

BAYAN INVESTMENT HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARY
STATE OF KUWAIT

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

CONTENTS

	<u>Pages</u>
Independent auditor's report	1 – 4
Consolidated statement of financial position	5
Consolidated statement of profit or loss	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to consolidated financial statements	10 – 38

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Bayan Investment Holding Company K.S.C.P.
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

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 Accountant's 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, we do not provide a separate opinion on these matters. We have identified the following key audit matter to be communicated in our report.



Valuation of financial assets at fair value through other comprehensive income (“FVOCI”)

Financial assets at FVOCI represent 64% of the Group’s total assets. The valuation of the Group’s Financial assets at FVOCI involve the exercise of judgement by the management and the use of assumptions and estimates, most predominately for the instruments classified under level 2. Key judgments applied by management in valuation of the Group’s investment securities carried at fair value include determination of price to book multiples of comparable companies and include application of illiquidity discounts in certain cases. Due to the size and estimation uncertainties, this is considered a key audit matter. As part of audit procedures, we have tested, based on sample basis, the level 1 fair valuations by comparing the fair values applied by the Group with publicly available market data. For level 2 valuations we evaluated based on sample basis the models and the assumptions used by the management and tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data’s relevance, completeness and accuracy. We have also challenged the significant judgements and assumptions applied to the valuation model, including discounts for lack of marketability. We have focused on the adequacy of disclosures as provided in Note 2(c), Note 6 and Note 23 to the accompanying consolidated financial statements.

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

Management is responsible for the other information. Other information consists of the information included in the Group’s 2025 Annual Report, other than the consolidated financial statements and our 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 attached to it, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

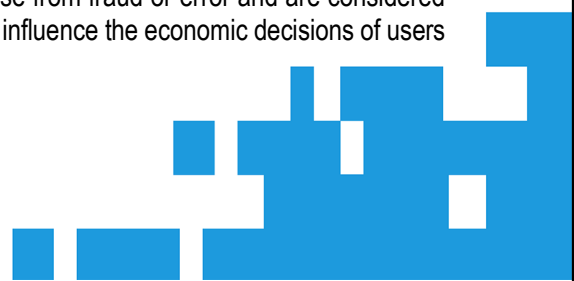
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are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

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

Those Charged with Governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

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

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

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

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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 report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended December 31, 2025 that might have 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 and to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law 7 of 2010, concerning the Capital Markets Authority and Organization of Security Activity, its amendments and Executive Regulations during the financial year ended December 31, 2025, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
March 26, 2026

A blue ink signature of Nayef M. Al Bazie, written in a cursive style.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.



BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	2025	2024
Cash and bank balances	3	1,823,389	3,668,808
Financial assets at fair value through profit or loss ("FVTPL")	23	1,741,802	504,568
Accounts receivable and other debit balances	4	1,168,838	400,946
Inventories	5	572,846	383,173
Financial assets at fair value through other comprehensive income ("FVOCI")	6	9,897,734	9,454,748
Property, plant and equipment	7	271,321	332,945
Intangible assets		6,833	8,831
Total assets		15,482,763	14,754,019
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Term loan	8	-	600,000
Accounts payable and other credit balances	9	1,213,991	890,990
Provision for end of service indemnity	10	294,938	283,782
Total liabilities		1,508,929	1,774,772
Equity:			
Share capital	11, 20	23,589,266	22,902,200
Treasury shares	12	(3,469,655)	(3,469,655)
Statutory reserve	13	277,746	150,842
Voluntary reserve	14	3,469,655	3,469,655
Fair value reserve		(7,682,566)	(7,325,332)
Foreign currency translation adjustments		(4,049,894)	(4,061,464)
Retained earnings		1,869,001	1,347,929
Equity attributable to shareholders of the Parent Company		14,003,553	13,014,175
Non-controlling interests		(29,719)	(34,928)
Total equity		13,973,834	12,979,247
Total liabilities and equity		15,482,763	14,754,019

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

Faisal Ali Al-Mutawa
Chairman



BAYAN INVESTMENT HOLDING COMPANY K.S.C.(PUBLIC) AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts are in Kuwaiti Dinars)

	Note	2025	2024
Revenues:			
Net investment income from financial assets	15	1,085,744	2,290,278
Net sales revenue		831,802	282,105
Interest income		110,985	147,597
Other income		1,375	15,305
Foreign exchange gain		22,165	15,691
		<u>2,052,071</u>	<u>2,750,976</u>
Expenses and other charges:			
General and administrative expenses	16	740,737	644,291
Provision for Expected Credit Losses (“ECL”)	4	-	68,521
Finance charges		38,166	79,880
		<u>778,903</u>	<u>792,692</u>
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat, National Labor Support Tax (NLST) and Board of Directors’ remuneration		1,273,168	1,958,284
Contribution to KFAS	17	(13,959)	(13,576)
Zakat		(9,021)	(18,909)
NLST		(31,241)	(41,619)
Board of Directors’ remuneration	20	(20,000)	-
Profit for the year		<u>1,198,947</u>	<u>1,884,180</u>
Attributable to:			
Shareholders of the Parent Company		1,194,814	1,884,036
Non-controlling interests		4,133	144
Profit for the year		<u>1,198,947</u>	<u>1,884,180</u>
Basic and diluted earnings per share:			
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	18	<u>5.489</u>	<u>8.655</u>

