KFIC كفيك

INVEST إنفست

ANNUAL REPORT 2024

بسم الله الرحمن الرحيم

H. H. SHAIKH

MISHAL AL-AHMAD AL-JABER AL-SABAH

The Amir of the State of Kuwait

H. H. SHAIKH

Sabah Khaled Al-Hamad Al-Sabah

Crown Prince Of The State Of Kuwait

Board of Directors

Mr. Waleed Mohammad Al Sager
Chairman

Mr. Eisa A A E AlHasawi
Vice Chairman & CEO

Mr. Ali Abdulrahman Al Wazzan
Board Member (Independent)

Mr. Ahmad Hamad Al-Humaidhi
Board Member

Mr. Bader Ali Tifouni
Board Member

Mrs. Nouriya Imad Al-Sagar
Board Member

Mr. Osama Rashed AlArmeli
Board Member

Mr. Saud Faried Al-Aujan
Board Member

CHAIRMAN LETTER

Waleed Mohammad Jassim Al-Sager
Chairman

Dear shareholders,

After greetings,

It gives me a pleasure, on my own behalf and the members of the Board of Directors and the executive management, it is my pleasure to present to you the annual report of **KFIC Invest" the Group**" for the year **2024**, in which we present the results of **the Group's** activities and financial position for this year.

Global Economy and Kuwait:

During 2024, the global economy witnessed multiple developments that affected economic growth, inflation and international trade.

According to the IMF report, the global economy grew by **3.2%** in **2024**, with growth expected to rise to **3.3%** in **2025**. Inflation has also seen a notable decline, falling from **6.7%** in **2023** to **4.3%** by **2024**. This decline in inflation was achieved with limited effects on economic growth. Despite the progress in reducing inflation rates, the IMF noted that the global economy faces challenges related to slow growth and geopolitical tensions. It also warned that the expected growth may not be enough to improve living standards and reduce poverty.

Overall, **2024** delivered a positive economic performance with ongoing challenges, necessitating international cooperation to address potential risks and ensure the sustainability of economic growth.

Oil prices witnessed significant declines during **2024**, falling by nearly 17% compared to the previous year, which reduced Kuwait's oil revenues, affecting the country's general budget. However, the Kuwaiti economy is still showing signs of growth, and is expected to achieve growth, as **2025** is anticipated to witness an improvement in the performance of the Kuwaiti economy, where growth is estimated to return to **2.6%** attributed to the easing of oil production restrictions and increased productivity in the oil sector. Additionally, the IMF estimates that non-oil activities will continue to grow by **3.8%**. This thanks to the government's efforts to diversify the economy and boost non-oil sectors such as trade, tourism, and technology.

The State of Kuwait has managed to maintain its financial stability thanks to its large oil reserves and the ability to adapt to fluctuations despite the challenges caused by falling oil prices. The Kuwaiti government also seeks to strike a balance between promoting economic growth and diversifying revenue sources away from oil.

The Kuwaiti dinar also witnessed a slight decline against the US dollar during **2024**, with the exchange rate reaching **0.3081** as of **31 December 2024** compared to **0.3068** as of **31 December 2023**.

2024 Results

During **2024**, due to the significant increase in the Group's share of losses of associates by **925%** compared to the comparative year, **the Group's** share of losses of associates amounted to approximately **KD 876 thousand** during **2024** compared to losses of approximately **KD 85 thousand** during **2023**. This significant increase in losses of associates is mainly due to the decline in the fair value of an investment property in the United States of America, where the value of that property decreased from approximately **USD 59.6 million** as of **31 December 2023** to approximately **USD 47.5 million** as of **31 December 2024**, a decrease of approximately **USD 12.1 million** during **2024**, equivalent to approximately **KD 3.7 million**. The Group's share of this decrease is approximately **KD 955 thousand** during **2024**.

This significant increase in the Group's share of the los es of a sociates negatively impacted the results of **KFIC Invest**, as **the Group** achieved a net loss before impairment losses on intangible assets, provisions and directors' remuneration of approximately **KD 588 thousand** for **2024** compared to a loss of approximately **KD 999 thousand** for **2023** reflecting a decrease in losses by approximately **KD 411 thousand**, additionally **the Group** recorded a net loss of approximately **KD 3.2 million** for **2024** compared to a net loss of approximately **KD 11.2 million** reflecting a decrease in losses by approximately **KD 7.9 million.** The Parent Company recorded a net loss for **2024** of approximately **KD 3.3 million** at a loss per share of **10.3 fils**, compared to a net loss of approximately **KD 11.1 million** at a loss per share of **36.1 fils** for **2023**.

Below are the results of **the Group's** segments for **2024** compared to **2023**: -

2024	Finance	Asset management	Investment & corporate finance	Financial brokerage online & trading	Total
	KD	KD	KD	KD	KD
Revenues	2,826,860	735,446	(162,977)	635,043	4,034,372
Expenses	(2,827,700)	(1,181,638)	(941,401)	(2,085,064)	(7,035,803)
Segment results	(840)	(446,192)	(1,104,378)	(1,450,021)	(3,001,431)
Unallocated revenues					21,944
Unallocated expenses					(266,002)
Loss for the year					(3,245,489)
Segment assets	15,212,849	697,373	9,556,491	10,221,474	35,688,187
Unallocated assets					163,916
Total assets					35,852,103
Segment liabilities	3,650,630	165,775	905,325	543,646	5,265,376
Unallocated liabilities					4,829,324
Total liabilities					10,094,700

2023	Finance	Asset management	Investment & corporate finance	Financial brokerage online trading &	Total
	KD	KD	KD	KD	KD
Revenues	2,502,136	623,646	226,368	343,874	3,696,024
Expenses	(1,822,395)	(1,353,030)	(1,222,488)	(2,490,381)	(6,888,294)
Impairment of intangible assets	-	-	-	(7,581,522)	(7,581,522)
Segment results	679,741	(729,384)	(996,120)	(9,728,029)	(10,773,792)
Unallocated revenues					34,558
Unallocated expenses					(431,980)
Loss for the year					(11,171,214)
Segment assets	16,859,274	3,336,847	8,771,902	11,669,447	40,637,470
Unallocated assets					909,192
Total assets					41,546,662
Segment liabilities	4,283,272	347,316	624,865	567,734	5,823,187
Unallocated liabilities					5,698,038
Total liabilities					11,521,225

During **2024**, the Group did not record any impairment losses on intangible assets compared to **KD 7.6 million** losses during **2023** represented by the brokerage license due to the significant increase in the actual revenues of KFIC Financial Brokerage company (subsidiary) during **2024**, which impacted the expected free cash flows.

