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ANNUAL REPORT





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Company Profile

United Projects for Aviation Services Co. (UPAC), is a commercial real estate development and facilities management company, operating in Kuwait since 2000. UPAC is publicly traded on Boursa Kuwait, and is one of Agility Global's group of companies, a long-term investor and operator in supply chain services, infrastructure, and innovation.

The company focuses its efforts on the investment and management of real estate and other large key projects within Kuwait, with a specialization in Build Operate Transfer (BOT) initiatives. UPAC's core services include real estate management, project management and consultancy, as well as maintenance and facilities management services. UPAC's customer base includes a wide range of leading retailers, food and beverage companies, airline companies and financial institutions.

Key projects include:

Kuwait International Airport

Terminal 1

UPAC managed 10,000 square meters of commercial space at Kuwait International Airport – Terminal 1, in addition to the provision of maintenance and facilities management services. The 24/7 operation includes the management of over 200 retail units covering restaurants, telecom operators, banks, car rental companies amongst others. Under its management are two check-in zones with a total of 64 counters, as well as a multi-story parking facility accommodating 1,500 vehicles in the short-term car park and 700 vehicles in the long-term car park.

In May 2025, UPAC's contract to develop and manage Kuwait International Airport's Terminal 1 (T1) airport mall, parking lot and related facilities expired, following which the company took all the necessary measures to handover and deliver the project to Kuwait's Directorate General of Civil Aviation (DGCA), the current operator of T1.

Sheikh Saad Terminal

UPAC, through its subsidiary (Royal Aviation Kuwait), managed over 2,000 square meters of commercial space within Kuwait International Airport's Sheikh Saad Terminal (T3), including restaurants, cafés, a business center, and offices. In addition, the company provided end-to-end maintenance and facilities management services within the terminal, including the supervision of car parks and other related facilities.

The subsidiary has received a notice from the Directorate General of Civil Aviation stating the expiry of the contract term and requesting the initiation of project handover procedures. Accordingly, the subsidiary is taking the necessary steps to proceed with the transfer and handover of the project.

Al Messilah Beach

UPAC was awarded the contract from the Touristic Enterprises Company to manage and operate Al Messilah Beach over a 17-year period. Spanning over 70,000 SQM, Al Messilah Beach is set to become a unique landmark attraction offering a wide variety of leisure and entertainment activities to serve and target families, locals and expats. The project is strategically located within a prime location on the Al Messilah Beach's shore and boasts direct access to a 250m beach front. The project includes four swimming pools, a kids area, Sky Trail game, sports fields, beach activities, a multi-purpose hall, greenery, outdoor theater, and 340 shaded parking.

Reem Mall

UPAC is a major investor in Abu Dhabi's Reem Mall, the \$1.3 billion mega mall covering 2 million square feet (185,000 SQM), comprised of 400 stores and food and 80 beverage outlets, and will offer a wide range of family-focused entertainment such as Snow Park Abu Dhabi. The mall will also be home to a first-of-its-kind fully integrated omni-channel retail ecosystem with fully enabled digital, e-commerce and logistics capabilities, bringing together all consumer and retailer services ensuring a seamless experience.





Tarek Al Mousa

Chairman of the Board of Directors

Member of the Board Nomination and Remuneration Committee (BNRC)

As Chairman, Tarek Al Mousa provides leadership to the Board of Directors and acts as a direct liaison between the board and executive management. He also oversees the Company's corporate governance program and aims to protect the interests of investors and stakeholders. In addition, Tarek is the Vice Chairperson and CEO of the Metal and Recycling Company (MRC). MRC is a waste management company offering the latest practical and cost-effective solutions to manage the complexities of responsible waste management. Tarek has also held several executive positions within Agility, last serving as the Executive Director of Strategic Programs. Tarek holds a Bachelor's degree in Mass Media and Sociology from the University of Evansville, Indiana.



Hamad Malallah

Vice Chairman and Chief Executive Officer

Member of the Board Nomination and Remuneration Committee (BNRC)

Hamad Adnan Malallah has served as Vice Chairman and Chief Executive Officer of UPAC since 1 January 2025. With extensive experience in transport, logistics, and operational management, Hamad leads the company's strategic vision, oversees its regional expansion, and drives operational excellence across all business lines. Hamad is responsible for the overall management of the company's operations and its current project portfolio in Kuwait, including Al Messilah Beach Project, as well as pursuing potential investment and expansion opportunities.

Prior to his appointment as CEO, Hamad served as UPAC's Vice President of Operations, where he played a critical role in managing key infrastructure projects, maintaining high performance standards, and strengthening stakeholder relationships. Earlier in his career, he held several leadership positions at Agility, where he managed large-scale transport and logistics operations. Hamad holds a Bachelor's degree in Mechanical Engineering from St. Martin's University in Washington, USA, and is a member of the Transport Society – Kuwait and the Kuwait Society of Engineers.



Mohammed Sultan Bin Eissa

Non-Executive Board Member

Chairman of the Board Risk and Audit Committee (BRAC)

Mohamed Sultan Bin Eissa currently serves as the Group CEO of ASB Holding Group, where he leads the group's strategic direction and oversees the operational activities of a wide range of businesses in Kuwait. The group's areas of operation include healthcare, real estate, printing, records management, as well as the management and development of various brands. Mohamed has extensive experience in business management and the development of operational and investment strategies, enabling him to drive sustainable growth and achieve operational efficiency across the group's various sectors. He is also involved in shaping the group's policies and strategic vision, working to enhance integration between different sectors to maximize the utilization of business opportunities and create value for both the group's entities and its customers. Mohamed holds a Bachelor's degree in Business Administration from Pepperdine University in Malibu, California.



Zuhair Al Zamel

Independent Board Member

Chairman of the Board Nomination and Remuneration Committee (BNRC)

Member of the Board Risk and Audit Committee (BRAC)

Zuhair Al Zamel has been a member of UPAC'S Board of Directors since 2008. Al Zamel held various positions with the Directorate General of Civil Aviation (DGCA) for over 30 years, and most recently as Vice General Director of Civil Aviation for Airport Affairs. He also served as a Consultant for National Aviation Services (NAS) from 2009 until 2015. Zuhair graduated from the University of California, Santa Barbara (UCSB) with a Bachelor's degree in Electrical Engineering.



Majed Al Ajeel

Non-Executive Board Member

Member of the Board Risk and Audit Committee (BRAC)

Majed Al Ajeel has been a UPAC board member since 2005. He has also held various prominent positions most notably as Chairman of Burgan Bank from 2010 until 2022. He also served as the Chairman and Member of the Kuwait Banking Association during that period, and previously held leading positions such as Vice Chairperson and CEO of UPAC and served as a member of the Board of Directors of various other companies. Majed holds both a Master's degree in Planning and a Bachelor's degree in Architecture from the Catholic University of America.



CEO MESSAGE

Dear Shareholders,

On behalf of UPAC's Board of Directors, I extend our gratitude for your continued trust and support. The 2025 Annual Report details our financial performance and main accomplishments over the course of the past year, a year that represented an important transitional phase and a key milestone in the company's strategic transformation journey.

A Transitional Year

2025 constituted a transitional phase and a pivotal milestone in UPAC's journey, as it carried significant challenges represented by the conclusion of the contract and handover of one of the company's most prominent projects. As of May 2025, the company handed over the Terminal 1 (T1) at Kuwait International Airport. This transformation is a critical juncture in reshaping the company's operational and investment priorities, along with its direct impact on operational and financial performance during the year.

During this year, the company recorded revenues of KD 3.77 million and a net loss of KD 1 million, equivalent to (3.18) fils per share.

Although these results inherently reflect the impact of the transitional phase, they simultaneously embody UPAC's strategic direction towards reorienting and deploying resources towards developing quality investments, establishing solid foundations for a new phase of development, and enhancing the future growth path. This aligns with the company's vision aimed at building a more diversified and sustainable business portfolio.

Today, we look to the future with confidence and optimism, supported by a portfolio of quality projects, established strategic partnerships, and growing operational capabilities, which enhances our ability to achieve sustainable growth and create long-term value for our shareholders.

Messilah Beach - A New Growth Engine

In October 2025, the opening of the Messilah Beach project represented one of UPAC's most prominent strategic achievements and an important milestone in its expansion into the entertainment and hospitality facility management sector. The project is the latest integrated beach destination in Kuwait, offering a comprehensive experience that combines a selection of local and international restaurants, along with a diverse range of entertainment experiences, within a modern family environment and vibrant atmosphere.

This project represents a leap in UPAC's direction towards expanding into the entertainment and hospitality sectors, reflecting its vision to diversify income sources and enhance its presence in sectors related to its main activities. The company's teams work closely with operators and strategic partners to ensure operational continuity with high efficiency, support the phased opening stages for new tenants, and organize events according to best operational practices.

This approach is expected to contribute to enhancing the project's performance and consolidating its position as a year-round destination for entertainment and family experiences, adding qualitative value and elevating the quality of the project's various elements and components.

Reem Mall - Building Momentum in Abu Dhabi

In Abu Dhabi, Reem Mall continued its encouraging operational ramp-up, recording a 26% rise in footfall over the period. By year-end, approximately 73% of the mall was open and trading, with an additional 12% undergoing fit-out, delivering an effective occupancy rate of approximately 85%. These figures reflect genuine commercial traction in one of the region's most dynamic retail markets.

These indicators reflect strong commercial momentum in one of the region's most vibrant retail markets, supported by the growing population and tourism momentum in Abu Dhabi, which enhances the project's future growth prospects.

Reem Mall is distinguished as one of the region's first fully integrated omnichannel retail ecosystems, combining physical retail with digital, e-commerce, and logistics capabilities to deliver a seamless customer experience.