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

**BAYAN INVESTMENT HOLDING COMPANY K.S.C.(PUBLIC) AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts are in Kuwaiti Dinars)

	2025	2024
Profit for the year	<u>1,198,947</u>	<u>1,884,180</u>
Other comprehensive loss:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange differences on translating foreign operations	12,646	(593,459)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Changes in fair value of financial assets at FVOCI	<u>(196,612)</u>	<u>(1,293,352)</u>
Other comprehensive loss for the year	<u>(183,966)</u>	<u>(1,886,811)</u>
Total comprehensive income (loss) for the year	<u><u>1,014,981</u></u>	<u><u>(2,631)</u></u>
Attributable to:		
Shareholders of the Parent Company	1,009,772	1,030
Non-controlling interests	<u>5,209</u>	<u>(3,661)</u>
Total comprehensive income (loss) for the year	<u><u>1,014,981</u></u>	<u><u>(2,631)</u></u>

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

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

	Equity attributable to the shareholders of the Parent Company							Sub-total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation adjustments	(Accumulated losses) retained earnings			
Balance as of December 31, 2023	22,902,200	(3,469,655)	-	3,469,655	(6,049,829)	(3,471,810)	(449,719)	12,930,842	(31,267)	12,899,575
Transfer to statutory reserve	-	-	150,842	-	-	-	(150,842)	-	-	-
Transfer of net gain on disposal of financial assets at FVOCI to accumulated losses	-	-	-	-	17,849	-	64,454	82,303	-	82,303
Total comprehensive (loss) income for the year	-	-	-	-	(1,293,352)	(589,654)	1,884,036	1,030	(3,661)	(2,631)
Balance as of December 31, 2024	22,902,200	(3,469,655)	150,842	3,469,655	(7,325,332)	(4,061,464)	1,347,929	13,014,175	(34,928)	12,979,247
Bonus shares (Note 20)	687,066	-	-	-	-	-	(687,066)	-	-	-
Transfer to statutory reserve	-	-	126,904	-	-	-	(126,904)	-	-	-
Transfer of net gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	(160,622)	-	140,228	(20,394)	-	(20,394)
Total comprehensive (loss) income for the year	-	-	-	-	(196,612)	11,570	1,194,814	1,009,772	5,209	1,014,981
Balance as of December 31, 2025	23,589,266	(3,469,655)	277,746	3,469,655	(7,682,566)	(4,049,894)	1,869,001	14,003,553	(29,719)	13,973,834

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

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

	2025	2024
Cash flows from operating activities:		
Profit for the year before contribution to KFAS, Zakat, NLST and Board of Directors' remuneration	1,273,168	1,958,284
Adjustments for:		
Net investment income from financial assets	(1,085,744)	(2,290,278)
Interest income	(110,985)	(147,597)
Provision for Expected Credit Losses ("ECL")	-	68,521
Provision for claims	-	5,177
Depreciation and amortization	82,998	85,121
Provision for end of service indemnity	24,656	29,014
Finance charges	38,166	79,880
Foreign exchange gain	(22,165)	(15,691)
	<u>200,094</u>	<u>(227,569)</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(219,510)	140,959
Inventories	(189,673)	3,074
Accounts payable and other credit balances	347,907	(436,828)
Cash flows generated from (used in) operating activities	138,818	(520,364)
Payment of provision for end of service indemnity	(13,500)	-
NLST paid	-	(156,708)
KFAS paid	(13,576)	-
Net cash flows generated from (used in) operating activities	<u>111,742</u>	<u>(677,072)</u>
Cash flows from investing activities:		
Purchases of financial assets at FVTPL	(10,030,317)	(2,598,761)
Proceeds from sale of financial assets at FVTPL	9,104,985	2,017,706
Purchase of financial assets at FVOCI	(2,755,851)	(1,464,763)
Proceeds from sale of financial assets at FVOCI	2,095,859	2,795,798
Additions to property, plant and equipment	(15,280)	(8,112)
Payment for intangible assets	-	(10,000)
Dividend income received	259,952	360,765
Interest income received	76,493	147,597
Net cash flows (used in) generated from investing activities	<u>(1,264,159)</u>	<u>1,240,230</u>
Cash flows from financing activities:		
Net movement in restricted cash held in portfolio	1,400,000	1,681,003
Net movement in term deposit	(1,400,000)	-
Payment of term loan	(600,000)	(600,000)
Lease payments	(73,366)	(73,080)
Cash dividends paid	(1,596)	(1,832)
Finance charges paid	(26,590)	(65,730)
Net cash flows (used in) generated from financing activities	<u>(701,552)</u>	<u>940,361</u>
Net (decrease) increase in cash and cash equivalents	(1,853,969)	1,503,519
Effect of foreign currency translation on cash and cash equivalents	8,550	215
Cash and cash equivalents as of the beginning of the year (Note 3)	2,268,808	765,074
Cash and cash equivalents as of the end of the year (Note 3)	<u>423,389</u>	<u>2,268,808</u>
Significant non-cash transactions and movements:		
Additions of right-of-use assets "property, plant and equipment"	-	(324,680)
Additions of lease liabilities "accounts payable and other credit balances" (Note 9)	-	324,680
	<u>-</u>	<u>-</u>