The year **2024** also witnessed a decrease in finance costs by about **21%** due to the decrease in the size of average borrowings during the year as well as the decrease in the CBK declared discount rate during the year to **4.00%** as in December **2024** compared to **4.25%** as in **December 2023**, it is worth mentioning that due to the good credit reputation of **KFIC Invest** as a result of its commitment to pay all dues to creditor banks on its due dates, **KFIC Invest** was able to sign a new credit facility contract of **KD 9.3 million** from an Islamic Kuwaiti bank with easier credit terms than before, which will give the company time and flexibility to pay the new debt obligations and provide the liquidity to expand its investment activities in the coming years. These facilities carry a profit rate of **2.5%** per annum above the discount rate announced by CBK. The total amount of these facilities of **KD 9.3 million** is divided into a facility of **KD 5.3 million** for the purpose of settling existing borrowings The company used approximately **KD 4.3 million** from that limit to repay existing borrowings in full during the year, In addition to a facility of **KD 4 million** for the purpose of investing in shares listed on Boursa Kuwait in accordance with the provisions of the Islamic Shari'a.

The Parent Company also obtained a new borrowing from one of the major shareholders (related party) by **KD 250 thousand**, which carries an interest rate of **2.5%** per annum above the CBK discount rate.

The year **2024** also witnessed an increase in staff costs by **7%** and a decrease in other operating expenses by approximately **12%** because of the company reducing some of its expenses.

During **2024**, **the Group** recorded expected credit losses on other assets by approximately **KD 1.4 million** compared to **KD 2.2 million** for **2023**, mainly as follows:

- An additional provision of approximately **KD 1.1 million** for **2024** compared to **KD 1.5 million** for **2023** recorded in KFIC Financial Brokerage Company. K.S.C.C) (subsidiary) on the outstanding balance due from another party of approximately **KD 6.7 million**, while the debt fair value net of the collateral held by **the Group** is approximately **KD 4.1 million** as at **31 December 2024** compared to approximately **KD 5.2 million** as at **31 December 2023**. This outstanding amount resulted from the irrevocable agreement signed in **2020** and its amendments. **The Group** has a promissory note of **KD 12.5 million** which represents the total value of the transaction. On **22 January 2023**, the Group's subsidiary, KFIC Financial Brokerage Co. K.S.C.C.) filed a legal case against the other party to claim approximately **KD 6.6 million**. On **12 June 2024**, the Court of Appeal obliged the counterparty to pay approximately **KD 6.6 million** to the Group's subsidiary company "KFIC Financial Brokerage Co. K.S.C.C " Both parties to the case filed a discrimination appeal without setting a hearing for its consideration.
- A provision of approximately **KD 252** thousand for the year **2024** which is recorded in **KFIC Invest** (Parent Company) which represents **KFIC Invest** investment balance in preferred shares of an associate (Calhoun Equity Co. Limited) and classified as other assets in **the Group**'s financial position of approximately **KD 885 thousand** as on **31 December 2024** after deducting the amount of the allowance compared to approximately **KD 375 thousand** as on **31 December 2023**.
- During **2023**, the Parent Company recorded a provision of approximately **KD 0.6 million**, **Nil** during **2024**, which represents the remaining balance from the sale of certain assets during December 2019. **The Group** has collaterals consisting of unquoted shares and cash against these receivable balances as well as a promissory note for **KD 0.6 million**. During **2023**, **the Group** estimated the fair value of the collateral pledged for the unquoted shares and recognised a provision for the full amount of **KD 0.6 million**. On **3 May 2023**, the parent company filed a legal case against the counterparty for a claim of **KD 0.6 million**. On **21 May 2024**, it was ruled that the court had no jurisdiction over the case and it was referred to the Commercial Department of the Capital Markets Authority (CMA). On **30 July 2024**, it was referred to the General Department of Experts - Ministry of Justice to prepare the report. The case is currently under investigation by the General Department of Experts.

A comparative statement of expenses for the Group for 2024 and 2023 is set out below:-

	2024	2023
Finance costs	**366,952**	461,835
Staff costs	**2,787,858**	2,610,181
Operating expenses	**1,037,863**	1,179,715
Lease liability interest expenses	**33,407**	40,115
Depreciation and amortization	**418,719**	437,806
Impairment losses of intangible assets	-	7,581,522
Charge of credit losses provisions for finance receivables	**1,050,625**	160,685
Charge of credit losses provisions on other assets	**1,449,939**	2,223,086
Charge of provision for expected liabilities	**156,442**	187,051
	7,301,805	14,881,996

The following is an overview of the Group's segments:

Finance Segment

The Finance Segment was able to increase its annual revenue level by **13%**, with revenues increasing by **KD 325 thousand** to reach **KD 2.8 million** in **2024** compared to **KD 2.5 million** in **2023**.

During the year, although the carrying value of the financing portfolio after provisions decreased by **20%** to approximately **KD 9.0 million** as of **31 December 2024** compared to approximately **KD 11.3 million** as of **31 December 2023**, a decrease of approximately **KD 2.0 million**, the segment has achieved positive results before expected credit losses provision, where the net profit of the segment before the provision of expected credit losses is approximately **KD 1 million** for the year **2024** compared to net profit before the provision of expected credit losses of approximately **KD 0.8 million** for the year **2023** by an increase of **25%**. The segment also reported a net loss of approximately **KD 1 thousand** for **2024** compared to a net profit of approximately **KD 680 thousand** for **2023**, due to the recording of a provision for expected credit losses of approximately KD 1 million for 2024 compared to approximately KD 161 thousand for 2023.

As of **31 December 2024**, **the Group**'s management has recorded discretionary provisions of approximately **KD 490 thousand** against certain defaulted customers to hedge against an increase in the provision for credit losses associated with them and to take the necessary actions to recover their debts during 2025.

