In accordance with IFRSs, outcome of legal cases may result in disclosure of contingent assets, contingent liabilities or recognition of a provision. Contingent asset are possible assets that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group’s control and are disclosed if the inflow of economic benefits is probable.

The Group may also recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements.

Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for disclosures and provision in its consolidated financial statements. Among the factors considered in making decisions on disclosure or provisions are the nature of litigation, claim or assessment, the legal process and potential outcome in the jurisdiction in which the litigation has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 also described in the individual notes of the related to the consolidated financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of associates

The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Impairment of financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

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

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

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

Fair value measurement of financial assets

When the fair values of financial assets recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (“DCF”) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of unobservable inputs to reflect market conditions. Changes in assumptions about these factors could affect the reported fair value of financial assets.

4 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Ownership %</i>	
			<i>2025</i>	<i>2024</i>
Royal Aviation Company K.S.C. (Closed) (“RAC”)	Kuwait	Management and services	33.43	33.43

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

	<i>RAC</i>	<i>RAC</i>
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
<i>Summarised statement of income for the year ended 31 December:</i>		
Revenues	838,459	1,199,331
Operating costs	(327,057)	(783,322)
Net operating expenses	(176,214)	(292,819)
Other income	347,316	1,172
EBITDA	682,504	124,362
Depreciation and amortization	(159,683)	-
Interest income	93,450	83,752
Finance Cost	(21,902)	-
Zakat	-	(3,083)
Profit for the year	594,369	205,031
Total comprehensive income for year	594,369	205,031
Attributable to non-controlling interests	198,698	68,542

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

4 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised statement of financial position as at 31 December:

	<i>RAC</i> <i>2025</i> <i>KD</i>	<i>RAC</i> <i>2024</i> <i>KD</i>
Non-current assets	2,953,667	2,867,638
Accounts receivable and other assets and cash and cash equivalents (current)	1,278,833	1,002,935
Employees' end of service benefits (non-current)	(11,088)	(55,990)
Accounts payable and other liabilities (current)	(217,569)	(405,109)
Total equity	4,003,843	3,409,474
Attributable to:		
Equity holders of Parent Company	2,665,300	2,269,629
Non-controlling interest	1,338,543	1,139,845

Summarised cash flow information for year ended 31 December:

	<i>RAC</i> <i>2025</i> <i>KD</i>	<i>RAC</i> <i>2024</i> <i>KD</i>
Operating cash flows	508,840	136,148
Financing cash flows	(55,871)	-
Net increase in cash and cash equivalents	452,969	136,148

5 REVENUE

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's rental and services revenue:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Rental revenue	1,868,823	4,807,271
Service revenue	1,901,078	3,763,027
	3,769,901	8,570,298

All of the services are provided at a point in time and all revenue operations are carried out in Kuwait.

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

6 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is calculated by dividing the (loss) profit for the year attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the year (excluding treasury shares).

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

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
(Loss) profit for the year attributable to equity holders of the Parent Company	(1,200,291)	956,934
Weighted average number of paid-up shares	382,500,000	382,500,000
Weighted average number of treasury shares	(4,824,307)	(4,824,307)
Weighted average number of shares, less treasury shares, outstanding during the year	377,675,693	377,675,693
Basic and diluted (loss) earnings per share	(3.18) Fils	2.53 Fils

As there are no dilutive instruments outstanding, basic and diluted profit per share are identical. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

7 INVESTMENT IN AN ASSOCIATE

The Group has the following investment in associate:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Effective interest in equity</i>		<i>Year- end</i>	<i>Principal activities</i>
		<i>2025</i>	<i>2024</i>		
Naples Topco Limited	UAE	9.47%	9.47%	31 December	Real estate activities