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

Bayan Investment Holding Company K.S.C. (Public) (formerly Bayan Investment Company K.S.C. (Public)) (the Parent Company) is a Kuwaiti public shareholding company incorporated through an agreement No. 1491/Vol 1 dated July 21, 1997, with latest amendment on May 18, 2025 (Note 20). The Parent Company is listed in Boursa Kuwait. The Parent Company's commercial registration number is 70718 dated August 30, 1997.

The objectives of the Parent Company are as follows:

- a. Invest in shares, membership interests, or investment units in Kuwaiti or foreign companies or funds, establish and manage subsidiaries companies or own membership interests in Kuwaiti or foreign companies and lending to such companies and guaranteeing their obligations towards third parties.
- b. Management of its subsidiary companies or participation in the management of other companies in which the Parent Company is a stakeholder and providing the necessary support to these companies.
- c. Investing its assets in the trading of shares, bonds and other securities.
- d. Owning real estate and movable property necessary to carry out its operations within the limits permitted under the law.
- e. Financing or lending to companies in which the Parent Company holds shares or membership interests and guaranteeing their obligations towards third parties. In such case, the share of the Parent Company in the capital of the borrowing company shall be no less than twenty percent.
- f. Owning intellectual property rights, including patents, trademarks, industrial designs, concession rights and other such intangible rights and exploiting them and licensing them to its subsidiaries or third parties, whether inside or outside Kuwait.
- g. Utilization of surplus available at the Parent Company by investing it in financial and real estate portfolios, managed by specialized companies and agencies in favour of the Parent Company.

The Parent Company may carry out directly all the above activities inside the state of Kuwait or abroad or through agents on its behalf. The Parent Company may also have an interest in or participate in any manner with the other bodies of similar engagements or that may cooperate to achieve the Parent Company's objectives inside or outside the State of Kuwait, and may establish or partner or purchase these bodies or append it to the Parent Company.

The Parent Company is located in Souad Commercial Building, Fahad Al-Salem St., Area 12, Building No. 21 and its registered office is P.O. Box No. 104, Al Dasma 35151, State of Kuwait.

The Parent Company and its subsidiary are referred to as the Group.

The Parent Company is regulated and supervised by the Capital Markets Authority ("CMA") as a listed Company.

The consolidated financial statements were authorized for issue by the Parent Company's Board of Directors on March 26, 2026. The Shareholders' Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

a) Basis of preparation

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

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Material accounting judgments, estimates and assumptions are disclosed in Note 2(u). The key sources of estimation uncertainty are consistent with the annual audited financial statements of the Group for the year ended December 31, 2024.

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

Adoption of new and revised Standards

Amendments on the standards that are effective for the current year

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

Lack of Exchangeability (Amendments to IAS 21)

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

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

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

New standards and amendments issued but not yet effective

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

IFRS 18 - Presentation and Disclosure in Financial Statements

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

IFRS 18 introduces new requirements to:

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

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted. The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after January 1, 2027. This standard is not expected to have an impact on the consolidated financial statements.

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

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

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

The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

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

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

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

b) Basis of consolidation

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

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding %	
			2025	2024
Arkan Holding Company- K.S.C. (Holding) and its wholly owned subsidiary Arkan Industrial and Mining Company (E.S.C.)	State of Kuwait	Holding	99.150	99.150

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

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

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

c) Financial instruments

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

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and bank balances, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, term loan and accounts payable and other credit balances.

(A) Financial assets

I. Initial recognition

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

II. Classification of financial assets

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

Business model assessment

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

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

III. Measurement categories of financial assets

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

- Debt instruments at amortized cost.
- Equity instruments at FVOCI, with no recycling of gains or losses to consolidated statement of profit or loss on derecognition.
- Financial assets at FVPTL.

Debt instruments at amortized cost

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

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

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

Amortized cost and effective interest method

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

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

Cash and bank balances, trade receivables are classified as debt instruments at amortized cost.