The value of the financing portfolio managed by **the Group** on behalf of local banks amounted to approximately **KD 14.3 million** during **2024** compared to approximately **KD 11.4 million** during **2023**, an increase of **26%.**

The finance segment was able to reduce the non-performing credit facilities by **2%** of the total value of the financing portfolio during **2024**, which represented approximately **10%** of the total value of the financing portfolio as of **31 December 2023**, where the value of non-performing credit facilities amounting to approximately **KD 0.9 million** as of **31 December 2024**, compared to approximately **KD 1.3 million** as of **31 December 2023**.

<u>The strategy of this segment is represented by KFIC financing services company:</u>

- By the end of **2024**, the executive management structure of KFIC financing services company was amended to promote national cadres with competence and financial expertise, and some amendments were reviewed and made to the loan granting policy to keep pace with market requirements while maintaining an acceptable risk level consistent with the various financing products.

- Management has developed a comprehensive plan to collect bad debts (bad and overdue) by contracting strategic partners inside and outside Kuwait, which is expected to have positive effects in the coming finan]cial periods.

- The management has adopted plans to improve the business environment and raise the efficiency of employees and the level of service provided, which will lead to increasing the company's profits to higher levels than before through (hiring experienced and competent people - digital transformation through the acquisition of a loan management system that supports the company's plans for expansion and business development - raising the efficiency of existing employees through the necessary training programs).

In addition, the plans of this segment through KFIC financing services company are directed towards expanding and increasing market share by targeting customers with good creditworthiness and providing new products and services while maintaining an acceptable level of portfolio size that achieves financial efficiency and is sufficient to cover operating costs and achieve a return that exceeds the cost of capital.

<u>Asset Management Segment</u>

The Asset Management segment was able to increase its annual revenue level by **18%**, as revenue increased by **KD 112 thousand** to reach **KD 736 thousand** in **2024** compared to **KD 624 thousand** in **2023**. Funds under management and those held in trust amounted to approximately **KD 208.9 million** in **2024** compared to approximately **KD 206.6 million** in **2023**, an increase of **1%,** while management fee income decreased by approximately **KD 40 thousand**, a decrease of **6%**. The Segment's net losses decreased by **39%**, as the sector recorded a net loss of approximately **KD 446 thousand** in **2024** compared to a net loss of approximately **KD 729** thousand in **2023**.

During **2023**, the management of **KFIC Invest** decided to sell its entire stake in its subsidiary Al Wasem Fund. On **6 March 2024**, the annual general assembly of the fund's unitholders approved the liquidation of the fund. On **21 May 2024**, the liquidation of the Fund was fully completed, and the Parent Company received an amount of approximately **KD 1.5 million** representing approximately **67%** of the net asset value of the Fund as of the liquidation date upon redemption of all its outstanding units.

This Segment has been strengthened with specialized professional cadres in the international and local markets to be able to provide better services to customers and attract new funds to help it raise the level of performance.

Investment and Corporate Finance Segment:

This segment adopts a business model based on generating recurring revenue through advisory fees and returns from profitable investments distributed across multiple geographies such as Kuwait, the GCC and North America, this segment also provides advisory services for solutions and products that suit both our clients in Kuwait and KFIC Invest Strategic Investment Partners in the Arabian Gulf region.

This segment recorded a net loss of approximately **KD 1.1 million** for the year **2024** compared to a net loss of approximately **KD 996 thousand** for the year **2023**, due to the Parent Company recording a share in losses of associates of approximately **KD 876 thousand** during **2024** compared to a share in losses of associates of approximately **KD 85 thousand** during **2023**, which is mainly due to a decline in the fair value of an investment property in the United States of America that is indirectly owned by the associates, where the value of that property decreased from **59.6 million US dollars** as of **31 December 2023** to approximately **47.5 million US dollars** as of **31 December 2024**, a decrease of approximately **12.1 million US dollars** during the year equivalent to approximately **KD 3.7 million**. The segment's share of this decrease is approximately **KD 955 thousand** during **2024**. In addition to the charge of a provision for expected credit losses for other assets amounting to **KD 252 thousand**, which represents the value of the provision formed during **2024** on the balance of this segment's investment in preferred shares of associate company (Calhoun Equity Co. Ltd.) classified as other assets in **the Group**'s financial position, these losses are offset by real estate investment valuation gains of **KD 166 thousand** in **2024** compared to real estate investment valuation losses of **KD 16** thousand in **2023**.

On **3 May 2023**, the Parent Company filed a legal case against the counterparty claiming **KD 0.6 million** representing the remaining balance from the sale of certain assets during December 2019. The case was registered at the Commercial Department. On November 15, 2023, a judgment was issued in the case as never existed. On **30 November 2023** a new case was filed, and it was ruled that the court had no jurisdiction over the case, and it was referred to the CMA's Commercial Department. On **30 July 2024**, it was referred to the General Department of Experts - Ministry of Justice to prepare a report. The case is currently still under investigation by the General Department of Experts. During **2023**, the Group estimated the fair value of the collaterals pledged for unquoted shares and provided a provision for the full amount of approximately **KD 0.6 million**.

Financial Brokerage and Online Trading Services:

Brokerage revenues witnessed a significant increase during **2024** compared to **2023** because of the increase in the trading value in Boursa Kuwait, as the trading value in Boursa Kuwait increased from approximately **KD 10.4 billion** during **2023** to approximately **KD 14.8 billion** during **2024**, an increase of **43%**, in addition to the slight improvement in the average market share of the segment from **2.58%** during **2023** to **2.59%** during **2024**, which positively impacted the results of this segment, where brokerage revenues and commissions amounted to approximately **KD 650 thousand** in **2024** compared to **KD 436 thousand** in **2023**, an increase **of 49%.**

In addition to recording valuation losses on real estate investments amounting to **KD 234 thousand** during **2024** compared to valuation losses of **KD 271 thousand** during **2023**. The segment also conducted the annual valuation of the brokerage license relying primarily on the discounted cash flow method and other valuation methods, which did not result in recording any impairment losses during **2024** compared to **KD 7.6 million** in **2023**.

On **22 January 2023**, KFIC Financial Brokerage Co. (Closed) filed a legal case against the other party claiming **KD 6.6 million**, represents the value of real estate investments not yet transferred to the Group and other residual balances as a result of the irrevocable agreement signed in **2020** and its amendments.