The project was developed through Al Farwaniya Real Estate Development Company, a partnership between the alliance represented by UPAC, Agility Global, and National Real Estate Company. This alliance provides a solid financial base and deep expertise in asset management and commercial real estate development.

Strategic Priorities and Future Outlook

We look forward to the next phase with confidence, driven by a clear vision and strategic focus on transforming our investments into sustainable returns that enhance the company's long-term value. Our priorities are to maximize the commercial value of the Messilah Beach project as it continues to mature, and establish it as an integrated year-round destination, enhancing its contribution to diversifying income sources.

We also continue to support the operational progress of the Reem Mall project towards full occupancy, while working to enhance its competitive position and market value in one of the region's most dynamic markets. Alongside this, we continue to explore quality investment opportunities that align with UPAC's core capabilities and are consistent with its strategic goals of expansion, development, and achieving sustainable growth.

We recognize that the financial results for 2025 do not yet reflect the full inherent value of the company's portfolio and ongoing investments; however, we are confident that the foundations laid during the past period, including strategic investments, constructive partnerships, and enhanced operational capabilities, will translate into stronger operational and financial performance in the coming years. We believe this approach will contribute to supporting a sustainable growth path and achieving long-term added value for the company and its shareholders.

Dividends Distribution

In light of the current year's results and the company's commitment to directing resources towards developing its investments and enhancing the sustainable growth path, the Board of Directors has recommended not distributing dividends for the fiscal year ended December 31, 2025. This recommendation is subject to the approval of the General Assembly. This approach reflects the company's keenness to strengthen its financial position and enable it to achieve greater value for shareholders over the long term.

Corporate Governance

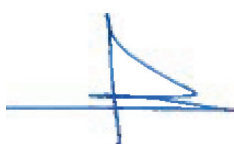
UPAC adheres to the highest standards of transparency, governance, and responsible management, and continues its full compliance with the regulations of the Capital Markets Authority. The Corporate Governance Report for 2025, attached within this annual report, reviews the adopted governance framework, committee structures, and ongoing compliance efforts, which enhances the principles of transparency and integrity, consolidates the protection of shareholders' rights, and strengthens their confidence.

Corporate Social Responsibility

Our commitment to the communities in which we operate remains firm and steadfast. Through its corporate social responsibility program, UPAC and its employees continued to support and implement initiatives with a positive impact during 2025, reflecting the company's commitment to its societal role and enhancing its contribution to sustainable development. We invite you to review the social responsibility section in this report to learn about the most prominent initiatives implemented by the company and their impact on serving the community.

I close this message by affirming that UPAC is moving forward with confidence and steadiness on its transformative path, based on a clear vision and a deliberate strategy aimed at building a stronger, more resilient, and sustainable entity. I extend my sincere thanks and appreciation to our esteemed shareholders, members of the Board of Directors, the executive management team, our employees, partners, and various government entities for their continuous support and trust, which are a fundamental pillar in our success journey.

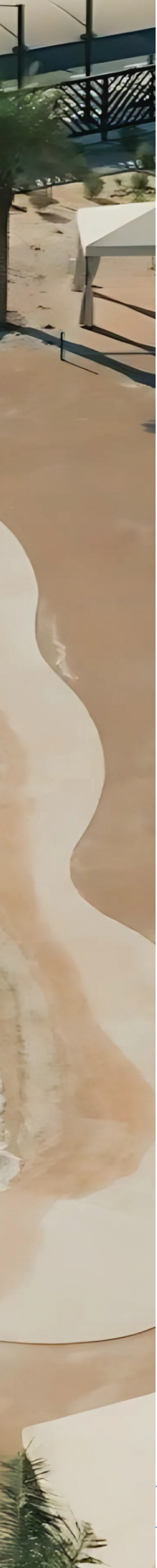
We look forward to a new year in which we continue to build on what has been achieved and translate our strategic directions into tangible results, thereby enhancing the company's value and consolidating its position in the sectors and markets in which we operate, and achieving the aspirations of our shareholders over the long term.



Hamad Malallah

Vice Chairman and CEO





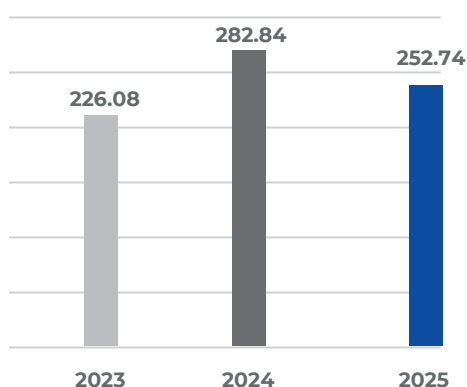
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

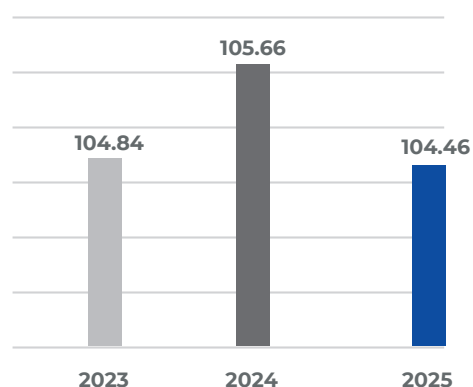
Amount in (KD Mln)

	2023	2024	2025
Revenues	10.14	8.57	3.77
EBITDA	2.88	1.77	1.41
Net Profit	1.61	1.03	(1.00)
EPS (fils)	4.06	2.53	(3.18)
Total Assets	226.08	282.84	252.74
Shareholder's equity	104.84	105.66	104.46

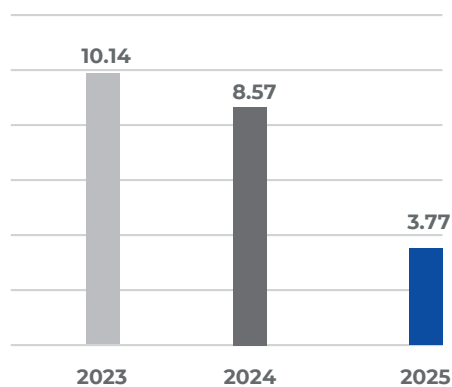
Total Assets (KD Mln)



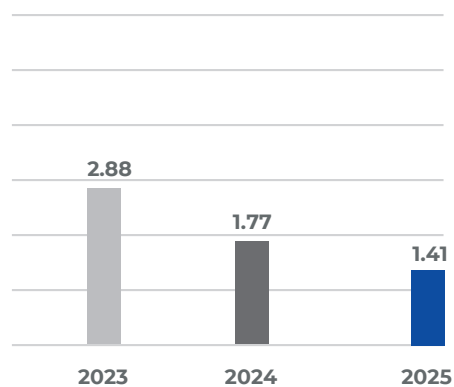
Shareholders Equity (KD Mln)



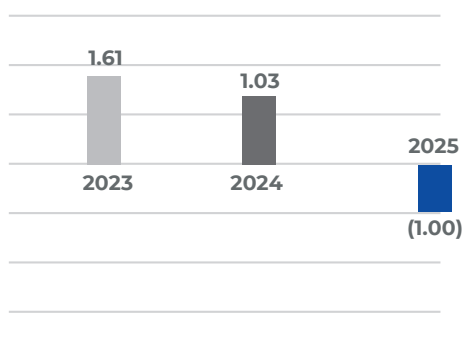
Revenue (KD Mln)



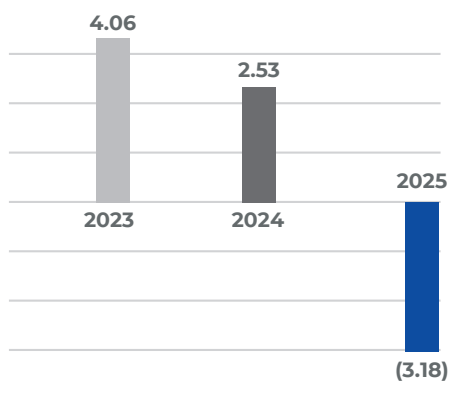
EBITDA (KD Mln)



Net Profit (KD Mln)



EPS (Fils)







C O R P O R A T E
S O C I A L R E S P O N S I B I L I T Y

Our Commitment to Social Responsibility

UPAC is dedicated to driving positive change by empowering communities at home and abroad. This year, we delivered on that commitment, supporting meaningful causes through volunteering, fundraising, donations, and sponsorships that uplift individuals, families, and NGOs.

UPAC Supports UNHCR campaign “Help vulnerable displaced families in need of support”

UPAC partnered with UNHCR to support its campaign aiding vulnerable displaced families and people forced from their homes by war, persecution, and disaster.

Demonstrating its commitment to humanitarian relief, UPAC employees contributed generously to the cause. The company amplified their impact by matching every dollar donated, dollar for dollar.

This collaboration reflects UPAC’s dedication to addressing global crises and extending support to those in need through meaningful partnerships.



UPAC Participates in Food Basket Donation During Ramadan

UPAC joined forces with Agility and the Kuwait Association for Needy Families to assemble and distribute essential food packages during Ramadan. Each basket contained staple groceries to support families in need throughout the holy month.

In addition, UPAC contributed directly to the Kuwait Association’s Ramadan food campaign, further extending its reach to vulnerable communities.

Through its participation in Agility’s “Maachlat Al-Khair” initiative, UPAC reaffirmed its commitment to community giving by helping distribute 1,000 food baskets to underprivileged families across Kuwait.



UPAC Supports UNICEF Campaign: Lifesaving Aid for Children in Gaza

The war on the Gaza Strip has taken an unconscionable toll on children—more than 50,000 have reportedly been killed or injured. Families in Gaza were left without adequate food, water, electricity, medicine, or safe access to hospitals.