Summarised financial information of the associate is as follows:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Non-current assets	392,548,194	358,969,081
Current assets	9,729,188	41,911,167
Non-current liabilities	(496,116,991)	(481,214,080)
Current liabilities	(30,917,174)	(29,862,309)
Equity	(124,756,783)	(110,196,141)
Proportion of the Group's ownership	9.47%	9.47%
Carrying value of the investment in associate	-	-
Revenue for the year	10,784,451	8,205,857
Loss for the year	(20,079,218)	(49,606,471)
Group's share in the loss for the year *	-	(1,806,070)
Other comprehensive loss for the year	-	(1,536,007)
Group's share in other comprehensive loss	-	(145,460)

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

7 INVESTMENT IN AN ASSOCIATE (continued)

* The Group's investment in the associate was reduced to nil in the prior year. As at the reporting date, the Group has no legal or constructive obligations to make payments on behalf of the associate, nor has it made any such payments. Consequently, the Group has not recognised any further share of losses beyond reducing its investment to nil.

The movement in the carrying amount of the investment in an associate during the year is as follows:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
As at 1 January	-	1,942,768
Share of results	-	(1,806,070)
Share of other comprehensive loss	-	(145,460)
Foreign currency translation adjustment	-	8,762
	<u>-</u>	<u>-</u>
As at 31 December	<u>-</u>	<u>-</u>

8 SERVICE CONCESSION RIGHTS AND SERVICE CONCESSION ARRANGEMENT LIABILITIES

Messila Beach Project

On 18 July 2024, the Group entered into an arrangement to Built-Operate-Transfer (BOT) a project for the construction of Messila Beach Project with Touristic Enterprises Company ("TEC") (the "Grantor") to operate the pre-existing gardens, parks and recreation centers located in Messila beach (the "Project"). The project is fully developed and built by the TEC. The contract term is for 17 years, and the project will be handed back to the Grantor at the end of the term. The project was handed over to the Group on 4 September 2024. The Project has been officially opened to the public on 30 October 2025.

As at 31 December 2025, service concession rights amount to KD 22,176,815 (31 December 2024: KD 22,750,261) which comprise of present value of the future service concession payments amounting to of KD 21,331,360 (31 December 2024: KD 22,650,155) and other costs that are directly attributable to the project amounting to KD 845,455 (31 December 2024: KD 100,106).

The Ultimate Parent Company has provided guarantees amounting to nil (2024: KD 3,283,200) for Messila Beach Project on behalf of the Group. (Note 14)

The service concession rights are being amortised on a straight-line basis over the 17-year concession period. Accordingly, the carrying amount of the concession right will be fully amortised by the end of the concession term, at which point the project will be transferred to the grantor at no consideration. Revenue during the operation phase will be recognised in accordance with IFRS 15, while the amortisation of the service concession rights will be recognised as an expense in profit or loss.

Set out below are the carrying amounts of service concession rights recognised and the movements during the year:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
As at 1 January	22,750,261	-
Additions	759,581	23,177,514
Amortization	(1,333,027)	(427,253)
	<u>22,176,815</u>	<u>22,750,261</u>
As at 31 December	<u>22,176,815</u>	<u>22,750,261</u>

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

8 SERVICE CONCESSION RIGHTS AND SERVICE CONCESSION ARRANGEMENT LIABILITIES (continued)

Set out below are the carrying amounts of service concession arrangement liabilities recognised and the movements during the year:

	2025 <i>KD</i>	2024 <i>KD</i>
As at 1 January	22,935,204	-
Additions	-	22,564,408
Finance cost	1,150,369	370,796
Payments	(1,026,000)	-
	<u>23,059,573</u>	<u>22,935,204</u>
Classified as:		
Non-current liabilities	21,007,573	21,396,204
Current liabilities	2,052,000	1,539,000
	<u>23,059,573</u>	<u>22,935,204</u>

Service concession arrangement liabilities of KD 23,059,573 (31 December 2024: KD 22,935,204) represents the unconditional fixed payments that will be paid by the Group to the Grantor over the term of the arrangement, discounted at a rate of 5%.