Trade receivables

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

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the consolidated statement of changes in equity.

The Group classifies its investments in quoted and unquoted equity securities under financial assets at FVOCI in the consolidated statement of financial position.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVTPL. Specifically:

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

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

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

IV. Derecognition

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

V. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all financial assets not classified as FVTPL and equity instruments.

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

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

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

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

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stage 2.

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

(B) Financial liabilities

I. Initial recognition

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

II. Measurement categories of financial liabilities

Financial liabilities at amortized cost

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

i) Accounts payable

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

ii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

III. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

(C) Offsetting of financial assets and liabilities

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

d) Inventories

Inventories are valued at the lower of cost or net realizable value after providing allowances for any obsolete or slow-moving items. Costs comprise direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined as follows:

- Raw materials and spare parts inventories on a weighted average basis.
- Manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.
- Complete production, cost is determined at the lower of cost or net realizable value.

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

e) Property, plant and equipment

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

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

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

Freehold land is not depreciated. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of other property, plant and equipment as follows:

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

<u>Assets category</u>	<u>Years</u>
Right-of-use assets (office premises)	5
Buildings	20
Machinery and equipment	5 – 10
Vehicles	5
Furniture and computers	3 – 5

Capital work in progress is stated at cost. Following completion, capital work in progress is transferred into the relevant class of property, plant and equipment.

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

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

f) Intangible assets

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

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

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

Intangible assets are represented by computer software amortized over 5 years.

g) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Provision for end of service indemnity

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

i) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

j) Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

k) Share capital

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

l) Dividend distribution to shareholders

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

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

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

m) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable.

Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid 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.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

n) Segment reporting

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

o) Revenue from contracts with customers

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

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

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

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

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

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

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

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

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

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

Revenue for the Group arises from the following activities:

(i) Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, have been purchased at store by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Group's revenue from sale of goods is transferred at a point of time.

The Group's net sales revenue is generated from its industrial sector activities in the Arab Republic of Egypt, and revenue is recognized at a specific point in time.

(ii) Other income

Other income are recognized on an accrual basis.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

q) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at FVTPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as FVOCI are included in "fair value reserve" in other comprehensive income. The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

r) National Labor Support Tax (NLST)

NLST is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration, and after deducting the cash dividends received from companies listed in Bursa Kuwait in accordance with Law No. 19 of 2000 and Ministerial Resolution No. 24 of 2006 and their Executive Regulations.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

s) Zakat

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

t) Contingencies

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

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

u) Material accounting judgments, estimates and assumptions

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

Judgments

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

(i) Revenue recognition

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

(ii) Provision for expected credit losses and inventories

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

(iii) Classification of financial assets

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

(iv) Taxes

The Group is subject to income taxes in the countries where the Group operates. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

(v) Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

(vi) Leases

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

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

Estimates and assumptions

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

(i) Fair value of unquoted financial assets

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

(ii) Useful lives of depreciable assets

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

(iii) Provision for allowance for expected credit losses and inventories

The extent of provision for expected credit losses and inventories involves estimation process. Provision for expected credit losses is based on a forward looking ECL approach as explained in Note 2(c). Bad debts are written off when identified. The carrying cost of inventories is written down to their net realizable value when the inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. The provisions and write-down of accounts receivable and inventories are subject to management approval.

(iv) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

(v) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

(vi) Leases

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

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

3. Cash and bank balances

	<u>2025</u>	<u>2024</u>
Cash on hand and at banks	254,456	150,023
Cash held with clearing company	166,987	196,692
Short-term deposits (a)	-	3,196,650
Cash held in investment portfolios	1,946	125,443
Term deposit (b)	<u>1,400,000</u>	<u>-</u>
Cash and bank balances as presented in the consolidated statement of financial position	1,823,389	3,668,808
Less: restricted cash (Note 8)	-	(1,400,000)
Less: term deposit (b)	<u>(1,400,000)</u>	<u>-</u>
Cash and cash equivalents as presented in the consolidated statement of cash flows	<u>423,389</u>	<u>2,268,808</u>

(a) During the year, the short-term deposits were matured. As at December 31, 2024, the effective interest rate on short-term deposits ranged from 3.80% to 4.125% per annum.

(b) The effective interest rate on term deposit was 4.13% per annum. This deposit has a contractual maturity of more than 3 months.