In response to this urgent crisis, UPAC organized a donation drive to support affected children and families. Employee contributions were matched dollar-for-dollar by the company, and the total amount was donated to UNICEF to deliver lifesaving aid.



UPAC Reinforces Commitment to Environmental Stewardship

UPAC continues to demonstrate its unwavering commitment to the environment through a series of impactful initiatives held in March and April 2025.

As part of the “Let’s Make It Green” campaign, the company organized events to mark Global Recycling Day (March 18), World Meteorological Day (March 23), and Earth Day (April 22). To reduce plastic waste, UPAC installed designated recycling bins at its Head Office and encouraged employees to collect plastic bottles from both work and home. Thanks to strong employee participation, the initiative successfully collected over 700 kilograms of plastic for safe recycling.

In celebration of World Meteorological Day and Earth Day, UPAC launched a donation drive in partnership with the United Nations Climate Action Account (CAA), which supports preemptive funding for climate action to protect communities most vulnerable to climate-related disasters.

On Earth Day, UPAC volunteers joined forces with Green Leaves to plant 500 small plants at the Al Massilah Beach Project, reinforcing the company’s dedication to enhancing local green spaces and promoting long-term environmental stewardship.



UPAC Supports Breast Cancer Awareness Month

UPAC is committed to advancing women’s health and raising awareness about breast cancer through its participation in World Breast Cancer Awareness Month.

As one of the most prevalent cancers among women, early detection plays a critical role in improving survival outcomes. In line with its ongoing social responsibility efforts, UPAC partnered with three leading hospitals in Kuwait-Kuwait Hospital, Al Salam Hospital, and Taiba Hospital-to offer employees discounted breast cancer screening throughout October.

These special offers aimed to encourage early detection and promote overall wellness among UPAC’s workforce.

Let's Tie One More Ribbon for Breast Cancer

You are invited to avail these limited offers and save on early breast cancer screenings.
Spread the word, early detection saves lives.

BREAST CANCER SCREENING OFFERS

Kuwait Hospital Women Wellness Package: KD 34	Al Salam Hospitals 50% Discount	Taiba Hospital KD 32
<p>Offer includes:</p> <ul style="list-style-type: none"> • Carcinoembryonic Antigens (CEA) • Cancer Antigen 15-3 (CA15-3) • Luteinizing Hormone (LH) • Progesterone • Estradiol (E2) <p>Other offers: Mammography X-ray examination – KD 28 Consultation with General Surgery Consultant – 50% Discount</p> <p>Booking is required Cash payments only</p> <p>Contact details: 22207777</p>	<p>Offer includes:</p> <ul style="list-style-type: none"> • 3D Mammogram Screening • Mammogram Screening • Breast Ultrasound Screening • Cervical Smear • CA-15-3(Breast & Others) • Breast MRI <p>Offer available at Al Salam Al Assima Hospital & Al Salam Al Ahmadi Hospital</p> <p>Booking is required Cash payments only</p> <p>Contact details: 1830003</p>	<p>Offer includes:</p> <ul style="list-style-type: none"> • Mammogram • Breast Ultrasound <p>Sunday to Thursday Booking is required Present UPAC ID at Reception Cash payments only</p> <p>Contact details: 1808088</p>

All offers are valid only until 31 October 2025

UPAC Celebrates Ramadan with Employees and Their Families

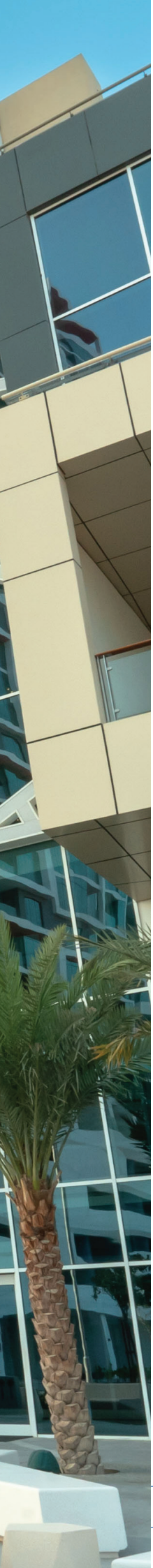
In celebration of the Holy Month of Ramadan, UPAC hosted a family gathering for employees and their loved ones on 20 March 2025 at the Sheraton Hotel. The event welcomed over 150 attendees and served as an opportunity to bring the team together in appreciation of their valued contributions.

To accommodate colleagues unable to attend due to work commitments, UPAC arranged an open buffet station near their work locations. Throughout the month, employees on duty during Iftar were also provided with daily meals, ensuring they could observe the fast while fulfilling their responsibilities.



ليوم مول
Reem Mall





C O R P O R A T E G O V E R N A N C E R E P O R T

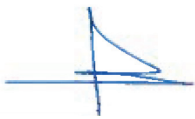
INTRODUCTION

United Projects for Aviation Services Company K.S.C.P. (hereinafter referred to as the “**Company**” or “**UPAC**”) is committed to implementing best practices in corporate governance in accordance with the applicable laws and regulations, as well as the instructions of the relevant regulatory authorities, particularly the provisions of Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments.

The Company believes that the application of governance principles constitutes a fundamental pillar for achieving its strategic objectives, creating sustainable value, enhancing the effectiveness of internal control systems, and promoting the principles of integrity and transparency across all its activities. This also contributes to maintaining a balance between the interests of the Company and its stakeholders, strengthening shareholders’ and investors’ confidence in the effectiveness of the adopted systems, and safeguarding their rights.

The responsibility for the implementation and enforcement of corporate governance rules rests with the Board of Directors, which is committed to establishing an integrated governance framework aimed at embedding these principles in all of the Company’s practices. The Board also seeks to enhance institutional awareness among employees - being one of the Company’s most valuable assets - to ensure the adoption of governance as a sustainable way of doing business. The Board is supported in carrying out its duties by the Audit and Risk Management Committee, the Nomination and Remuneration Committee, as well as the Company’s executive management.

In line with the Company’s commitment to the highest standards of transparency, and in compliance with the regulatory requirements set forth in Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. (7) of 2010 and their Amendments, the Company has prepared this annual Corporate Governance Report, which presents the governance framework implemented during the fiscal year ended 31 December 2025.



Hamad Adnan Malallah
Vice Chairman and CEO

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PILLAR 1: CONSTRUCT A BALANCED BOARD COMPOSITION

1.1 Board of Directors Composition

The Board of Directors of United Projects for Aviation Services Company K.S.C.P. (the "Company") consists of five members, in accordance with the provisions of the Memorandum of Association and the Articles of Association of the Company, and in compliance with Companies Law No. (1) of 2016 and its Executive Regulations and amendments thereto. The members of the Board possess diverse academic and professional experience that qualifies them to manage the Company efficiently and competently, in addition to their full awareness of the duties and responsibilities entrusted to them, and of the laws and regulations related to the nature of the Company's business and activities. Board committees are also formed based on the academic qualifications and professional experience of their members, in a manner that is commensurate with the nature and responsibilities of each committee, thereby enhancing the efficiency of performance and governance within the Company.

Members of the Board of Directors

Sl.	Name	Position	Board Member Classification	Date of Election/ Appointment
1	Tarek Al-Mousa	Chairman	Non-Executive Member	23 May 2024
2	Hamad Malallah	Vice Chairman	Executive Member	15 January 2025
3	Zuhair Al-Zamel	Board Member	Independent Member	23 May 2024
4	Majed Al-Ajeel	Board Member	Non-Executive Member	23 May 2024
5	Mohammad Bin Eissa	Board Member	Non-Executive Member	30 June 2025

Further, Mr. Mahmoud Mimi Said was reappointed as Board Secretary to carry out the duties and responsibilities assigned to him, pursuant to Board Resolution No. (03/24) dated 11 June 2024.

It is also noted that Mr. Hassan Bassam Al-Houri served as a member of the Company's Board of Directors until 30 June 2025, at which time some changes were made to the representatives of PWC Aviation Services Company K.S.C.C. These changes included the appointment of Mr. Mohammed Abdullah Sultan Bin Eissa as a member of the Company's Board of Directors, in place of Mr. Hassan Bassam El-Houri, effective 30 June 2025.

Educational Qualifications and Experience of the Board Members

Sl.	Name	Educational Qualifications	Experience
1	Tarek Al-Mousa Chairman of the Board of Directors	Tarek holds a bachelor's degree in mass media and Sociology from the University of Evansville, Indiana.	Mr. Tarek Al-Mousa serves as the Chairman of UPAC, where he leads the Board's activities and oversees its performance. He acts as a key link between the Board of Directors and executive management, and supervises the implementation of governance principles to ensure the protection of investors' interests and those of all stakeholders. Mr. Al-Mousa also serves as Vice Chairman of the Board and Chief Executive Officer of Metal and Recycling Company (MRC), a company specialized in waste management and in providing advanced, practical, and cost-effective solutions to address challenges associated with the waste management sector. Prior to that, Al-Mousa held several executive positions at Agility Public Warehousing Company, most recently as Executive Director of Strategic Programs, where he contributed to leading and executing strategic initiatives and enhancing institutional performance efficiency.