9 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2025 <i>KD</i>	2024 <i>KD</i>
Rent receivables	1,233,165	1,994,440
Counter fee receivable *	869,472	869,472
Less: Allowance for expected credit losses	(1,220,147)	(1,359,302)
	<u>882,490</u>	<u>1,504,610</u>
Amounts due from a related party (Note 14)	18,176	8,491
Other receivables	-	32,439
Advance to suppliers**	267,109	277,208
Prepayments	35,600	66,921
	<u>1,203,375</u>	<u>1,889,669</u>

* Counter fee receivable represents amounts due from the DGCA for services provided by the Parent Company. Subsequent to the reporting date, the Group has initiated legal proceedings for the recovery of these balances as these balances are now over-due. There is established legal precedent from previous lump-sum settlements reached for similar balances for past years from the DGCA and hence the management remains confident for recovery of these balances. Accordingly, the management has not recorded any provision on these balances.

** Advance to suppliers have been partially provided for by an amount of KD 139,000 (2024: KD 139,000).

Movements in the allowance for expected credit losses of receivables is as follows:

	2025 <i>KD</i>	2024 <i>KD</i>
As at 1 January	1,359,302	1,324,912
Charge for the year	-	54,428
Reversal	(86,734)	-
Amounts written off	(52,421)	(20,038)
As at 31 December	<u>1,220,147</u>	<u>1,359,302</u>

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

9 ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

The net carrying value of trade receivables is considered reasonable approximation of fair value.

Note 18.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses on the Group's trade receivables. Other classes within accounts receivable do not contain impaired assets.

10 CASH AND CASH EQUIVALENTS

	2025 KD	2024 KD
Cash and bank balances	792,335	4,394,504
Short-term deposits	8,040,247	5,266,321
	<u>8,832,582</u>	<u>9,660,825</u>

Short term deposits are denominated in KD and carry an effective interest rate of 3.6% (2024: 3.5%) per annum with maturity less than three months from reporting date.

11 SHARE CAPITAL AND RESERVES

a) Share capital

	2025 KD	2024 KD
Issued and paid-up share capital of 382,500,000 shares of 100 fils each (2024: 382,500,000 shares of 100 fils each)	<u>38,250,000</u>	<u>38,250,000</u>
	2025 Shares	2024 Shares
<i>Authorised shares</i>		
Ordinary shares of 100 fils each	<u>1,132,500,000</u>	<u>1,132,500,000</u>
<i>Ordinary shares issued and fully paid</i>		
As at 31 December	<u>382,500,000</u>	<u>382,500,000</u>

b) Statutory reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before tax and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors.

The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital. No transfer is required in the year losses or accumulated losses are incurred.

12 TREASURY SHARES

	2025	2024
Number of treasury shares	<u>4,824,307</u>	<u>4,824,307</u>
Percentage of issued shares (%)	<u>1%</u>	<u>1%</u>
Market value (KD)	<u>1,046,875</u>	<u>747,768</u>
Cost (KD)	<u>1,544,594</u>	<u>1,544,594</u>

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

13 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2025	2024
	KD	KD
Accounts payable	1,130,660	1,037,228
Amounts due to related parties (Note 14)	1,064,645	1,135,722
Accrued expenses	1,389,755	1,617,495
KFAS payable	-	15,988
Contract liabilities *	226,283	783,035
Provision for staff leave	75,629	100,906
Tenant refundable deposits	994,691	1,322,797
Other payables (Note 15)	1,515,430	1,515,430
	6,397,093	7,528,601
	2025	2024
	KD	KD
Classified as:		
Non-current liabilities	891,128	846,770
Current liabilities	5,505,965	6,681,831
	6,397,093	7,528,601

* Contract liabilities constitute rent received in advance by the Group from tenants in accordance with rental agreements.

The accounts payable and other liabilities balances above are non-interest bearing and are settled throughout the financial year.

For explanation on the Group's liquidity risk management process, refer to Note 18.3.