4. Accounts receivable and other debit balances

	<u>2025</u>	<u>2024</u>
Trade and notes receivables (a)	1,199,829	568,093
Allowance for Expected Credit Losses ("ECL") (b)	<u>(255,935)</u>	<u>(242,300)</u>
	943,894	325,793
Other debit balances	<u>224,944</u>	<u>75,153</u>
	<u>1,168,838</u>	<u>400,946</u>

(a) Trade and notes receivables

Trade and notes receivables are relating to Arkan Industrial and Mining (E.S.C.) (wholly owned subsidiary of Arkan Holding Co. K.S.C. (Holding) – direct subsidiary of the Group). Trade and notes receivables are non-interest bearing and are generally due within 2 months. These relate to a number of independent customers where there are no recent history of default.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade and notes receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade and notes receivables have been assessed on a collective basis and grouped based on shared credit risk characteristics including status of legal cases, status of negotiations and days past due. Accordingly, ECL is assessed as a specific allowance and based on a provision matrix.

The expected loss rates are based on the ageing profile of customers over the past 3 years till December 31, 2025, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current year.

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

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

The ageing analysis of the trade and notes receivable are as follows:

Ageing brackets of trade and notes receivables	2025			2024		
	Total gross carrying amount	ECL rate (%)	ECL	Total gross carrying amount	ECL rate (%)	ECL
Specific allowance	166,011	100%	(166,011)	157,167	100%	(157,167)
0 – 60 days	875,866	0.12%	(1,008)	267,099	0.08%	(204)
61 – 90 days	56,660	0.18%	(101)	29,719	0.08%	(23)
91 – 180 days	8,727	2.30%	(201)	-	-	-
181 – 365 days	14,747	73.21%	(10,796)	4,552	25.88%	(1,178)
More than 365 days	77,818	100%	(77,818)	109,556	76.42%	(83,728)
	<u>1,199,829</u>		<u>(255,935)</u>	<u>568,093</u>		<u>(242,300)</u>

(b) Allowance for ECL

Movement in the allowance for ECL is as follows:

	2025	2024
Balance as of the beginning of the year	242,300	116,754
Charge for the year	-	68,521
Foreign currency translation adjustments	13,635	57,025
Balance as of the end of the year	<u>255,935</u>	<u>242,300</u>

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

5. Inventories

	<u>2025</u>	<u>2024</u>
Raw materials	52,042	68,026
Spare parts	33,335	25,316
Work in progress	23,275	14,221
Finished goods	467,279	278,531
	<u>575,931</u>	<u>386,094</u>
Less: provision for slow-moving inventories (a)	<u>(3,085)</u>	<u>(2,921)</u>
	<u><u>572,846</u></u>	<u><u>383,173</u></u>

(a) Provision for slow-moving inventories

Movement in the provision for slow-moving inventories is as follows:

	<u>2025</u>	<u>2024</u>
Balance as of the beginning of the year	2,921	33,642
Utilized during the year	-	(20,007)
Foreign currency translation adjustments	164	(10,714)
Balance as of the end of the year	<u>3,085</u>	<u>2,921</u>

6. Financial assets at fair value through other comprehensive income ("FVOCI")

	<u>2025</u>	<u>2024</u>
Quoted securities	7,941,671	7,217,015
Unquoted securities	1,956,063	2,237,733
	<u>9,897,734</u>	<u>9,454,748</u>

Financial assets at FVOCI are denominated in the following currencies:

<u>Currency</u>	<u>2025</u>	<u>2024</u>
Kuwaiti Dinar	7,189,414	6,801,419
UAE Dirham	2,708,320	2,653,329
	<u>9,897,734</u>	<u>9,454,748</u>

Financial assets at FVOCI was valued based on the valuation basis as described in Note 23.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

7. Property, plant and equipment

	Right-of-use assets (b)	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture and computer equipment	Total
Cost:							
As of December 31, 2024	324,680	13,152	125,153	403,468	11,339	20,024	897,816
Additions	-	-	-	13,437	1,150	693	15,280
Foreign currency translation adjustments	-	741	7,042	23,054	667	1,144	32,648
As of December 31, 2025	324,680	13,893	132,195	439,959	13,156	21,861	945,744
Accumulated amortization and depreciation:							
As of December 31, 2024	64,932	-	105,289	368,871	11,339	14,440	564,871
Charge for the year	64,932	-	6,442	6,880	153	2,593	81,000
Foreign currency translation adjustments	-	-	6,092	20,936	644	880	28,552
As of December 31, 2025	129,864	-	117,823	396,687	12,136	17,913	674,423
Net book value:							
As of December 31, 2025	194,816	13,893	14,372	43,272	1,020	3,948	271,321
As of December 31, 2024	259,748	13,152	19,864	34,597	-	5,584	332,945

(a) Amortization and depreciation charged has been allocated as follows:

	2025	2024
Cost of sales "net sales revenue"	6,880	9,940
General and administrative expenses (Note 16)	74,120	74,012
	81,000	83,952

(b) The Group leases office premises used in its operations under arrangements that are renewed annually and automatically. For accounting purposes, an average lease term of 5 years has been applied. The leases in which the Group is the lessee do not contain any variable lease payment terms.

8. Term loan

During the year, the final installment of the term loan amounting of KD 600,000 was fully settled.