The legal case was registered in the commercial division of the local court and the first hearing date was scheduled for **6 March 2023**. On the date of the first hearing, the case was postponed to a hearing on **20 March 2023** and then on that date the case was suspended for two months.

On **18 June 2023**, the suspension was lifted, and a new hearing was set for **31 July 2023**. On **31 July 2023**, a new hearing was set for **30 October 2023** to submit supporting documents. On **30 October 2023,** a new hearing was scheduled for **27 November 2023**, for judge. On **November 27, 2023**, the court issued a preliminary ruling dismissing the case on the basis that the original promissory note was not submitted. The initial ruling was appealed, and a hearing was set for **24 January 2024** in front of the Court of Appeals where the original promissory note was presented. On that date, the case was postponed to **6 March 2024** and later postponed to **15 May 2024** then to **12 June 2024**. On **12 June 2024**, the Court of Appeal obliged the counterparty to pay approximately **KD 6.6 million** to the group's subsidiary, KFIC Financial Brokerage Company K.S.C.C. Both parties to the case filed a cassation appeal without setting a hearing. Furthermore, this transaction was referred to the Public Prosecution upon referral from the Capital Markets Authority (CMA). On **3 December 2024**, the Public Prosecution referred the case to the Supreme Court - Criminal - CMA.

During the year, the Group assessed the fair value of the pledged collateral and made an additional provision of **KD 1.1 million** during **2024** without considering the value of the promissory note compared to **KD 1.5 million** during **2023**.

Group's financial position:

Total assets were approximately **KD 35.9 million** as of **31 December 2024**, a decrease of **14%** from total assets of approximately **KD 41.5 million** as of **31 December 2023**. Total liabilities amounted to approximately **KD 10.1 million** as of **31 December 2024**, a decrease of **12%** from total liabilities of approximately **KD 11.5 million** as of **31 December 2023**.

The equity of Parent Company **KFIC Invest** decreased by **12%** to approximately **KD 25.8 million** for **2024** compared to approximately **KD 29.3 million** for **2023**.

The key indicators of the Group's financial position as of **31 December 2024**, compared to **31 December 2023,** are as follows:

Indicators	2024	2023
Borrowing rate	**-3.82 %**	2.71 %
liabilities: Equity	**0.39 times**	0.38 times
Liquidity ratio	**55 %**	46 %

The above indicators, which reflect low gearing ratios and high liquidity ratios, reflect the strength of the Group's financial position, which provides it with opportunities for growth in its activities.

Subsequent to the year ended **31 December 2024**, on **20 March 2025** the Parent Company's Board of Directors recommended to offset the accumulated losses as of **31 December 2024** of **KD 7,736,465** as follows:

1- Reduce voluntary reserve as of **31 December 2024** by **KD 36,321**.

2- Reduce the share capital as of **31 December 2024** by **KD 7,700,144** from **KD 32,249,138** to **KD 24,548,994.**

This proposal is subject to the approval of the Parent Company AGM and regulatory authorities.

Conclusion

I would like to extend sincere thanks and appreciation to all **KFIC Invest** shareholders for their support to the company as well as to **KFIC Invest**'s clients for their valued confidence in **KFIC Invest** Board of Directors and executive management.

I would also like to extend thanks to the regulatory authorities, notably **Capital Markets Authority "CMA", Central Bank of Kuwait "CBK" and Ministry of Commerce and Industry** for their productive directives and continuous follow up to ensure the stability and integrity of financial sector in the State of Kuwait.

Finally, on behalf of the members of Board of Directors I would like to thank the executive management and all employees for their efforts to achieve **KFIC Invest's** strategy and objectives.

May God make us successful!

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Waleed Mohammad Jassim Al-Sager
Chairman

Audit Committee Report
KFIC Invest Company
(K.S.C.P)
For the year ended «2024»

Bader Ali Tifouni
Board Member (Independent)

Dear Honorable Shareholders,

Greetings,

On behalf of myself and Audit Committee members, I am pleased to present the Audit Committee Report, prepared exclusively for KFIC Invest Company (KFIC Invest) for the year 2024. This report details the committee's supervision of all internal and external audit activities in accordance with the approved work plan of the Board of Directors and in compliance with the Executive Bylaws of Law No. (7) of 2010 and its amendments regarding the establishment of the Capital Markets Authority and the regulation of securities activities, as issued by the Government.

Bader Ali Tifouni

Audit Committee Chairman

1. Objectives of the Audit Committee

Assisting the Board in fulfilling its obligations regarding ensuring the integrity of financial reports and internal control systems, as well as understanding, analyzing, and mitigating the risks facing the company's activities, in accordance with corporate governance rules and the requirements issued by the Capital Markets Authority.

2. Audit Committee Members

Sr.	Committee Member Name	Membership in the Board	Membership in AC
1	Bader Ali Tifouni	Board Member (non-executive)	Chairman
2	Ali Abdulrahman AlWazzan	Board Member (independent)	Committee Member
3	Saud Farid Saud AlAujan	Board Member (non-executive)	Committee Member

3. Committee's Key Tasks:

The following is a summary of the committee's responsibilities based on CMA's Corporate Governance guidelines:

1. Review of periodical financial reports, prior to presenting them to the board of directors, as well as expressing an opinion, providing a recommendation, and endorsing it.
2. Recommending appointments or re-appointment of external auditors to the Board of Directors, as well as determining their fees, ascertaining their independence, and reviewing their engagement letter.
3. Evaluation of the sufficiency of the internal control systems that are applied within the company and preparation of a report that includes the committee's endorsements concerning it.
4. Supervision of the internal audit functions, including evaluating its performance.
5. Ensuring the company's compliance with internal policies, as well as regulatory guidelines.
6. Endorsing the estimated Company's budget for the year 2024 and recommending to the Board for approval.