14 RELATED PARTY DISCLOSURES

These represent transactions with related parties, i.e. major shareholders, associate, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions and balances and with related parties are as follows:

	Entities under common control	Other related parties	2025	2024	
	KD	KD	KD	KD	
Consolidated statement of income:					
Revenues	-	56,539	56,539	215,003	
Other income	-	303,358	303,358	-	
Operating costs	-	(471,744)	(471,744)	(839,793)	
General and administrative expenses	-	(89,650)	(89,650)	(120,522)	
Finance cost	(71,096)	-	(71,096)	(53,223)	
	Entities under common control	Intermediate Parent Company	Other related parties	2025	2024
	KD	KD	KD	KD	KD
Interim condensed consolidated statement of financial position:					
Loan to an associate ¹	-	-	220,517,482	220,517,482	248,530,607
Amounts due from a related party	-	-	18,176	18,176	8,491
Amounts due to related parties (Included in accounts payable and other liabilities)	(1,063,772)	-	(873)	(1,064,645)	(1,135,722)
Loan from a related party ²	-	(116,791,432)	-	(116,791,432)	(144,804,557)

United Projects Company For Aviation Services K.S.C.P. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

14 RELATED PARTY DISCLOSURES (continued)

Amounts due from / to related parties are interest free and are receivable / payable on demand. Other related parties include entities under common control, except for loan to an associate.

The Ultimate Parent Company has provided guarantees amounting to KD Nil (2024: KD 3,283,200) for Messila Beach Project on behalf of the Group. (Note 8)

*Loan to an associate*¹

Loan to an associate represents amounts advanced by a subsidiary of the Group towards the construction and development of a commercial mall in UAE ("Project"). This amount bears compounded annual interest rates as per the loan agreement at 9.81% (31 December 2024: 9.9%) and carries with it the option, at the sole discretion of the Parent Company, to be converted to equity in the Project subject to the Project achieving certain operational targets.

The Group has contributed KD 6,580,301 (31 December 2024: KD 6,580,301) in the equity of the Project. The Ultimate Parent Company has also invested in the equity of this Project.

The Parent Company suspended the interest and has not recognised interest income of KD 31,744,547 for the year ended 31 December 2025 (31 December 2024: KD 30,092,851). The interest is suspended temporarily, and the Parent Company retains the right to reinstate it in the future.

During the year, the associate has repaid KD 28,013,125 to the Group.

Movement in loan to an associate during the year is as follows:

	2025	2024
	KD	KD
As at 1 January	248,530,607	215,232,121
(Repayments) additions to contribution	(28,013,125)	33,298,486
	<u>220,517,482</u>	<u>248,530,607</u>

The fair value hierarchy of loan to an associate at 31 December 2025 and 2024 is disclosed in Note 20.

*Loan from a related party*²

Loan from the Intermediate Parent Company carries no interest and is payable on demand. On 13 June 2023, the Parent Company and Intermediate Parent Company signed a convertible loan agreement ('agreement') having a limit amounting to KD 125 million. The agreement was revised to have a limit of KD 160 million as per the addendum signed on 8 August 2024, and the agreement has been amended further, and the maturity of the loan has been extended until 8 August 2026. The utilized portion of the loan as of 31 December 2025 amounts to KD 116.79 million and the unutilized portion of the loan amounting to KD 43.21 million.

The agreement grants the Intermediate Parent Company an option to convert the debt into new ordinary shares in the Parent Company in accordance with the terms of the agreement. The completion and execution of the conversion option of the existing debt, once exercised, will be subject to the approval of the relevant regulatory authorities and to the approval of Extra-ordinary General Meeting ('EGM') of the shareholders of the Parent Company. Even though the loan from the Intermediate Parent Company is payable on demand, the related party has confirmed to the management that they will not demand repayment of these amounts unless the Group has sufficient funds to settle these amounts.