2	<p>Hamad Malallah Vice Chairman of the Board of Directors</p>	<p>Hamad holds a bachelor's degree in mechanical engineering from Saint Martin's University in Washington, United States.</p>	<p>Mr. Malallah was appointed as Vice Chairman of the Board and Chief Executive Officer of UPAC at the beginning of 2025. Prior to this appointment, he served as Vice President of Operations at UPAC, overseeing the development and implementation of operational strategies across various projects and ensuring enhanced operational performance and quality across all Company units.</p> <p>Throughout his career, Mr. Malallah has held several leadership positions at Agility Public Warehousing Company, gaining extensive experience in supply chain management, logistics operations, business development, and operational management.</p> <p>He is also an active member of the Kuwait Transport Association and the Kuwait Society of Engineers, participating in initiatives and programs aimed at enhancing professional and technical standards in the transport and engineering sectors in Kuwait.</p>
3	<p>Zuhair Al-Zamel Independent Member</p>	<p>Zuhair holds a bachelor's degree in electrical engineering from the University of California – Santa Barbara, United States, obtained in 1974.</p>	<p>Mr. Zuhair Al-Zamel has served as a Board Member of UPAC since 2008, contributing his extensive experience to support the Company's strategic direction and enhance its institutional performance. He has over 30 years of professional experience in the aviation sector, having held several senior positions at the General Administration of Civil Aviation in Kuwait, most recently as Deputy Director General for Airport Affairs, where he played a key role in overseeing operational activities and developing the working environment at airport facilities.</p> <p>Mr. Al-Zamel also served as a consultant at National Aviation Services (NAS) from 2009 to 2015, providing his expertise in operations and ground services, which contributed to improving operational efficiency and service development within the aviation sector.</p>
4	<p>Majed Al-Ajeel Non-Executive Member</p>	<p>Majed holds a master's degree in planning (1978) and a bachelor's degree in architecture (1977) from The Catholic University of America.</p>	<p>Mr. Majed Al-Ajeel has served as a Board Member of UPAC since 2005, contributing his extensive experience to support the Company's strategic direction and enhance its institutional performance. He has a distinguished professional record in the banking and investment sectors, having served as Chairman of the Board of Burgan Bank from 2010 to 2022. He also held membership and chairmanship positions in the Kuwait Banking Association, reflecting his prominent role in developing the banking sector and shaping its strategic direction.</p> <p>In terms of executive experience, Mr. Al-Ajeel previously served as Vice Chairman of the Board and Chief Executive Officer of UPAC, in addition to holding board memberships in several companies, where he contributed to leading and developing their operations and enhancing their strategic performance and direction.</p>

5	Mohammad Sultan Bin Eissa Non-Executive Member	Mohammad holds a bachelor's degree in business administration from Pepperdine University, Malibu, California.	Mr. Mohammad Bin Eissa currently serves as the Chief Executive Officer of ASB Holding Group, where he leads the Group's strategic direction and oversees the operational activities across a wide range of businesses in Kuwait. The Group's operations include healthcare, real estate, printing, records management, as well as the management and development of several diverse brands. Mr. Bin Eissa possesses extensive experience in business management, operational and investment strategy development, enabling him to drive sustainable growth and operational efficiency across the Group's various sectors. He also participates in shaping the Group's policies and strategic vision and works to enhance integration between different sectors to maximize business opportunities and create value for both the Group's entities and its clients.
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1.2 Board of Directors Meetings

The Company's Board of Directors held six meetings during 2025, where all meetings were convened with agendas and all necessary documents and information required to discuss the listed items, provided sufficiently in advance of each meeting by no less than three working days, allowing the Board members enough time to study and review these materials, contributing to enriched discussions and informed decision-making supported by the necessary data, except for emergency meetings – if any.

Board meetings are held with a legal quorum, where the number of attendees is no less than half of the members, with a minimum of three members, and during the meetings, the items on the agenda are discussed and the necessary decisions are made regarding them. The deliberations and outcomes of the meetings are also documented in official minutes signed by the attending members. The provisions of the Company's Memorandum of Association and Articles of Association regulate the mechanism of Board meetings, in accordance with Companies Law No. (1) of 2016 and its Executive Regulations and amendments thereto.

Board of Directors' Meetings Held During 2025

Name & Position	Meeting No. 01/25 held on 15 January 2025	Meeting No. 02/25 held on 26 March 2025	Meeting No. 03/25 held on 15 May 2025	Meeting No. 04/25 held on 30 June 2025	Meeting No. 05/25 held on 12 August 2025	Meeting No. 06/25 held on 12 November 2025	Number of meetings attended in 2025
Tarek Al-Mousa Chairman	√	√	√	√	√	√	6/6
Hamad Malallah Vice Chairman	√	√	√	√	√	√	6/6
Zuhair Al-Zamel Board Member	√	√	√	√	√	√	6/6
Majed Al-Ajeel Board Member	√	√	√	√	√	√	6/6
Mohammad Bin Eissa Board Member	NA	NA	NA	√	√	√	3/6
Hassan El-Houry Former Board Member	√	√	√	NA	NA	NA	3/6

√ Attendance

1.3 Requirements for Recording, Organizing, and Filing the Minutes of the Company's Board of Directors Meetings

The Company has ensured the establishment of a dedicated register for Board of Directors meetings, numbered sequentially according to the meetings held during the year. This register includes all details related to the meetings, including the date of the meeting, the start and end times of each meeting, in addition to the meeting minutes that record the discussions, deliberations, and voting results, as well as the preservation of all related documents and records. The Board Secretary is responsible for updating this register, classifying, organizing, and filing the meeting minutes immediately after each meeting, within the scope of his duties and responsibilities approved by the Board, ensuring accurate documentation and ease of reference when needed.

1.4 Independent Member's Confirmation of Compliance with Independence Requirements

The Company's Board of Directors includes an independent member, representing 20% of the total Board members, in accordance with applicable governance requirements. The Nomination and Remuneration Committee has confirmed that all independence criteria and requirements are met by this member, in accordance with the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. The independent member has also submitted a written confirmation declaring that he meets the independence requirements, which was presented to the Board of Directors (a copy is attached to this report for review and reference).

PILLAR 2: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES

2.1 Roles, Responsibilities, and Duties of Board Members and Executive Management

The Company has adopted a set of internal regulations and policies in compliance with the requirements of Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and their amendments. These regulations include an approved charter that clearly defines the roles, responsibilities, and duties assigned to both the Board members and the executive management, thereby enhancing performance efficiency and ensuring clarity of roles and responsibilities. The Board of Directors also determines the authorities and powers delegated to the executive management within the framework of a formally documented and time-bound delegation, ensuring a balance between effective oversight and operational flexibility. The following presents the main roles and responsibilities, as an example and not limited to:

Roles and Responsibilities - Board of Directors

- Approving the Company's strategic objectives, plans, and key policies.
- Approving the annual budgets and endorsing the interim and annual financial statements.
- Overseeing the Company's major capital expenditures, as well as the acquisition and disposal of assets.
- Monitoring the Company's performance through regular Board meetings and reviewing the results of Board committees.
- Setting performance objectives and monitoring implementation and overall performance across the Company.
- Ensuring the Company's compliance with policies and procedures that uphold applicable laws, regulations, and internal rules.
- Ensuring the accuracy and integrity of information and data disclosed, in accordance with the Company's disclosure and transparency policies and procedures.
- Establishing effective communication channels that allow shareholders to continuously and regularly access the Company's financial reports and periodic disclosures.
- Developing and overseeing the Company's governance system, monitoring its effectiveness, and making amendments when necessary.
- Evaluating the performance of each Board member and the executive management against key performance indicators (KPIs).
- Forming committees under the Board of Directors according to charters that specify the committee's responsibilities, authority, term, and reporting/oversight mechanism to the Board.
- Ensuring that the Company's policies and regulations are transparent and clear, enabling effective decision-making, upholding corporate governance principles, and delineating authorities and responsibilities between the Board and executive management.
- Supervising and overseeing the performance of executive management, ensuring that all assigned duties are properly executed.
- Establishing all necessary policies and regulations to organize operations and practices of all types.
- Periodically ensuring the effectiveness and efficiency of internal control systems applied within the Company and its subsidiaries.

Roles and Responsibilities - Chairman of the Board of Directors

- Ensuring that the Board of Directors discusses all key matters effectively and in a timely manner.
- Encouraging all Board members to participate fully and actively in discussions and decision-making.
- Representing the Company to external parties in accordance with the Company's Articles of Association.
- Ensuring effective communication with shareholders and conveying their opinions to the Board.
- Promoting constructive relationships and active collaboration between the Board of Directors and the executive management.
- Fostering a culture that encourages constructive criticism on matters where there are differing viewpoints.

Roles and Responsibilities – Executive Management

- Implementing the Company's approved strategy and annual plan.
- Executing all Company policies, regulations, and internal systems as approved by the Board of Directors.
- Preparing periodic reports (financial and non-financial) on the progress of the Company's activities.
- Establishing a comprehensive accounting system and preparing financial statements in accordance with the international accounting standards approved by the regulatory authority.
- Managing daily operations and running the Company's activities, in addition to optimally managing the Company's resources.
- Actively contributing to building and promoting a culture of ethical values within the Company.
- Developing internal control and risk management systems and ensuring their effectiveness and efficiency.

2.2 Achievements of the Board of Directors During the Year

During 2025, the Company's Board of Directors continued to play an active role in leading strategic directions and enhancing operational performance, resulting in several key achievements that strengthened its market position and diversified its income sources.

The Company was awarded Bid No. (1/2024) issued by the Touristic Enterprises Company for the operation and management of the Messilah Beach Project (Plage-2), covering an area of over 70,000 square meters in a prime location on Messilah Beach. A 17-year concession agreement was signed for the project. These efforts culminated in the successful inauguration of the project, attended by senior state officials, alongside extensive media coverage praising the Company's efforts in developing the project and transforming it into a comprehensive family entertainment destination in Kuwait.

The Company also continued its efforts in supporting the Reem Mall – Abu Dhabi project by meeting all development requirements and contributing to the implementation and enhancement of the project's management, operations, and marketing strategies.

In another context, in May 2025, following the expiration of the management and operation contract for Terminal 1 at Kuwait International Airport, the Company transferred and handed over the project to the relevant authority. The Company, both as an entity and through its staff, takes pride in its role in developing and operating this national and vital facility over 26 years, delivering it to the concerned government authority as a fully functional and revenue-generating asset.