4. Audit Committee Meetings:

The CMA guidelines were met regarding the conduct of meetings in each quarter. The details are as follows:-

# Meeting	1	2	3	4	5	6	7	8	9	Total	%
Meeting date	28	07	14	29	20	05	11	03	11		
Committee Member name	Mar	May	May	May	June	Aug	Sep	Nov	Dec		
Bader Ali Tifouni	Appointed in BOD # 11/2024 dated 30/05/2024				✓	×	✓	✓	×	3/5	60%
Ali AlWazzan	Appointed in BOD # 11/2024 dated 30/05/2024				✓	✓	✓	✓	✓	5/5	100%
Saud Farid AlAujan	Appointed in BOD # 16/2024 dated 09/10/2024							✓	✓	2/2	100%
Waleed Al-Saqer *	✓	✓	✓	✓	✓	✓	✓	-	-	7/7	100%
Abdullah Al-Terkait	✓	×	✓	✓	The Board's electoral term ended on 05/05/2024 and was extended until a new BOD was elected on 30/05/2024.					3/4	75%
Abdullateef Al-Tammar	✓	✓	×	×	The Board's electoral term ended on 05/05/2024 and was extended until a new BOD was elected on 30/05/2024.					2/4	50%

* Mr. Waleed Al-Saqr was appointed as a member of the AC during BOD meeting No. 04/2025 held on 14/03/2024. He was then appointed as the Chairman of the AC during BOD meeting No. 11/2024 held on 30/05/2024. Subsequently, he exited the committee after being appointed as the Chairman of the Board of Directors during the Board of Directors meeting No. 16/2024 held on 09/10/2024.

5. Audit Committee Achievements:

The committee accomplished several achievements in its current year, which are summarized below:

1. Periodical review of financial statements and reports to ensure fairness and transparency.
2. Provide Recommendations to the Board of Directors concerning matters related to External Auditors.
3. Supervision of Internal Audit Division and ensure its effectiveness.
4. Approved the Budget for the year 2024 and provide the committee recommendation to the Board of Directors.
5. Review and approval the following: -
   A. The annual internal audit plan for the year 2024.
   B. The periodical internal audit reports and status.
   C. CMA Reports:
   - Anti-Money Laundering (AML) Report.
   - Internal Controls Report (ICR) for the year ended 2022.
   - Page 5
6. Ensuring Company compliance with the instructions and decisions of the regulatory authorities concerned, "Capital Markets Authority"

6. Auditor fees for audit and other service engagements:

a. Audit Fees: -

Audit fees include the auditor fees for audit of the Group consolidated financial statements on which the auditors express an opinion.

	2024 KD	2023 KD	2022 KD
The Parent Company	18,000	20,750	18,000
Consolidated Controlling Entities	33,100	29,300	10,583
Total Audit Fees	51,100	50,050	28,583

b. Other Services Fees: -

Other services fees include the auditor fees for other assurance and non-assurance services for the Group and its controlled entities, such as reviews, as well as agreed upon procedure services provided to the Group and its controlled entities.

	2024 KD	2023 KD	2022 KD
The Parent Company	5,800	4,000	4,000
Consolidated Controlling Entities	7,280	7,000	2,000
Total Other Fees	13,080	11,000	6,000

Members name	Signature
Bader Ali Tifouni Audit Committee Chairman	
Ali Abdulrahman AlWazzan Audit Committee Member	
Saud Farid AlAujan Audit Committee Member	

KFIC Invest Company K.S.C. (Public)
and its subsidiaries

Consolidated Financial Statements and Independent Auditor's Report
for the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KFIC Invest Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the Central Bank of Kuwait for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Emphasis of Matter

We draw attention to Note 7 to the consolidated financial statements which describes the latest updates on the legal case filed by the Group's subsidiary against the counterparty claiming the remaining balance due to the Group in relation to the irrevocable agreement signed in 2020. Our Opinion is not modified is respect to this matter

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our reports, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC) (CONTINUED)

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

Key Audit Matters (continued)

We have identified the following key audit matter:

Measurement of Credit Losses

The recognition of credit losses on financing receivables to customers is the higher of Expected Credit Loss ("ECL") under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with Central Bank of Kuwait (the "CBK") guidelines, and the provision required by the CBK rules based on classification of credit facilities and calculation of their provision (the "CBK rules") as disclosed in the accounting policies in Note 2.7 and Note 6 to the consolidated financial statements.

Recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk and classification of financing receivables into various stages; determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral.

Recognition of specific provision on impaired facility under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized together with any additional provision to be recognised based on management estimate of expected cash flows related to that financing facility.

Due to the significance of credit facilities and the related estimation uncertainty and judgement in the impairment calculation, this was considered as a key audit matter. This is further heightened by the high degree of estimation uncertainty due to the inflationary pressure and high interest rate environment.

Our audit procedures included assessing the design and implementation of controls over the inputs and assumptions used by the Group in developing the models, its governance and review controls performed by the management in determining the adequacy of credit losses. Further, our audit procedures were updated to incorporate consideration of the inflationary pressure and high interest rate environment.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC) (CONTINUED)

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

Key Audit Matters (continued)

Measurement of Credit Losses (continued)

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected samples of financing facilities outstanding as at the reporting date and checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of the credit facilities into various stages. We have reviewed the ECL model in terms of key data, methods and assumptions used to ensure they are in line with IFRS 9 requirements, determined in accordance CBK guidelines. For a sample of financing facilities, we have checked the appropriateness of the Group's staging criteria, Exposure at Default ("EAD") Probability of Default ("PD") and Loss Given Default ("LGD") including the eligibility and value of collateral considered in the ECL models used by the Group, in order to determine ECL taking into consideration CBK guidelines. We have also checked the consistency of various inputs and assumptions used by the Group's management to determine ECL.

Further, for the CBK rules provision requirements, we have assessed the criteria for determining whether there is a requirement to calculate any credit loss in accordance with the related regulations and, if required, it has been computed accordingly. For the samples selected, we have verified whether all impairment events have been identified by the Group's management. For the selected samples which also included impaired financing facilities, we have assessed the valuation of collateral and checked the resultant provision calculations.

Valuation of investment properties

The Group had investment properties amounting to KD 8,866,767 representing 25% of the Group's total assets and are carried at fair value.

The fair value of Group's investment properties have been determined by external real estate appraisers. The determination of fair value of the investment properties is highly dependent on estimates and assumptions, such as rental value, maintenance status, market knowledge and historical transactions. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we have considered this as a key audit matter.