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	<i>Transaction values for the</i>		<i>Balances outstanding as at</i>	
	<i>year ended 31 December</i>		<i>31 December</i>	
	2025	2024	2025	2024
	KD	KD	KD	KD
Salaries and other short-term benefits	304,440	403,503	22,385	31,227
Employees' end of service benefits	46,261	47,472	228,388	182,127
	<u>350,701</u>	<u>450,975</u>	<u>250,773</u>	<u>213,354</u>

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15 COMMITMENTS AND CONTINGENCIES

Capital commitments

	2025	2024
	KD	KD
Within one year	-	235,579
	<u>-</u>	<u>235,579</u>

Contingencies

Legal claims

Sheikh Saa'd Terminal

A case was filed by the DGCA against the Group's subsidiary, Royal Aviation Company K.S.C. (Closed) ("RAC") on 17 April 2022, alleging breaches of contractual obligations related to aircraft hangar construction.

On 26 March 2024, the case was referred to the Experts Department, where the expert concluded that there is no breach by RAC and DGCA delayed handover of the site in question and RAC is entitled to receive an amount of KD 407,764. On 4 February 2025, the court referred the case to another expert. Based on the second expert's report, on 23 December 2025, the Court of First Instance ruled that RAC must pay DGCA KD 2,166,278, rejecting other claims.

RAC has appealed this ruling on 21 January 2026 (Appeal No. 120/2026), disputed liability and asserting its right to compensation. The case remains under appeal as of February 2026 and the next hearing is set for 4 November 2026.

The management, based on consultations with its external legal counsel and taking into consideration the conclusions of the initial expert report and the substantive grounds of appeal, believes that RAC has strong legal arguments and that a favourable outcome is probable. Accordingly, no provision has been recognised in these consolidated financial statements as at the reporting date.

Kuwait Airways Terminal-4 Parking project

On 7 January 2025, Incheon International Airport Corporation ("Incheon"), the primary contractor from whom this project was sub-contracted by the Group, filed a legal case against the Parent Company, claiming KD 1,515,430 being due lease rentals as well as delay fines. Incheon has requested to appoint an expert to review the details of the case. The first hearing of 18 March 2025 was postponed to 27 May 2025. The case has now been transferred to the Expert Department, and a session was scheduled for 29 July 2025 to determine the timeline for discussions with the expert. A hearing was fixed to receive the expert report, on 30 September 2025 which was postponed to 2 December 2025, and has been further postponed until 14 April 2026. Once the expert report is submitted, the court shall call for a new session.

As at 31 December 2025, the Group has KD 1,515,430, recorded as 'other payables' in 'accounts payable and other liabilities', which represents amount payables for the period from August 2020 to September 2022 which were not been settled as the Parent Company was in discussions with DGCA, to be granted a waiver of rent, as the operations were impacted by the pandemic.

The management, based on consultations with its external legal counsel believes that the Group has strong legal arguments and that a favourable outcome is probable. Accordingly, the management believes that the provisions recorded in the books are adequate as at the reporting date and no additional provisions have been recognized.

Other claims

Subsequent to the reporting date, a legal case has been filed by the DGCA against the Parent Company, alleging delay in handing back the site following the expiry of the contract; claiming an amount of KD 7,873,704, and requesting the appointment of an expert to determine the usage fees from the contract expiration date until the actual evacuation and handover date. The first session is set for 17 March 2026.

The management, based on consultations with its external legal counsel believes that the Group has strong legal arguments and that a favourable outcome is probable. Accordingly, no provision has been recognised in these consolidated financial statements as at the reporting date.

Other contingencies

As at 31 December 2025, the Group had contingent liabilities, amounting to KD 3,555,094 (2024: KD 642,554), in respect of bank guarantees arising in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATION

At the Board of Directors meeting held on 17 March 2026, the directors proposed not to distribute cash dividends for the year ended 31 December 2025 (31 December 2024: Nil), which is subject to approval by the shareholders at the Annual General Meeting of the Parent Company. The directors also recommended no Board of Directors' remuneration (2024: KD Nil).