The following is a summary of the main achievements of the Board of Directors during 2025:

- Undertaking all tasks and responsibilities assigned to the Board, as outlined in section 2.1 above.
- Completing all planning and arrangements for the Messilah Beach Project.
- Official inauguration of the Messilah Beach Project.
- Restructuring operational costs, enhancing cash management efficiency, and mitigating related risks.
- Fulfilling the development and establishment requirements for the Reem Mall project in Abu Dhabi.
- Contributing to the implementation and enhancement of Reem Mall's management, operations, and marketing strategies.
- Concluding the Terminal 1 project at Kuwait International Airport and handing it over to the competent authority.
- Participating in public bids and various projects to grow revenue and expand the Company's business scope and income sources.

2.3 Formation of Specialized Independent Committees by the Board of Directors

The Board of Directors has established several specialized committees, enjoying the necessary independence, with the aim of supporting the Board and enabling it to perform its duties efficiently and effectively. These committees carry out their responsibilities according to their defined mandates, by preparing reports and recommendations and submitting them to the Board of Directors for appropriate decision-making based on the matters presented.

A) Board Risk and Audit Committee (BRAC)

Members of the Board Risk and Audit Committee

Name	Position	Board Member Classification
Mohammad Sultan Bin Eissa	Chairman of the Board Risk and Audit Committee	Non-Executive Member
Zuhair Al-Zamel	Member of the Board Risk and Audit Committee	Independent Member
Majed Al-Ajeel	Member of the Board Risk and Audit Committee	Non-Executive Member

It is also noted that Mr. Hassan Bassam Al-Houri served as Chairman of the Risk and Audit Committee until 30 June 2025.

A combined committee was established to perform the audit and risk management functions (the Audit and Risk Management Committee) with the approval of the Capital Markets Authority dated 28 February 2016. This committee undertakes all tasks and responsibilities related to the Company's audit and risk management. The committee was initially formed by Board Resolution dated 28 June 2016 for a period of three years and is renewed periodically. The committee's formation was most recently renewed following the election/appointment of Board members in May 2024. The committee operates under a Board-approved charter that defines its scope, authorities, and assigned responsibilities, enhancing governance efficiency within the Company. The Secretary of the Risk and Audit Committee was also reappointed to carry out the assigned duties. As a result of changes to the Board composition, the committee's formation was updated, appointing Mr. Mohammed Abdullah Sultan Bin Eissa as Chairman of the Audit and Risk Management Committee, replacing Mr. Hassan Bassam Al-Houri, effective 30 June 2025.

Board Risk and Audit Committee' Meetings Held During 2025

Name & Position	Meeting No. 01/25 held on 26 March 2025	Meeting No. 02/25 held on 15 May 2025	Meeting No. 03/25 held on 12 August 2025	Meeting No. 04/25 held on 12 November 2025	Number of meetings attended in 2025
Mohammad Sultan Bin Eissa Chairman of the Board Risk and Audit Committee	NA	NA	√	√	2/4
Zuhair Al-Zamel Member of the Board Risk and Audit Committee	√	√	√	√	4/4
Majed Al-Ajeel Member of the Board Risk and Audit Committee	√	√	√	√	4/4
Hassan El-Houry Former Chairman of the Board Risk and Audit Committee	√	√	NA	NA	2/4

√ Attendance

The Risk and Audit Committee held four meetings during 2025. All meetings were convened with agendas and all relevant documents and information, provided sufficiently in advance to allow committee members adequate time to study and review the materials. This process contributed to enriched discussions and the formulation of appropriate decisions and recommendations to be presented to the Board of Directors, except for any emergency meetings, if applicable. The deliberations and outcomes of the meetings were documented in official minutes, signed by the committee members.

Roles and Responsibilities – Board Risk and Audit Committee

- Reviewing periodic financial statements before submission to the Board of Directors and providing opinions and recommendations thereon.
- Recommending to the Board the appointment, reappointment, or replacement of external auditors, determining their fees, and ensuring their independence.
- Monitoring the work of external auditors and ensuring they do not provide any services to the Company other than those required by the audit profession.

- Studying external auditors' observations on the Company's financial statements and following up on the actions taken in response.
- Reviewing the accounting policies applied and providing opinions and recommendations to the Board of Directors.
- Assessing the adequacy of the Company's internal control systems and preparing a report that includes the Committee's opinions and recommendations.
- Providing technical oversight of the Company's internal audit function to verify its effectiveness in executing tasks assigned by the Board of Directors.
- Recommending the appointment, reappointment, transfer, or dismissal of the Head of Internal Audit, evaluating their performance and that of the internal audit department.
- Reviewing and approving internal audit plans proposed by the internal auditor and providing comments.
- Reviewing the results of internal audit reports and ensuring that necessary corrective actions have been implemented.
- Reviewing regulatory authority reports and ensuring that required actions have been taken.
- Ensuring the Company's compliance with relevant laws, policies, regulations, and instructions.
- Preparing and reviewing risk management strategies and policies before submission to the Board of Directors, ensuring their implementation, and confirming they align with the nature and scale of the Company's activities.
- Ensuring adequate resources and systems are available for effective risk management.
- Evaluating the systems and mechanisms for identifying, measuring, and monitoring different types of risks the Company may face, in order to identify shortcomings.
- Assisting the Board in determining and evaluating the acceptable level of risk for the Company and ensuring the Company does not exceed this level once approved by the Board.
- Ensuring the independence of risk management staff from activities that may expose the Company to risk.
- Ensuring that risk management employees have a comprehensive understanding of the risks surrounding the Company and raising awareness of risk culture among employees.
- Preparing periodic reports on the nature of risks facing the Company and submitting these reports to the Board of Directors.

Achievements of the Board Risk and Audit Committee During the Year

- Reviewed financial statements before submission to the Board of Directors and provided opinions and recommendations to ensure the integrity and transparency of the Company's financial data.
- Examined the external auditor's observations on the Company's financial statements.
- Ensured proper accounting procedures were applied.
- Recommended the reappointment of the Company's internal auditor and approved the internal audit plan.
- Verified that internal audit activities were conducted and reports issued periodically in accordance with the approved audit plan.
- Held regular meetings with the Company's internal auditor to discuss the progress of audit activities and periodic reports.
- Reviewed and analyzed internal audit reports, followed up on their findings, and ensured corrective actions were implemented for any observations noted.
- Ensured the effectiveness of the internal auditor's performance and evaluated their work.
- Monitored the Company's compliance with relevant laws and regulations.
- Followed up on decisions issued by regulatory authorities and any amendments to applicable laws and regulations.
- Ensured all regulatory and compliance requirements were met.
- Reviewed observations and reports from regulatory authorities and worked to fulfill requirements and/or address any identified shortcomings.
- Assessed the adequacy of the Company's internal control and risk management systems.
- Reviewed the independent auditor's report evaluating the internal control systems and followed up on the observations included in that report.
- Recommended the reappointment of the Company's external auditor, ensuring their independence and compliance with all conditions and requirements.
- Held periodic meetings with the external auditor to review interim and annual financial statements.
- Recommended the reappointment of the Risk Management Unit, ensuring its independence and compliance with all requirements.
- Recommended the approval of effective policies and procedures for managing the Company's risks.
- Reviewed and analyzed risk reports, providing opinions and recommendations to the Board of Directors.
- Recommended the appointment of an independent audit firm to review and evaluate the Company's internal control systems and issue a report in this regard.
- Recommended the appointment of another independent audit firm to review and evaluate the performance and systems of the Internal Audit Unit/Management for the preceding three years.

B) Board Nomination and Remuneration Committee (BNRC)

Members of the Board Nomination and Remuneration Committee

Name	Position	Board Member Classification
Zuhair Al-Zamel	Chairman of the Board Nomination and Remuneration Committee	Independent Member
Tarek Al-Mousa	Member of the Board Nomination and Remuneration Committee	Non-Executive Member
Hamad Malallah	Member of the Board Nomination and Remuneration Committee	Executive Member

The Nomination and Remuneration Committee was established by Board Resolution No. (8/2016) dated 10 November 2016 for a period of three years and is renewed periodically. The committee's formation was most recently renewed following the election/appointment of the Company's Board members in May 2024. The committee operates under a Board-approved charter that defines its scope, authorities, and assigned responsibilities, thereby enhancing governance efficiency within the Company. The Secretary of the Nomination and Remuneration Committee was also reappointed to perform the assigned duties and responsibilities.

It is noted that at the beginning of 2025, following the resignation of Ms. Nadia Akil from the Board of Directors, Mr. Hamad Malallah was appointed as a member of the Nomination and Remuneration Committee in place of the resigning member, pursuant to Board Resolution No. (1/2025) dated 15 January 2025.

Board Nomination and Remuneration Committee' Meetings Held During 2025

Name & Position	Meeting No. 01/25 held on 15 January 2025	Meeting No. 02/25 held on 26 March 2025	Meeting No. 03/25 held on 30 June 2025	Number of meetings attended in 2025
Zuhair Al-Zamel Chairman of the Board Nomination and Remuneration Committee	√	√	√	3/3
Tarek Al-Mousa Member of the Board Nomination and Remuneration Committee	√	√	√	3/3
Hamad Malallah Member of the Board Nomination and Remuneration Committee	NA	√	√	2/3

√ Attendance

The Nomination and Remuneration Committee held three meetings during 2025. All meetings were convened with agendas and all relevant documents and information, provided sufficiently in advance to allow committee members adequate time to study and review the materials. This process contributed to enriched discussions and the formulation of appropriate decisions and recommendations to be presented to the Board of Directors, except for any emergency meetings, if applicable. The deliberations and outcomes of the meetings were documented in official minutes, signed by the committee members.