As of December 31, 2025, the term loan is not pledged (2024: the term loan was pledged against restricted cash amounting to KD 1,400,000 (Note 3)).

9. Accounts payable and other credit balances

	2025	2024
Trade payables	325,044	144,277
Lease liabilities (a)	203,960	265,750
Dividends payable (Note 19)	248,302	249,898
Provision for staff leave	89,357	69,534
NLST payable	72,860	41,619
Zakat payable	27,930	18,909
KFAS payable (Note 17)	13,959	13,576
Board of Directors' remuneration payable (Notes 19, 20)	20,000	-
Provision for claims (b)	26,875	25,862
Other credit balances	185,704	61,565
	1,213,991	890,990

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

(a) Lease liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	2025	2024
Amounts payable relating to leases:				
Within one year	73,080	72,878	64,792	61,790
Beyond one year	146,160	219,442	139,168	203,960
	<u>219,240</u>	<u>292,320</u>	<u>203,960</u>	<u>265,750</u>
Less: unamortized future finance charge	(15,280)	(26,570)	-	-
Present value of minimum lease payments	<u>203,960</u>	<u>265,750</u>	<u>203,960</u>	<u>265,750</u>

The movement in the lease liabilities is as follows:

	2025	2024
Balance as at the beginning of the year	265,750	-
Additions	-	324,680
Add: finance charges on lease liabilities	11,576	14,150
Less: lease payments	(73,366)	(73,080)
Balance as at the end of the year	<u>203,960</u>	<u>265,750</u>

The average lease term is 5 years (2024: 5 years) and the average effective incremental borrowing rate is 5% for the year ended December 31, 2025 (2024: 5%).

(b) Movement of provision for claims is as follows:

	2025	2024
Balance as of the beginning of the year	25,862	38,063
Charge for the year	-	5,177
Utilized	(430)	(2,093)
Foreign currency translation adjustments	1,443	(15,285)
Balance as of the end of the year	<u>26,875</u>	<u>25,862</u>

10. Provision for end of service indemnity

	2025	2024
Balance as of the beginning of the year	283,782	254,768
Charge for the year	24,656	29,014
Paid during the year	(13,500)	-
Balance as of the end of the year	<u>294,938</u>	<u>283,782</u>

11. Share capital

The Parent Company's authorized, issued and paid-up capital amounted to KD 23,589,266 allocated over 235,892,660 shares (Note 20) (2024: KD 22,902,200 allocated over 229,022,000 shares) with a par value 100 fils each, and all shares are paid in cash.

12. Treasury shares

	2025	2024
Number of shares	18,217,313	17,685,630
Percentage to authorized, issued and paid-up shares	7.72%	7.72%
Market value (KD)	1,384,516	1,126,575
Cost (KD)	3,469,655	3,469,655

The Parent Company's management has allocated the balance of the voluntary reserve equal to the cost of treasury shares balance as of the financial reporting date (Note 14). Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

13. Statutory reserve

As required by Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by law and the Parent Company's Articles of Association.

Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

14. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the Shareholders' Annual General Assembly upon recommendation by the Board of Directors. The Board of Directors proposed not transferring any amount from the profit for the year ended December 31, 2025, to voluntary reserve. This proposal is subject to the approval of the Shareholders' Annual General Assembly.

There are no restrictions on the distribution of this reserve. Voluntary reserve is available to be distributed to shareholders at the discretion of the Parent Company's Board of Directors in ways that may be deemed beneficial to the Group, except for the amount of KD 3,469,655 (2024: KD 3,469,655) which is equivalent to the cost of purchasing treasury shares and is not available for distribution throughout the holding period of the treasury shares (Note 12).

15. Net investment income from financial assets

	<u>2025</u>	<u>2024</u>
Gain on initial recognition of financial assets at FVOCI	513,890	2,006,000
Dividend income	259,952	360,765
Unrealized gain (loss) from financial assets at FVTPL	9,699	(45,623)
Realized gain (loss) on sale of financial assets at FVTPL	302,203	(30,864)
	<u>1,085,744</u>	<u>2,290,278</u>

16. General and administrative expenses

General and administrative expenses include staff costs amounting to KD 390,436 (2024: KD 340,747) and depreciation and amortization charge amounting to KD 74,120 (2024: KD 74,012) (Note 7).

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

Contribution to KFAS is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration and after deducting accumulated losses, its share of income from Kuwaiti shareholding subsidiaries and transfer to statutory reserve.