We have considered the methodology and the appropriateness of the valuation models and inputs used to value the investment properties. We have challenged the appropriateness of the properties' related data supporting the external appraisers' valuations. We performed additional procedures for areas of risk and estimation. This included, where relevant, comparison of judgements made to current market practices and challenging the valuations on a sample basis. Further, we have considered the objectivity and expertise of the external real estate appraisers. We also assessed the appropriateness of the disclosures relating to the investment properties of the Group in Note 9 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC) (CONTINUED)

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

Other information included in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs Accounting Standards as adopted by the Central Bank of Kuwait for use by the State of Kuwait, 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC) (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT INVEST COMPANY K.S.C. (PUBLIC) (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any violations of provisions Law No 7 of 2010 concerning establishment of Capital Market Authority "CMA" and organization of security activity and its executive regulations, as amended during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

SHEIKHA AL FULAIJ
LICENCE NO. 289-A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS
20 March 2025
Kuwait

KFIC Invest Company K.S.C. (Public)
and its subsidiaries

Consolidated Financial Statements and
Independent Auditor's Report
for the year ended 31 December 2024

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2023 KD	2022 KD
ASSETS	4	**5,545,150**	5,247,753
Bank balances and cash	5	**2,821,627**	4,552,979
Financial assets at fair value through profit or loss		**119,860**	123,844
Financial assets at fair value through other comprehensive income	6a	**7,647,481**	7,983,391
Finance receivables at fair value through other comprehensive income	6b	**1,997,545**	4,293,719
Finance receivables at amortized cost	7	**6,373,821**	7,089,528
Other assets	8	**1,051,435**	1,900,324
Investments in associates	9	**8,776,591**	8,832,696
Investment properties		**1,266,625**	1,270,460
Property and equipment	10	**251,968**	251,968
Intangible assets			
		35,852,103	41,546,662
TOTAL ASSETS			
LIABILITIES AND EQUITY			
Liabilities	11	**4,596,666**	6,083,333
Borrowings	12	**5,498,034**	5,437,892
Other liabilities			
		10,094,700	11,521,225
Total Liabilities			
Equity	13.1	**32,249,138**	32,249,138
Share capital	13.2	**-**	2,431,535
Statutory reserve	13.3	**36,321**	750,000
Voluntary reserve	13.4	**-**	(3,145,214)
Treasury shares		**(48,011)**	267,264
Fair value reserve		**93,566**	77,444
Foreign currency translation reserve		**1,156,426**	1,156,426
Equity transactions reserve	13.6	**(7,736,465)**	(4,466,626)
Accumulated losses			
		25,750,975	29,319,967
Equity attributable to the equity holders of the Parent Company		**6,428**	705,470
Non-controlling interests			
		25,757,403	30,025,437
Total Equity			
		35,852,103	41,546,662
TOTAL LIABILITIES AND EQUITY			

Waleed Mohammad Jassim Al-Sager
Chairman

Eisa Ali Al Hasawi
Vice Chairman & CEO

The attached nots from 1 to 22 form part of these consolidated financial statements.

KFIC Invest Company K.S.C. (Public) and its subsidiaries
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
REVENUES			
Finance income	14	**2,226,208**	2,027,391
Management and advisory fees		**1,017,998**	1,006,488
Brokerage commissions		**658,272**	438,488
(Investment income (loss	15	**277,611**	(316,316)
Rental income		**427,847**	379,369
Share of results of associates	8	**(876,199)**	(85,477)
Foreign currency gain		**40,181**	15,339
Other income		**284,398**	265,300
		4,056,316	3,730,582
EXPENSES			
Finance costs		**(366,952)**	(461,835)
Staff costs		**(2,787,858)**	(2,610,181)
General, administrative and marketing expenses		**(1,037,863)**	(1,179,715)
Lease liability interest expenses		**(33,407)**	(40,115)
Depreciation and amortization		**(418,719)**	(437,806)
		(4,644,799)	(4,729,652)
LOSS BEFORE IMPAIRMENT LOSSES, PROVISIONS AND BOARD OF DIRECTORS' REMUNERATION		**(588,483)**	(999,070)
Impairment losses of intangible assets	10	**-**	(7,581,522)
Provision charge for expected credit losses for finance receivables	6c	**(1,050,625)**	(160,685)
Provision charge for expected credit losses on other assets	7	**(1,449,939)**	(2,223,086)
Provision charge for expected liability		**(156,442)**	(187,051)
LOSS BEFORE BOARD OF DIRECTORS' REMUNERATION		**(3,245,489)**	(11,151,414)
Board of directors' remuneration		**-**	(19,800)
LOSS FOR THE YEAR		**(3,245,489)**	(11,171,214)
:Attributable to			
Equity holders of the Parent Company		**(3,269,934)**	(11,135,469)
Non-controlling interests		**24,445**	(35,745)
LOSS FOR THE YEAR		**(3,245,489)**	(11,171,214)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY (HOLDERS OF THE PARENT COMPANY (fils	16	**(10.3)**	(36.1)

The attached nots from 1 to 22 form part of these consolidated financial statements.

KFIC Invest Company K.S.C. (Public) and its subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Loss for the year		**(3,245,489)**	(11,171,214)
Other comprehensive loss:			
Items that are or may be reclassified to consolidated statement of income in subsequent years:			
Net change in fair value of finance receivables at fair value through other comprehensive income		**38,491**	(18,205)
Fair value reserve transferred to consolidated statement of income on sale of finance receivable at fair value through other comprehensive income		**4,428**	110,415
Net charge in provision for expected credit losses of finance receivables at fair value through other comprehensive income	6c	**415,185**	478,536
Write-off of finance receivables at fair value through other comprehensive income	6a	**(769,517)**	(1,090,087)
Exchange differences on translation of foreign operations		**16,122**	2,084
		(295,291)	(517,257)
Items that will not be reclassified to consolidated statement of income in subsequent years:			
Net change in fair value of equity instruments classified at fair value through other comprehensive income		**(3,984)**	(17,396)
Other comprehensive loss for the year		**(299,275)**	(534,653)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,544,764)**	(11,705,867)
Attributable to:			
Equity holders of the Parent Company		**(3,569,087)**	(11,669,913)
Non-Controlling interests		**24,323**	(35,954)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,544,764)**	(11,705,867)

The attached nots from 1 to 22 form part of these consolidated financial statements.