Roles and Responsibilities – Board Nomination and Remuneration Committee

- Recommending the acceptance of nominations and re-nominations for members of the Board of Directors and Executive Management.
- Establishing a clear policy for the remuneration of Board members and Executive Management, with an annual review of the skills and competencies required for Board membership and executive positions as needed.
- Developing job descriptions for executive members, non-executive members, and independent members.
- Ensuring that an independent Board member maintains their independence.
- Preparing a report on the remuneration granted to members of the Board of Directors, Executive Management, and managers, including all amounts, benefits, or other advantages, regardless of their type or designation.

Achievements of the Board Nominations and Remunerations Committee During the Year

- Prepared the report on remuneration granted to members of the Board of Directors (if any), its committees, Executive Management, and managers, in accordance with the requirements set out in Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and the Regulation of Securities Activities and their Amendments, for the fiscal year ended 31 December 2025.

- Recommended not to allocate or pay any remuneration to members of the Board of Directors for the fiscal year ended 31 December 2025, in light of the Board's recommendation not to distribute dividends for the same year, in accordance with the provisions of Article No. (198) of Companies Law No. (1) of 2016, and submitted the recommendation to the Board for necessary action.
- Recommended the appointment of the Chief Executive Officer as a member of the Board of Directors and his election as Vice Chairman, to hold the position of Vice Chairman and Chief Executive Officer.
- Recommended the replacement of one of the appointed Board members, ensuring that the new member possesses the required academic qualifications and professional experience to support the effectiveness of the Board.
- Reviewed and approved the availability of the required skills and competencies among Board members and Executive Management to ensure efficient and effective management of the Company.
- Reviewed and approved the Company's organizational structure and ensured the presence of internal control principles that meet dual control requirements.
- Reviewed and confirmed the continued independence of the independent Board member, in accordance with the conditions and controls stipulated in Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. (7) of 2010 and their Amendments.
- Recommended granting remuneration to the members of the Risk and Audit Committee in recognition of their efforts and advisory services provided during 2025.
- Prepared the annual performance evaluation report of the Board of Directors and Executive Management, as well as the evaluation of Board committees, for the fiscal year ended 31 December 2025.
- Reviewed and approved the Company's comprehensive annual training plan for the upcoming fiscal year ending 31 December 2026.

2.4 Provision of Information and Data to Board Members

The Company ensures that all necessary information and data are made available to the Board members, enabling them to perform their duties efficiently and effectively. In this regard, the Board of Directors has approved the duties and responsibilities of the Board Secretary, which include ensuring the accuracy and timely flow of information and data to the members.

Board members are provided with all relevant documents and reports related to the items on the agenda at least three working days in advance of the meetings, allowing them sufficient time to review and study the materials thoroughly. This process supports the quality of discussions and informed decision-making, except for any emergency meetings, if applicable.

PILLAR 3: SELECTION OF QUALIFIED CANDIDATES FOR THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

3.1 Formation of the Nomination and Remuneration Committee

The Company's Board of Directors has formed the Nomination and Remuneration Committee in compliance with all applicable regulatory requirements and guidelines, ensuring that the members meet the necessary qualifications and standards, and that the committee's working methodology is properly established. All details and information related to the committee's formation and its responsibilities are presented in Section 2.3 of this report – Board Nomination and Remuneration Committee, as outlined above.

3.2 Report on Remuneration Granted to Board Members, Executive Management, and Managers

The Company has adopted a remuneration policy in compliance with regulatory requirements and the provisions of Module Fifteen – Corporate Governance – of the Executive Regulations issued by the Capital Markets Authority, in addition to other relevant regulatory requirements. Remuneration is determined based on the achievement of key performance indicators (KPIs) within the framework of the Company's overall strategy. These KPIs include both qualitative and quantitative elements that reflect the Company's performance, business results, and financial position. In line with the Company's commitment to the highest standards of transparency, adherence to best professional practices, and enforcement of corporate governance rules, the Nomination and Remuneration Committee has prepared a detailed report covering all remuneration granted to Board members, executive management, and managers, to be presented to the Company's General Assembly. The following section outlines the remuneration granted for the fiscal year ended 31 December 2025:

Board of Directors Remuneration

The remuneration of Board members is presented to the General Assembly for final approval, based on the recommendation of the Nomination and Remuneration Committee, which is approved by the Board and submitted to the General Assembly for review and decision-making. In accordance with the Company's Articles of Association and approved internal policies, the total remuneration of Board members shall not exceed 10% of the Company's net profits, after deducting depreciation and reserves.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has resolved not to grant any remuneration to Board members for the fiscal year ended 31 December 2025. The following outlines the remuneration granted to the Board members:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent Company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	* Committees remuneration	Health insurance	Salaries (total of the year)	Annual remuneration	Committees remuneration
Five Members	None	None	10,000	None	None	None	None

* Committees Remuneration

The Nomination and Remuneration Committee recommended granting the two members of the Risk and Audit Committee an appreciation bonus for their committee work and advisory services during the fiscal year 2025, totaling KD 10,000 (ten thousand Kuwaiti Dinars), as detailed below:

Position in Committee	Board Member Classification	Nature of Remuneration	Remuneration Amount (KD)
Member of the Board Risk and Audit Committee	Independent Member	Committee work and advisory services provided during 2025	5,000
Member of the Board Risk and Audit Committee	Non-Executive Member	Committee work and advisory services provided during 2025	5,000

Executive Management Remuneration

The remuneration system for Executive Management and managers consists of two main components: fixed remuneration and variable remuneration.

- Fixed Remuneration: Represents the compensation granted to Executive Management and managers for the duties and responsibilities assigned to them. It reflects the Company's commitment to providing fair and stable compensation in accordance with regulatory frameworks and the Company's internal policies.
- Variable Remuneration: Represents the compensation granted based on performance and achievement of specific targets, promoting initiative and results in line with the Company's key performance indicators (KPIs).

The Human Resources Department and the Nomination and Remuneration Committee review these remunerations annually to ensure compliance with the approved remuneration policy and to guarantee fairness and transparency in the allocation of remuneration. The Nomination and Remuneration Committee confirmed that there were no deviations from the approved remuneration policy during the fiscal year 2025.

The following section presents the total remuneration and benefits granted to the Company's senior executives and managers receiving the highest remuneration for the fiscal year ended 31 December 2025:

Remunerations and benefits through the Company							
Number of Members	Fixed remuneration and benefits (KD)						Total variable remuneration and benefits (KD)
	Total monthly salaries during the year	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance	Annual remuneration and accruals
Five Members	147,662	6,399	7,198	16,608	5,988	14,000	152,845

3.3 Compliance with the Board-Approved Remuneration Policy

The Nomination and Remuneration Committee confirms that no additional remuneration was granted beyond the amounts disclosed above, whether directly or indirectly. The committee also confirms that no material deviations from the remuneration policy approved by the Board of Directors were observed, ensuring that all remuneration practices comply with the approved regulations and policies, as well as the highest standards of governance and transparency.

PILLAR 4: ENSURE THE INTEGRITY OF FINANCIAL REPORTING

4.1 Accuracy and Integrity of Financial Reporting

The Executive Management provides written undertakings to the Company's Board of Directors confirming the accuracy and integrity of the financial data, ensuring that all financial aspects of the Company are fairly presented and prepared in accordance with the International Financial Reporting Standards (IFRS). In turn, the Board of Directors provides undertakings to the Company's shareholders regarding the accuracy and integrity of the financial data and related reports on the Company's operations.

The financial data and related reports include:

- Annual financial statements.
- Interim financial statements.
- Disclosure forms for annual and interim Company profits.
- Periodic reports and disclosures related to the Company's operations and business results.

4.2 Formation of the Audit Committee

The Company's Board of Directors has established an Audit Committee in compliance with all applicable regulatory requirements and controls, ensuring that the committee members possess the necessary qualifications and that its working methodology meets the required standards. All details and information related to the committee's formation and its responsibilities have been reviewed in Section 2.3 of this report – Board Risk and Audit Committee, as outlined above.

4.3 Audit Committee Recommendations and Board Decisions

The Risk and Audit Committee reviews and analyzes the matters assigned to it, provides opinions, and submits the necessary recommendations to the Board of Directors. As a specialized body, all recommendations presented during the year 2025 were approved and implemented by the Board. The committee also confirms that no conflicts were observed between its recommendations and the Board's decisions during 2025.

4.4 Independence and Objectivity of the External Auditor

The Company, based on the evaluation and review conducted by the Audit Committee, confirms the full independence and objectivity of the external auditors with respect to the Company and its Board of Directors. The auditors also undertake not to provide any services to the Company other than those related to auditing and account review, as required by the scope of their work. The external auditors provide a written declaration confirming their full independence and compliance with the applicable International Standards on Auditing (ISA).

PILLAR 5: APPLYING SOUND SYSTEMS OF RISK MANAGEMENT AND INTERNAL AUDIT

5.1 Establishment of an Independent Risk Management Unit

The Company places the utmost importance on risk management, considering it a fundamental pillar for ensuring the stability and continuity of the Company's activities and achieving its strategic objectives. Continuous development and effective implementation of the risk management framework are critical factors for maintaining institutional success and minimizing exposure to operational, financial, and regulatory risks. Accordingly, the Company's Board of Directors has re-appointed an independent Risk Management Unit and approved the necessary policies and procedures to ensure effective management of all potential risks across the Company. This unit is responsible for monitoring and analyzing risks and providing detailed periodic reports to the Risk Committee, which in turn reviews these reports and submits its recommendations to the Board of Directors.

This arrangement ensures that the Board of Directors is continuously informed of the key risks that may affect the Company and supports well-informed decision-making that protects the Company's assets and enhances its ability to face future challenges.