The shareholders of the Parent Company at the AGM held on 19 May 2025 approved the consolidated financial statements for the year ended 31 December 2024. No dividends were declared by the shareholders at the AGM.

17 SEGMENTAL INFORMATION

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, taxation is managed on a Group basis and is not allocated to operating segments.

For management purposes, the Group is organised in two operating segments: i) Investments: consists of investing in the Project (Note 14) and surplus funds in investment portfolios. ii) Service operations: consists of managing projects and providing airplane ground and cleaning services and other service facilities.

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17 SEGMENTAL INFORMATION (continued)

	<i>Investments</i>		<i>Services operations</i>		<i>Total</i>	
	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
<i>Consolidated statement of income</i>						
Segment revenues	341,090	248,588	4,364,262	8,583,263	4,705,352	8,831,851
Segment profit (loss)	269,994	(1,617,692)	(1,271,587)	2,683,198	(1,001,593)	1,065,506
Unallocated expenses					-	(40,030)
(Loss) profit for the year					(1,001,593)	1,025,476
Salaries and employees' benefits	-	-	(1,223,422)	(1,420,507)	(1,223,422)	(1,420,507)
<i>Other information:</i>						
Share of result of an Associate	-	(1,806,070)	-	-	-	(1,806,070)
Depreciation and Amortisation	-	-	(1,496,960)	(511,093)	(1,496,960)	(511,093)
	<i>Investments</i>		<i>Services operations</i>		<i>Total</i>	
	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
<i>Consolidated statement of financial position:</i>						
Assets	228,574,140	253,813,358	24,170,110	29,030,462	252,744,250	282,843,820
Liabilities	116,791,432	144,804,557	30,150,345	31,235,197	146,941,777	176,039,754
Additions to right-of-use assets	-	-	771,800	23,077,408	771,800	23,077,408
Derecognition of right-of-use assets	-	-	612,117	-	612,117	-
Additions to property and equipment	-	-	765,369	113,721	765,369	113,721

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise accounts payable and other liabilities and loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable and other assets and cash and cash equivalents that derive directly from its operations, including loan to an associate which represents the Group's investment in the Project (Note 14).

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Parent Company's Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group incurs foreign currency risk on transactions denominated in a currency other than the KD.

The Group manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Group's open positions, current and expected exchange rate movements. The Group ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its loan to an associate in foreign currency.

Foreign currency sensitivity

The following tables demonstrate the effect of a reasonably possible change in the aforementioned exchange rates, with all other variables held constant. The impact on the Group's profit for the year due to changes in the fair value of monetary assets and liabilities is as follows:

Currency	Change in exchange rate	Effect on profit for the year	
		2025 KD	2024 KD
AED	+5%	11,025,874	12,426,530

An equivalent decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loan to an associate and its term deposits.

The Group's policy is to manage its interest cost by availing competitive credit facilities from local financial institutions and constantly monitoring interest rate fluctuations.

Interest rate sensitivity

A reasonably possible change of 100 basis points in interest rates at the reporting date would have resulted in an increase / decrease in profit for the year by KD 2,285,577 (2024: increase / decrease profit for the year by KD 2,537,969). This analysis assumes that all other variables, remain constant.

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As at and for the year ended 31 December 2025

18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily rental income receivables), including cash at banks and other financial instruments.

The Group's policy is to closely monitor the creditworthiness of the counterparties. In relation to rental income receivable, management assesses the tenants according to Group's criteria prior to entering into lease arrangements. The credit risk on bank balances and term deposits is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Cash and cash equivalents*	8,830,972	9,658,827
Counter fee receivable	869,472	869,472
Rent receivable and other assets**	31,194	676,068
	<u>9,731,638</u>	<u>11,204,367</u>

* Cash and cash equivalents exclude cash on hand

**Accounts receivable and other assets exclude prepayments and advances to suppliers.

Concentration of maximum exposure to credit risk

As at 31 December 2025, the Group had 1 customer (2024: 1 customer) that owed the Group KD 869,472 (2024: KD 869,472) and accounted for approximately 72% (2024: 46%) of accounts receivable and other assets. This concentration arises predominantly from transactions with a government entity, which the Group considers as a customer with low credit risk.