The movement in KFAS is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	13,576	-
Charge for the year	13,959	13,576
Paid during the year	(13,576)	-
Balance as at the end of the year (Note 9)	<u>13,959</u>	<u>13,576</u>

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

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

There are no potential dilutive ordinary shares. Basic and diluted earnings per share attributable to shareholders of the Parent Company is computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	<u>2025</u>	<u>2024 *</u>
Profit for the year attributable to shareholders of the Parent Company	<u>1,194,814</u>	<u>1,884,036</u>
	<u>Shares</u>	<u>Shares</u>
Number of issued and fully paid-up shares at the beginning of the year	<u>229,022,000</u>	<u>229,022,000</u>
Add: bonus shares (Note 20)	<u>6,870,660</u>	<u>6,870,660</u>
Less: weighted average number of treasury shares	<u>(18,217,313)</u>	<u>(18,217,313)</u>
Weighted average number of shares outstanding at the end of the year	<u>217,675,347</u>	<u>217,675,347</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>5.489</u>	<u>8.655</u>

* Basic and diluted earnings per share amounted to 8.915 fils for the year ended December 31, 2024, before the effect of restatement resulting from the issuance of bonus shares.

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

19. Related party balances and transactions

The Group has entered into various transactions with related parties, i.e. Shareholders, Board of Directors, Key management personnel and other related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related party balances and transactions are as follows:

	Board of Directors	Key Management Personnel	Shareholders	<u>2025</u>	<u>2024</u>
(i) Balances included in the consolidated statement of financial position:					
Dividends payable "accounts payable and other credit balances" (Note 9)	-	-	248,302	248,302	249,898
Board of Directors' remuneration payable "accounts payable and other credit balances" (Note 9)	20,000	-	-	20,000	-
(ii) Key management compensation:					
Salaries and other short-term benefits	-	130,602	-	130,602	128,996
Board of Directors' remuneration (Note 20)	20,000	-	-	20,000	-
Terminal benefits	-	8,887	-	8,887	8,936
				<u>159,489</u>	<u>137,932</u>

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

20. Board of Directors' and Ordinary and Extraordinary General Assembly meetings

The Board of Directors' meeting held on March 26, 2026, proposed the following:

- (a) To distribute bonus shares to shareholders of 4% of the share capital.
- (b) To distribute Board of Directors' remuneration amounting to KD 20,000 for the year ended December 31, 2025.

These proposals are subject to the approval of the Shareholders' Annual General Assembly.

The Shareholders' Annual Ordinary General Assembly meeting held on April 27, 2025, approved the following:

- The consolidated financial statements for the year ended December 31, 2024.
- Not to distribute Board of Directors' remuneration for the year ended December 31, 2024.
- To distribute bonus shares of 3% of share capital, equal to 3 shares for every 100 shares amounting to KD 687,066.

The Shareholder's Extraordinary General Assembly meeting (postponed) held on May 6, 2025, approved to increase the authorized, issued, and paid-up capital of the Parent Company from an amount of KD 22,902,200 (distributed to 229,022,000 shares) to KD 23,589,266 (distributed to 235,892,660 shares), through the issuance of 6,870,660 bonus shares, to be distributed at a rate of (3) shares for every 100 shares, amounting to KD 687,066, provided that they are distributed to shareholders within three working days from the maturity date, which is Thursday, June 12, 2025. The Board of Directors is authorized to dispose of the fractional shares resulting from the increase and to adjust the timeline if necessary. This amendment has been notarized in the Parent Company's commercial registry on May 18, 2025 (Note 1).

21. Segment information

For management purposes, the Group is organized into two main business segments based on internal reporting provided to the chief operating decision maker:

- **Investment Operations:** Investing for the Group's benefit in securities, portfolios and funds.
- **Industrial:** Production and manufacturing of ferrite and geese materials and selling them in the ordinary course of business.

The segment information for the reportable operating segments is as follows:

	2025			
	Investment Operations	Industrial	Unallocated items	Total
Net revenue	1,085,744	831,802	134,525	2,052,071
Unallocated operating expenses	-	-	(740,737)	(740,737)
Finance charges	(38,166)	-	-	(38,166)
Contribution to KFAS	-	-	(13,959)	(13,959)
Zakat	-	-	(9,021)	(9,021)
NLST	-	-	(31,241)	(31,241)
Board of Directors' remuneration	-	-	(20,000)	(20,000)
Profit for the year				1,198,947
Other information:				
Total segment assets	13,655,540	1,827,223	-	15,482,763
Total segment liabilities	779,264	382,604	347,061	1,508,929

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

	2024			Total
	Investment Operations	Industrial	Unallocated items	
Net revenue	2,290,278	282,105	178,593	2,750,976
Unallocated operating expenses	-	-	(639,114)	(639,114)
Provision for ECL	-	(68,521)	-	(68,521)
Provision for claims	-	(5,177)	-	(5,177)
Finance charges	(79,880)	-	-	(79,880)
Contribution to KFAS	-	-	(13,576)	(13,576)
Zakat	-	-	(18,909)	(18,909)
NLST	-	-	(41,619)	(41,619)
Profit for the year				<u>1,884,180</u>
Other information:				
Total segment assets	13,820,734	933,285	-	<u>14,754,019</u>
Total segment liabilities	883,782	253,031	637,959	<u>1,774,772</u>

22. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash and bank balances, financial assets at FVTPL, accounts receivable and other debit balances, financial assets at FVOCI, term loan, accounts payable and other credit balances and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Interest rate risk

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

The Group's short and term deposits carry fixed interest rates; accordingly, they are not exposed to interest rate risk.