5.2 Formation of the Risk Management Committee

The Company's Board of Directors has established a Risk Management Committee in compliance with all applicable requirements and regulatory controls, ensuring that the committee members possess the necessary qualifications and that its working methodology meets the required standards. All details and information related to the formation of the committee and its responsibilities have been reviewed under Section 2.3 of this report – Board Risk and Audit Committee, as outlined above.

5.3 Internal Control and Monitoring Systems

The Company's Board of Directors holds full responsibility for the internal control and monitoring systems, ensuring their effectiveness in maintaining the integrity, accuracy, and efficiency of the Company's operations. Accordingly, the Board has established comprehensive internal policies, mechanisms, and regulations to ensure the application of internal control measures across all operational and financial activities of the Company. The Risk and Audit Committee monitors the implementation of these policies and regulations, reviews and analyzes reports from the Internal Audit Department, and provides recommendations to the Board to address any observations and continuously improve internal control mechanisms.

The internal control and monitoring systems cover all Company activities, taking into account the principles of dual control applied within the organizational structure, which include, but are not limited to:

- Clearly defining authorities and responsibilities.
- Complete segregation of duties to prevent conflicts of interest.
- Applying dual checks and controls to ensure the integrity of operations.
- Implementing a dual-signature system for material transactions.
- Establishing approved policies and procedures for all operations.
- Utilizing advanced technological systems (Transfora) for executing internal transactions.

Regarding independence and external evaluation, an accredited independent audit firm ("Crowe Al-Muhanna & Partners") was appointed to assess and review the Company's internal control systems throughout 2025 and to prepare a detailed report (ICR) to be submitted to the Capital Markets Authority within 90 days of the end of the 2025 fiscal year. Additionally, another independent audit firm was appointed to review and assess the performance of the Company's Internal Audit Department for the period from January 2022 to December 2024 and issued their report (QAR). Copies of these reports were provided to the Audit Committee and the Board for review and reference. This is in implementation of the provisions of Articles 6-9 of Module Fifteen – Corporate Governance – of the Executive Regulations of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and the Regulation of Securities Activity and their Amendments, ensuring the highest levels of transparency and effective oversight of the Company's operations.

5.4 Formation of an Independent Internal Audit Department

The Company has ensured the implementation of a comprehensive and independent internal audit system to guarantee the integrity and transparency of operations and internal controls. The responsibilities of internal auditing have been assigned to the Internal Audit Department of the parent company, following approval from the Capital Markets Authority dated 22 June 2016. The parent company's Internal Audit Department is characterized by independence and competence, carrying out comprehensive reviews of all internal control systems according to detailed audit plans approved by the Company's Board of Directors. Internal audit activities cover all operational and financial activities of the Company, with a focus on risk assessment, process examination, and ensuring compliance with approved internal policies and procedures. The Internal Audit Department prepares periodic reports in accordance with the approved audit plan, which are submitted to the Company's Audit and Risk Committee. The Committee reviews and analyzes these reports, ensures that any observations or gaps are addressed, and then submits the necessary recommendations and actions to the Board of Directors for appropriate decision-making. This system aims to ensure the highest levels of transparency and accountability, enhance the effectiveness of internal controls, and support informed decision-making by the Board across all operational and strategic areas of the Company.

PILLAR 6: PROMOTE CODE OF CONDUCT AND ETHICAL STANDARDS

6.1 Professional Conduct Standards and Ethical Values

The Company has established a Board-approved Code of Conduct that defines the standards and determinants of professional behavior and ethical values to be adhered to by all Company personnel, whether within the work environment or in dealings with clients, suppliers, and other relevant parties. The Code aims to instill values of integrity, transparency, and responsibility among all employees, including Board members and executive management, emphasizing the necessity of compliance with applicable standards and regulations in all business practices and transactions, thereby preserving the Company's reputation and position in the business sector. The Code places significant importance on employees as one of the Company's most valuable assets, providing them with awareness through regular training and educational programs to ensure a full understanding of their responsibilities and ethical and professional obligations. The Code also covers other critical aspects, including:

- Managing relationships with partners and relevant parties fairly and transparently.
- Maintaining the integrity of financial data and the accuracy of reports and information.
- Ensuring information security and protection of Company and client data.
- Providing mechanisms to report any unethical practices or violations of approved policies, while safeguarding whistleblowers from any adverse impact.

The Code emphasizes that all Board members, executive management, and employees are required to adhere to these standards and values in performing their daily duties, thereby fostering the Company's institutional culture and ensuring the continuity of its success and reputation over the long term.

6.2 Conflict of Interest Mitigation

The Company's Board of Directors has adopted a comprehensive Conflict of Interest Policy, aimed at ensuring the implementation of clear and effective procedures to identify and address any actual or potential conflicts of interest. This policy seeks to ensure that the Board manages all conflict of interest situations appropriately and that all decisions taken reflect the best interests of the Company, reinforcing its integrity and transparency. The policy forms an integral part of the Company's full commitment to ethical values, integrity, and fairness in dealings with all stakeholders. It defines what constitutes a conflict of interest, establishes the principles and criteria for managing various cases, and clarifies the roles of the Board of Directors, executive management, and the internal audit unit in monitoring and managing such situations. The policy also includes practical procedures for handling conflicts of interest, with illustrative examples of parties whose interests may conflict with those of the Company, and outlines disclosure requirements to ensure full transparency in decision-making while protecting the interests of the Company and its stakeholders.

PILLAR 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURES

7.1 Mechanisms for Accurate and Transparent Disclosure

Accurate disclosure constitutes a fundamental pillar for monitoring the Company's activities and evaluating its performance across various levels, whether for current shareholders, potential investors, or the general public. Based on this principle, the Company has adopted a comprehensive disclosure policy, which includes the rules and procedures to be followed and the disclosure mechanisms in place, ensuring that information is provided accurately, transparently, and in a timely manner. In this regard, the Company complies with all provisions and standards set forth in Module Ten – Disclosure and Transparency – of the Executive Regulations of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and the Regulation of Securities Activities and their Amendments, while also adhering to best practices to enhance trust and credibility among all stakeholders.

7.2 Disclosure Register for Board Members, Executive Management, and Managers

The Company has established a dedicated register that includes all disclosures submitted by members of the Board of Directors, executive management, and managers. This register encompasses information related to salaries, bonuses, incentives, and other financial benefits granted to them, whether directly or indirectly, by the Company or its subsidiaries, if any. The purpose of this register is to enhance transparency and support the Company's commitment to governance standards in accordance with applicable regulations and regulatory instructions.

7.3 Establishment of an Investor Relations Unit

The Company has established a specialized unit to manage investor relations, responsible for providing and making available the necessary data, information, and reports to current shareholders, prospective investors, and the general public of stakeholders. This unit operates with sufficient independence, enabling it to deliver information accurately, transparently, and in a timely manner, thereby enhancing trust in the Company and ensuring compliance with best disclosure and governance practices. The unit also utilizes multiple communication channels with investors, including the Company's website, periodic newsletters, and official disclosures, to ensure that information reaches all relevant parties effectively and in an organized manner, in full compliance with applicable regulatory requirements and legal obligations.

7.4 Information Technology Infrastructure

The Company has developed its IT infrastructure to support the efficiency of disclosure processes and communication with shareholders, investors, and stakeholders. This infrastructure is heavily relied upon to provide accurate and timely information and data, thereby enhancing transparency and supporting informed investment decisions. Key initiatives in this regard include the creation of a dedicated section on the Company's website titled "Investor Relations," which offers comprehensive information and data, including financial reports, periodic disclosures, key performance indicators, updates on projects and strategic initiatives, and all material information related to the Company. This enables current and prospective shareholders and investors to monitor the Company's performance and exercise their rights efficiently and effectively, in line with best disclosure and governance practices.

PILLAR 8: PROTECTION OF SHAREHOLDERS RIGHTS

8.1 Shareholders' Rights

The Company's Articles of Association, alongside its approved internal regulations and policies, ensure the provision of all procedures and controls that enable shareholders to fully and fairly exercise their rights. These rights include, but are not limited to, attending general assembly meetings, voting on resolutions, and accessing financial information and relevant periodic reports. These controls aim to achieve fairness and equality among all shareholders, ensuring non-discrimination and reinforcing transparency while upholding best corporate governance practices.

8.2 Shareholders Information

To ensure accuracy and continuous monitoring of shareholder information, the Company has established a dedicated Shareholders Register ("Register of Shareholders"), maintained with the Clearing Agency – Kuwait Clearing Company. This register includes all essential information for each shareholder, such as name, identification details, and the number of shares owned, with continuous updates and annotations of any changes as they occur to ensure the accuracy and currency of the information. Each shareholder or relevant party has the right to request access to their data through the Company or the Clearing Agency, in accordance with the applicable controls and procedures, while strictly maintaining the confidentiality of this information and protecting it from unauthorized use. The Company and relevant parties are committed to processing shareholder data according to the highest standards of protection and confidentiality, thereby safeguarding shareholder rights and enhancing trust in the Company's data and information management system.

8.3 Shareholder Participation and Voting in Company General Assembly Meetings

Shareholder participation in general assembly meetings and voting on their resolutions is an inherent right of every shareholder, and the Company is keen to promote this participation effectively. In this context, the Company issues invitations to all shareholders to attend general meetings, including the agenda, as well as the date, time, and venue of the meeting, while providing all relevant information and data related to the agenda items well in advance of the meeting, in accordance with applicable rules and regulations. The Company also encourages shareholders to actively engage during the meetings, including discussing the topics on the agenda and raising questions, ensuring that decisions are made on clear and transparent grounds that reflect the interests of all shareholders and support the principles of sound corporate governance.