KFIC Invest Company K.S.C. (Public) and its subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company										
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Fair value reserve KD	Foreign currency translation reserve KD	Equity transactions reserve KD	Accumulated) losses)/ retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2024	**32,249,138**	**2,431,535**	**750,000**	**(3,145,214)**	**267,264**	**77,444**	**1,156,426**	**(4,466,626)**	**29,319,967**	**705,470**	**30,025,437**
(Loss) profit for the year	-	-	-	-	-	-	-	**(3,269,934)**	**(3,269,934)**	**24,445**	**(3,245,489)**
Other comprehensive (loss) income for the year	-	-	-	-	**(315,275)**	**16,122**	-	-	**(299,153)**	**(122)**	**(299,275)**
Total comprehensive (loss) income for the year	-	-	-	-	**(315,275)**	**16,122**	-	**(3,269,934)**	**(3,569,087)**	**24,323**	**(3,544,764)**
Dividends paid by subsidiary to non- controlling interest	-	-	-	-	-	-	-	-	-	**(120)**	**(120)**
Dividends distribution (Note 13.5)	-	**(2,431,535)**	**(713,679)**	**3,145,214**	-	-	-	-	-	-	-
Net gain on sale of treasury shares (Note 13.4)	-	-	-	-	-	-	-	**95**	**95**	-	**95**
Net movement in non-controlling interests relating to disposal of a subsidiary (Note 17)	-	-	-	-	-	-	-	-	-	**(723,245)**	**(723,245)**
As at 31 December 2024	**32,249,138**	**-**	**36,321**	**-**	**(48,011)**	**93,566**	**1,156,426**	**(7,736,465)**	**25,750,975**	**6,428**	**25,757,403**
As at 1 January **2023**	32,249,138	2,431,535	750,000	(3,145,214)	739,846	75,360	1,156,426	6,732,789	40,989,880	753,090	41,742,970
Loss for the year	-	-	-	-	-	-	-	(11,135,469)	(11,135,469)	(35,745)	(11,171,214)
Other comprehensive (loss) income for the year	-	-	-	-	(536,528)	2,084	-	-	(534,444)	(209)	(534,653)
Total comprehensive (loss) income for the year	-	-	-	-	(536,528)	2,084	-	(11,135,469)	(11,669,913)	(35,954)	(11,705,867)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	63,946	-	-	(63,946)	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(11,666)	(11,666)
As at 31 December 2023	32,249,138	2,431,535	750,000	(3,145,214)	267,264	77,444	1,156,426	(4,466,626)	29,319,967	705,470	30,025,437

The attached nots from 1 to 22 form part of these consolidated financial statements.

KFIC Invest Company K.S.C. (Public) and its subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Loss for the year		**(3,245,489)**	(11,171,214)
:Adjustments to reconcile loss for the year to net cashflows			
Dividend income		**(82,047)**	(151,150)
Share of results of associates	8	**876,199**	85,477
Change in fair value of investment properties	15	**67,624**	286,843
Loss on sale of investment properties	15	**-**	32,790
Finance costs		**366,952**	461,835
Lease liability interest expense		**33,407**	40,115
Depreciation and amortization		**418,719**	437,806
Impairment losses of intangible assets	10	**-**	7,581,522
Charge for expected credit losses for finance receivables	6c	**1,050,625**	160,685
Provision charge for expected credit losses on other assets	7	**1,449,939**	2,223,086
Provision charge for expected liability		**156,442**	187,051
Provision charge for employees' end of service benefits		**323,271**	207,376
		1,415,642	382,222
:Changes in operating assets and liabilities			
Financial assets at fair value through profit or loss		**1,731,352**	99,248
Finance receivables at fair value through other comprehensive income		**(390,688)**	(82,297)
Finance receivables at amortised cost		**1,660,734**	(1,715,812)
Other assets		**(861,519)**	(171,760)
Other liabilities		**347,497**	229,062
Cash flows from (used in) operations		**3,903,018**	(1,259,337)
Employees' end of service benefits paid		**(584,573)**	(180,422)
Net cash flows from (used in) operating activities		**3,318,445**	(1,439,759)
INVESTING ACTIVITIES			
Net movement of property and equipment		**(414,884)**	(43,647)
Additions to investment properties	9	**-**	(15,800)
Proceeds from sale of investment properties		**-**	351,617
Dividends received		**82,047**	151,150
Proceed from sale of equity instruments at fair value through other comprehensive income		**-**	31,739
Dividends received from associates		**-**	22,774
Fixed deposits with original maturity greater than three months placed		**(326)**	(98)
Release (placement) of restricted cash at banks		**324,346**	(64,154)
Net cash flows (used in) from investing activities		**(8,817)**	433,581
FINANCING ACTIVITIES			
Proceeds from borrowings		**4,596,666**	-
Repayments of borrowings		**(6,083,333)**	(2,166,667)
Finance costs paid		**(359,989)**	(470,459)
Lease liability interest paid		**(118,285)**	(280,397)
Purchase of treasury shares		**(2,945)**	-
Sale of treasury shares		**3,040**	-
Net movement in non-controlling interests		**(723,245)**	(11,666)
Dividends paid by subsidiary to non-controlling interests		**(120)**	-
Net cash flows used in financing activities		**(2,688,211)**	(2,929,189)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**621,417**	(3,935,367)
Cash and cash equivalents as at 1 January		**3,946,690**	7,882,057
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4	**4,568,107**	3,946,690

The attached nots from 1 to 22 form part of these consolidated financial statements.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

1 INCORPORATION AND ACTIVITIES

KFIC Invest Company K.S.C. (Public) (the "Parent Company") is a Kuwaiti Shareholding Company incorporated on 29 March 2000 in accordance with Commercial Companies Law No. 15 of 1960 which was replaced by Law No. 1 of 2016 (New Companies' Law). The Parent Company is regulated by the Capital Markets Authority (CMA) as an investment company.

The Parent Company's shares are listed on the Kuwait Stock Exchange (Boursa Kuwait).

The Parent Company's registered office is at Khaled Tower, Al Qebla, P.O. Box 21521, Safat 13037 Kuwait.

The Parent Company and its sub sidiaries (together referred to as "the Group") are principally engaged in consumer and commercial lending activities, lease, sell and buy vehicles, collection services, managing funds and portfolios on behalf of clients, investment banking activities, brokerage activities, providing financial and consulting services and investing in securities and real estate.