Counter fee receivable

Counter fee receivables relates to amounts due from a government entity (DGCA) for services provided. These balances have become overdue, and subsequent to the reporting date, the Group initiated legal proceedings to facilitate their recovery.

Despite the initiation of the legal proceedings, management does not consider this to be indicative of a deterioration in the counterparty's credit quality. The Group has a long-standing history of full recovery of similar overdue balances from this entity, including periodic lump-sum settlements agreed in prior years. This established pattern of settlement, together with the counterparty's government status and the absence of any adverse information regarding its ability or intention to pay, provides strong evidence that the credit risk remains low.

Based on this assessment, management continues to consider the probability of default to be minimal. Accordingly, no expected credit losses have been recognised in respect of these receivables.

Rent receivable

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.2 Credit risk (continued)

Rent receivables (continued)

The Group does not hold collateral as security against rent receivable. Tenant refundable deposits are considered integral part of rent receivables and considered in the calculation of ECL. At 31 December 2025, 16% (2024: 13%) of the Groups rent receivable are covered by refundable deposits. These credit enhancements obtained by the Group resulted in a decrease in the ECL as at the reporting date.

The following table shows about the credit risk exposure on the Group's rent receivable assets using a provision matrix:

	<i>Rent receivables</i>				<i>Total KD</i>
	<i>Past due but not impaired</i>				
	<i>1 – 30 days KD</i>	<i>31 – 60 days KD</i>	<i>61 – 90 days KD</i>	<i>Over 90 days KD</i>	
2025					
Expected credit loss rate	73%	-	-	100%	99%
Estimated gross carrying amount at default	48,614	-	-	1,184,551	1,233,165
Estimated credit loss	(35,596)	-	-	(1,184,551)	(1,220,147)
Net amount	<u>13,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,018</u>
	<i>Rent receivables</i>				<i>Total KD</i>
	<i>Past due but not impaired</i>				
	<i>1 – 30 days KD</i>	<i>31 – 60 days KD</i>	<i>61 – 90 days KD</i>	<i>Over 90 days KD</i>	
2024					
Expected credit loss rate	25%	27%	10%	83%	68%
Estimated gross carrying amount at default	324,780	184,124	1,545	1,483,991	1,994,440
Estimated credit loss	(79,985)	(49,713)	(155)	(1,229,449)	(1,359,302)
Net amount	<u>244,795</u>	<u>134,411</u>	<u>1,390</u>	<u>254,542</u>	<u>635,138</u>

18.3 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

2025	<i>On Demand KD</i>	<i>Within 3 months KD</i>	<i>3 – 12 months KD</i>	<i>More than 12 months KD</i>	<i>Total KD</i>
Service concession arrangement liabilities	-	513,000	2,052,000	30,780,000	33,345,000
Accounts payable and other liabilities*	1,688,947	337,305	3,253,430	891,128	6,170,810
Loan from a related party	116,791,432	-	-	-	116,791,432
	<u>118,480,379</u>	<u>850,305</u>	<u>5,305,430</u>	<u>31,671,128</u>	<u>156,307,242</u>

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.3 Liquidity risk (continued)

2024	On Demand KD	Within 3 Months KD	3 – 12 months KD	More than 12 months KD	Total KD
Service concession arrangement liabilities	-	-	1,539,000	31,264,415	32,803,415
Accounts payable and other liabilities*	1,804,382	352,519	3,741,895	846,770	6,745,566
Loan from a related party	144,804,557	-	-	-	144,804,557
	<u>146,608,939</u>	<u>352,519</u>	<u>5,280,895</u>	<u>32,111,185</u>	<u>184,353,538</u>

*Account payables and other liabilities exclude contract liabilities.