Since the Group settled the outstanding term loan during the year, it is not exposed to interest rate risk in the current year (2024: KD ±3,000 impact on the consolidated statement of profit or loss).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks and receivables. Receivables are presented net of allowance for ECL. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

Cash at banks

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

Account receivables

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

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

The Group's maximum exposure arising from default of the counterparty is limited to the carrying amount of cash at banks and receivables.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

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

Year	Increase / (Decrease) against KD	Effect on consolidated statement of profit or loss	Effect on consolidated other comprehensive income
<u>2025</u>			
US Dollar	± 5%	± 368	-
UAE Dirham	± 5%	-	± 44,627
Egyptian Pound	± 5%	-	± 74,270
<u>2024</u>			
US Dollar	± 5%	± 7,674	-
UAE Dirham	± 5%	-	± 62,340
Egyptian Pound	± 5%	-	± 33,626

d) Liquidity risk

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

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

The maturity profile of assets and liabilities as at December 31 was as follows:

	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
2025					
Assets:					
Cash and bank balances	1,823,389	-	-	-	1,823,389
Financial assets at FVTPL	1,741,802	-	-	-	1,741,802
Accounts receivable and other debit balances	-	1,168,838	-	-	1,168,838
Inventories	-	572,846	-	-	572,846
Financial assets at FVOCI	-	-	9,897,734	-	9,897,734
Property, plant and equipment	-	-	-	271,321	271,321
Intangible assets	-	-	-	6,833	6,833
	<u>3,565,191</u>	<u>1,741,684</u>	<u>9,897,734</u>	<u>278,154</u>	<u>15,482,763</u>
Liabilities:					
Accounts payable and other credit balances	41,889	1,032,934	139,168	-	1,213,991
Provision for end of service indemnity	-	-	-	294,938	294,938
	<u>41,889</u>	<u>1,032,934</u>	<u>139,168</u>	<u>294,938</u>	<u>1,508,929</u>
2024					
Assets:					
Cash and bank balances	3,668,808	-	-	-	3,668,808
Financial assets at FVTPL	504,568	-	-	-	504,568
Accounts receivable and other debit balances	-	400,946	-	-	400,946
Inventories	-	383,173	-	-	383,173
Financial assets at FVOCI	-	-	9,454,748	-	9,454,748
Property, plant and equipment	-	-	-	332,945	332,945
Intangible assets	-	-	-	8,831	8,831
	<u>4,173,376</u>	<u>784,119</u>	<u>9,454,748</u>	<u>341,776</u>	<u>14,754,019</u>
Liabilities:					
Term loan	-	600,000	-	-	600,000
Accounts payable and other credit balances	74,104	612,926	203,960	-	890,990
Provision for end of service indemnity	-	-	-	283,782	283,782
	<u>74,104</u>	<u>1,212,926</u>	<u>203,960</u>	<u>283,782</u>	<u>1,774,772</u>

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

e) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at FVTPL and financial assets at FVOCI. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure at December 31:

Market indices	2025			2024		
	Change in equity price %	Effect on other comprehensive income	Effect on profit or loss	Change in equity price %	Effect on other comprehensive income	Effect on profit or loss
Boursa Kuwait Abu Dhabi Securities Exchange	± 5%	± 306,295	± 87,090	± 5%	± 290,524	± 25,228
	± 5%	± 90,789	-	± 5%	± 70,327	-

23. Fair value measurement

The Group measures its financial assets such as financial assets at FVTPL and financial assets at FVOCI at fair value at each reporting date.

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

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

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

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at December 31:

2025	Level 1	Level 2	Total
Financial assets at FVTPL	1,741,802	-	1,741,802
Financial assets at FVOCI	7,941,671	1,956,063	9,897,734
Total	9,683,473	1,956,063	11,639,536
2024	Level 1	Level 2	Total
Financial assets at FVTPL	504,568	-	504,568
Financial assets at FVOCI	7,217,015	2,237,733	9,454,748
Total	7,721,583	2,237,733	9,959,316

During the year there were no transfers between different levels of fair value measurement.

BAYAN INVESTMENT HOLDING COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025

(All amounts are in Kuwaiti Dinars)

24. Capital risk management

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

In order to maintain or adjust the capital resources structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans. The Group is not exposed to capital risk during the years ended December 31, 2025 and December 31, 2024.

25. Subsequent events

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

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

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