PILLAR 9: RECOGNIZE THE ROLES OF STAKEHOLDERS

9.1 Stakeholders' Rights

The Company has adopted a comprehensive policy regarding stakeholders, which includes the rules and procedures necessary to ensure recognition and protection of their rights in compliance with applicable laws, regulations, and supervisory instructions and controls. This policy aims to enhance transparency and fairness in dealings with all stakeholders, including shareholders, investors, clients, suppliers, employees, and other related parties, ensuring they have access to necessary information in a timely manner and safeguarding their interests.

9.2 Participation in Monitoring the Company's Activities

The Company seeks to enhance stakeholders' participation in monitoring its various activities to ensure operational transparency and strengthen trust. It provides stakeholders with access to information and data related to their activities and rights, and offers secure channels and mechanisms to report any improper practices they may encounter while interacting with the Company. This approach aims to ensure serious handling of any observations or complaints, thereby promoting integrity and accountability, and reflecting the Company's commitment to the highest standards of governance and transparency in all its operations.

PILLAR 10: ENCOURAGE AND ENHANCE PERFORMANCE IMPROVEMENT

10.1 Training Programs for Board Members and Executive Management

Continuous training and professional development for Board members and the Executive Management constitute a cornerstone of sound corporate governance. Such programs enhance performance and strengthen the ability to make informed strategic and operational decisions. Accordingly, the Company has established organized mechanisms that enable Board members and the Executive Management to participate in training programs, attend specialized conferences, and join workshops relevant to the Company's activities and the sector in which it operates. These initiatives support the development of managerial, organizational, and technical skills. During 2025, Board members and Executive Management participated in a range of training programs covering key areas, including but not limited to:

- Conflict of interest management.
- Confidential information and intellectual property.
- Work ethics and professional conduct standards.

10.2 Evaluation of Board and Executive Management Performance

The Company has adopted comprehensive systems and structured methodologies to evaluate the performance of the Board as a whole, each individual member, the committees formed under the Board, and the Executive Management, on a regular and systematic basis. This evaluation is based on a set of Key Performance Indicators (KPIs) linked to achieving the Company's strategic objectives, operational efficiency, risk management effectiveness, and compliance with internal policies and regulatory requirements. The purpose of this evaluation is to identify strengths that can be leveraged to enhance Company performance, detect areas needing improvement or development, and determine future training needs for Board members and Executive Management, in alignment with the Company's strategic goals.

10.3 Institutional Values "Value Creation"

The Company's Board of Directors places great emphasis on fostering institutional value creation (Value Creation) among all employees by implementing practical procedures and mechanisms aimed at achieving the Company's strategic objectives and enhancing both individual and collective performance. The Company relies on advanced technological systems to assess employee performance through a Management by Objectives (MBO) framework. Objectives are set for each employee at the beginning of the fiscal year, with ongoing monitoring of progress and measurement of achievement rates throughout the year. This approach links individual performance to the Company's strategic goals, ensuring focus on priorities and realization of desired results. The Company also recognizes the importance of encouraging exceptional performance and motivating employees to innovate and demonstrate creativity in their daily tasks. Accordingly, a structured mechanism is in place to acknowledge and reward outstanding contributions, including formal recognition within the workplace and provision of both moral and financial incentives. This fosters initiative, strengthens employee engagement, and reflects a high-performance culture throughout the organization. Furthermore, the Company organizes workshops and training sessions to reinforce corporate values and innovation, linking these values directly to tangible outcomes. This ensures the continuous development of individual and team performance, supporting the Company's long-term strategic objectives and promoting a culture of sustained excellence.

PILLAR 11: IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY

11.1 Achieving Balance Between Company Objectives and Community Goals

The Company recognizes the importance of social responsibility as an integral part of its operational strategy, striving to balance its economic objectives with the needs and goals of the community in which it operates. This approach is grounded in a consistent commitment to ethical conduct and active contribution to sustainable development at both social and economic levels, delivering tangible benefits to the broader community and, in particular, to the Company's employees. To this end, the Company has established a clear internal policy aimed at achieving this balance through initiatives and programs that support the improvement of living conditions, enhance education and training, contribute to environmental and community projects, and encourage active employee participation in social activities. Furthermore, the Company ensures that all its operations and commercial activities align with social and environmental responsibility standards, promoting sustainable development, safeguarding its reputation, and strengthening relationships with various stakeholders.

11.2 Company Efforts in Social Responsibility

The Company implements comprehensive programs and mechanisms that highlight its active efforts in social responsibility. It discloses its social responsibility objectives and associated action plans through the Company's website and periodic reports. In addition, the Company organizes awareness programs for employees to familiarize them with the goals and activities of its social responsibility initiatives, emphasizing social issues that the Company actively contributes to developing and supporting. UPAC ensures that its social responsibility efforts are aligned with the Company's strategic direction and the needs of the local community, adopting appropriate initiatives in areas such as environmental support, participation in charitable events, and contribution to local community development. These initiatives aim to achieve mutual benefits for both the community and UPAC, enhancing the Company's positive impact and translating its commitment to social responsibility into tangible results.

For more details on the Company's social responsibility activities, please visit the dedicated section on the official website: www.upac.com.kw

APPENDIX (A) - DECLARATION OF INDEPENDENT BOARD MEMBER

DECLARATION OF INDEPENDENT BOARD MEMBER
UNITED PROJECTS FOR AVIATION SERVICES COMPANY KSCP



Kuwait on 01st January 2026


I, the undersigned, Zuhair Abdul Mohsen Muslim Al-Zamel, Kuwaiti national, holder of Civil ID No. [REDACTED], in my capacity as an Independent Member of the Board of Directors of United Projects for Aviation Services K.S.C.P (the “**Company**”), hereby declare that I am fully aware of the independence requirements stipulated in the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of the securities business, and I hereby confirm the following:

1. I do not own 5% or more of the Company’s shares, nor do I represent any shareholders who own 5% or more of the Company’s shares.
2. I have no first-degree familial relationship with any member of the Board of Directors, the executive management of the Company, or any of the Group entities, related parties, or subsidiaries of the Company.
3. I am not a member of the board of directors of any of the Group companies.
4. I am not an employee of the Company, any Group entity, or any of the Company’s stakeholders.
5. I am not employed by any legal entity that holds a controlling interest in the Company.
6. I have no interest or relationship with the Company that could affect my independence, and I acknowledge being aware of the duties and responsibilities of an independent board member.

I undertake to notify the Board of Directors immediately should any change occur that may affect my independence in accordance with the above points.

Acknowledged by,

Name: Zuhair Abdul-Mohsen Musallam Al-Zamel

Signature:  _____

Date: 01st January 2026



مركز ريم
Reem Mall



INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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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.

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.

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.



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



CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME

For the year ended 31 December 2025

	2025 KD	2024 KD
(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

	<i>Notes</i>	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
		242,708,293	271,293,326
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
		10,035,957	11,550,494
TOTAL ASSETS		252,744,250	282,843,820
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		104,463,930	105,664,221
Non-controlling interest	4	1,338,543	1,139,845
Total equity		105,802,473	106,804,066
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
		22,592,380	23,014,366
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
		124,349,397	153,025,388
Total liabilities		146,941,777	176,039,754
TOTAL EQUITY AND LIABILITIES		252,744,250	282,843,820

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

	Attributable to equity holders of the Parent Company							Non-controlling interest KD	Total KD	
	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Retained earnings KD			Sub-total KD
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	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
	Attributable to equity holders of the Parent Company									
	Share capital KD	Share premium KD	Statutory reserve KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interest KD	Total KD
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.

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 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

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

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	<u>(124,756,783)</u>	<u>(110,196,141)</u>
Proportion of the Group's ownership	<u>9.47%</u>	<u>9.47%</u>
Carrying value of the investment in associate	<u>-</u>	<u>-</u>
Revenue for the year	<u>10,784,451</u>	<u>8,205,857</u>
Loss for the year	<u>(20,079,218)</u>	<u>(49,606,471)</u>
Group's share in the loss for the year *	<u>-</u>	<u>(1,806,070)</u>
Other comprehensive loss for the year	<u>-</u>	<u>(1,536,007)</u>
Group's share in other comprehensive loss	<u>-</u>	<u>(145,460)</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

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:

	2025 KD	2024 KD
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:

	2025 KD	2024 KD
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 KD	2024 KD
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 KD	2024 KD
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 KD	2024 KD
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
Cash and cash equivalents	<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>
	<i>2025 Shares</i>	<i>2024 Shares</i>
<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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13 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2025 KD	2024 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
	<u>6,397,093</u>	<u>7,528,601</u>
	2025 KD	2024 KD
Classified as:		
Non-current liabilities	891,128	846,770
Current liabilities	5,505,965	6,681,831
	<u>6,397,093</u>	<u>7,528,601</u>

* 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:

	<i>Entities under common control</i>	<i>Other related parties</i>	2025 KD	2024 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)	
	<i>Entities under common control</i>	<i>Intermediate Parent Company</i>	<i>Other related parties</i>	2025 KD	2024 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)

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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>
	<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.

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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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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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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:

	2025 KD	2024 KD
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	13,018	-	-	-	13,018
	<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	244,795	134,411	1,390	254,542	635,138

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.

	<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>
2025					
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
	118,480,379	850,305	5,305,430	31,671,128	156,307,242

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18 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

18.3 Liquidity risk (continued)

2024	<i>On Demand</i> KD	<i>Within 3 Months</i> KD	<i>3 – 12 months</i> KD	<i>More than 12 months</i> KD	<i>Total</i> 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.

	<i>As at 1 January</i> KD	<i>Total gains recognised in profit or loss</i> KD	<i>Net (redemption) and drawdown</i> KD	<i>At 31 December</i> 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'.



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