The Group increased its authorized share capital in the prior years and can hold a share capital increase to raise funds and meet its liquidity requirements. Further, the Group receives support from the Ultimate Parent Company, as well, on a regular basis. In addition, the amounts due to the Ultimate Parent Company are now part of a convertible loan agreement (Note 14). Amounts due to the related parties will not be called upon unless the Parent Company has funds to settle these obligations.

The management has access to a wide variety of funding and continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that as at 31 December 2025, liquidity position of the Group is stable and its existing funding resources, will be sufficient to satisfy its liquidity requirements.

19 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, transact with treasury shares, issue new shares, or sell assets to reduce debt. Capital comprises equity attributable to the Parent Company, excluding statutory reserve and measured at KD 97,046,970 as at 31 December 2025 (2024: KD 98,247,261).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of accounts receivables and other assets, cash and cash equivalents and loan to an associate. Financial liabilities consist of loans and borrowings, accounts payables and other liabilities excluding rent received in advance. The management assesses that the carrying amount of financial instruments is a reasonable approximation of fair value except for loan to an associate.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	As at 1 January KD	Total gains recognised in profit or loss KD	Net (redemption) and drawdown KD	At 31 December KD
31 December 2025				
Loan to an associate	<u>248,530,607</u>	<u>-</u>	<u>(28,013,125)</u>	<u>220,517,482</u>
31 December 2024				
Loan to an associate	<u>215,232,121</u>	<u>-</u>	<u>33,298,486</u>	<u>248,530,607</u>

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20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Description of significant unobservable inputs to valuation

The debt instrument has been valued based on the residual land value of the investee's major asset ("Project"), using the discounted cash flow method.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	Inputs		Change	Sensitivity of the input to fair value	
	2025	2024		2025	2024
				KD	KD
Base rent per SQM (KD)	85 – 170	63 - 178	+ 5% - 5%	22,527,611 (22,527,611)	24,669,062 (24,638,858)
Exit yield	7.25%	7.25%	+ 0.5% - 0.5%	(27,646,248) 31,839,826	(14,562,491) 16,757,310
Discount rate	9.25%	8.25%	+ 0.5% - 0.5%	(14,311,488) 16,431,708	(12,792,205) 16,673,410

Significant increases (decreases) in estimated exit yield and discount rate in isolation would result in a significantly higher (lower) fair value of the project.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated.

21 TAXATION

Pillar 2 Income Taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed to a two-pillar solution to address tax challenges arising from the digitalization of the economy. Under Pillar 2, multinational entities whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15%.

Currently, the Group's revenue does not exceed EUR 750 million but exposed to the global minimum tax by virtue of the Ultimate Parent Company which is domiciled and operating in the United Arab Emirates (UAE). On 31 December 2024, the State of Kuwait issued Law Number 157 of 2024 (the Law) introducing Domestic Minimum Top-up Tax (DMTT) effective from 1 January 2025 on entities which are part of Multi National 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 in each of the jurisdictions it operates in. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

The Ultimate Parent Company is a UAE incorporated public limited company and constitutes as Ultimate Parent Entity (UPE) for the purpose of the DMTT law for the Group. The Ultimate Parent Company, as the Group Tax Function, is responsible for computing the Top-up Tax for each jurisdiction, leveraging its oversight and access to all entities across sub-groups and will be responsible for computation and allocation of the amounts to each sub-group for financial reporting purposes. In line with the above responsibility as UPE under the DMTT law, the Ultimate Parent Company has performed an estimated Top-Up Tax computation at Kuwait jurisdiction level, aggregating all the entities located in Kuwait. Based on the estimated calculation, the jurisdiction is in a Globe loss position, and accordingly, no top-up tax liability is expected to arise in Kuwait for the year 2025. Consequently, no DMTT liability is recorded in the consolidated financial statements of the Group. The Group applies the mandatory and temporary exception from recognising and disclosing information on the associated deferred tax assets and liabilities as required by the amendments to IAS 12 'International Tax Reform Pillar Two Model Rules'.