The consolidated financial statements of KFIC Invest Company K.S.C. (Public) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 20 March 2025 and are subject to the approval of the shareholders of the Parent Company in the Annual General Assembly Meeting.

The consolidated financial statements for the year ended 31 December 2023 were approved by the Parent Company's shareholders at the annual general assembly meeting ("AGM") held on 30 May 2024.

The main activities for which the parent Company is incorporated as follows:

1. Carry on the following securities activities in accordance with the provisions of Law No. (7) of 2010 concerning the Establishment of Capital Markets Authority and Regulation of Securities Activity and its Executive Regulations, as amended:
2. a. Investment Portfolio Manager. b. Collective Investment Scheme Manager. c. Investment Advisor. d. Subscription Agent. e. Securities Broker did not register on the Stock Exchange.
2. Dealing in securities such as stocks and bonds for the Company's account as part of the Company's investment portfolio.
3. Borrowing and issuance of bonds in accordance with the provisions of law in the State of Kuwait.
4. Conduct studies provide consulting related to financial matters, provide technical and management services for projects, and prepare economic feasibility studies.
5. Incorporate or participate in incorporating companies of different types, objects, and nationalities, and deal in selling and purchasing shares of such companies and the bonds and financial rights they issue.
6. Contribute to the subscriptions for new securities issues in the State of Kuwait and all other countries of the world.
7. Actively participate in the privatization process in the State of Kuwait and all other countries of the worl1. d whereby proposals are submitted to purchase companies intended to be privatized and then shares are allocated to the Company's clients upon the success of the purchase process.
8. Dealing and trade in the foreign exchange market and precious metals market inside and outside Kuwait for the Company's account.
9. Sell and purchase the necessary real estate properties for the Company's objects.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the IFRS Accounting Standards with an amendment for measuring the expected credit loss ("ECL") on credit facilities at the higher of ECL computed under IFRS 9 – 'Financial Instruments' in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures (collectively referred to as IFRS Accounting Standards, as adopted by CBK for use by the State of Kuwait).

The consolidated financial statements have been presented in Kuwaiti Dinar which is also the Parent Company's functional and presentation currency.

The consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, finance receivables at fair value through other comprehensive income and investment properties.

The Group presents its consolidated statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in Note 21.3.

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications

had no impact on the reported results of operations, net profit and equity.

2.2 Changes in accounting policies

Amended standards adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have material impact on the financial performance or consolidated financial position of the Group.

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Changes in accounting policies (continued)

Amended standards adopted by the Group (continued)

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

None of these amendments will have an impact on the Group's consolidated financial statements at 31 December 2024. Other amendments to IFRS which are effective for annual accounting periods starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.

2.3 New and amended standards and interpretations issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Group to determine the impact on the consolidated financial statements. This would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

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

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

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

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 New and amended standards and interpretations issued but not yet effective (continued)

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both). It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.4 Basis of consolidation

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

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

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

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

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Basis of consolidation (continued)

The Group re-assesses at each reporting date whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the net assets (excluding goodwill) of consolidated subsidiaries not attributable directly, or indirectly, to the equity holders of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

- If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in the consolidated statement of income.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Business combinations and goodwill (continued)

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed). If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 or the amount initially recognised less (when appropriate) cumulative amount of income recognized in accordance with the requirements of IFRS 15.

2.6 Bank balances and cash

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of cash at banks, cash in portfolios, and fixed deposits with banks and financial institutions less restricted cash and deposits, whose original maturities periods not exceeding three months from the date of placement.

2.7 Financial instruments

(a) Classification and measurement of financial assets

The Group classifies its financial assets upon initial recognition into three classification categories: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The Group determines the classification and measurement approach for its financial assets that reflect the business model in which assets are managed and its 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 objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on observable factors such as:
- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within this business model) and how those risks are managed; and

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

(a) Classification and measurement of financial assets (continued)

Business model assessment (continued)

If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. 'Interest' is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin.

1 . Financial assets carried at amortised cost

- A financial asset is carried at amortised cost if it meets both of the following conditions:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are debt instruments initially recognized at fair value plus directly attributable costs and subsequently measured at amortised cost using the effective interest rate method. Interest income, foreign exchange gains and losses and charge for expected credit losses are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

The Group's financial assets carried at amortised cost comprise of finance receivables carried at amortised cost (which include originated loans where loan is provided directly to the borrower, participation in a loan from another lender and purchased loans), financial assets at amortised cost, other assets and bank balances.

2 . Financial assets carried at fair value through other comprehensive income (FVOCI)

(i) Debt instruments

- A debt instrument is carried at FVOCI if it meets both of the following conditions:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instrument carried at FVOCI are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and charge for expected credit losses are recognised in the consolidated statement of income. Fair value changes which are not part of an effective hedging relationship are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of consolidated statement of changes equity until the asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the consolidated statement of income.

The Group's debt financial assets carried at FVOCI represents in finance receivables at FVOCI which are reported in a separate line item in the consolidated statement of financial position.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

(a) Classification and measurement of financial assets (continued)

2 . Financial assets carried at fair value through other comprehensive income (FVOCI) (continued)

(ii) Equity instruments

Upon initial recognition, the Group makes an irrevocable election to classify some of its equity instruments as investments at FVOCI if they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading neither nor contingent consideration recognized by the Group in a business combination. Such classification is determined on an instrument by instrument basis.

Equity instruments at FVOCI initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of consolidated statement of equity. Cumulative gains and losses previously recognised in other comprehensive income are transferred to retained earnings on derecognition and are not recognised in the consolidated statement of income. Dividend income are recognised in the consolidated statement of income unless they clearly represent a recovery of part of the cost of the investment in which case they are recognised in other comprehensive income. Equity instruments at FVOCI are not subject to impairment assessment.

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

Financial assets in this category are those financial assets held for trading, financial assets which have been designated by management as FVTPL upon initial recognition or debt instruments with contractual cash flows that do not represent solely payments of principal and interest. Management can designate an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise from measuring financial assets and liabilities on a different basis.

Financial assets at FVTPL initially recognized at fair value and transaction costs are recognized as expenses in the consolidated statement of income. Subsequently they are measured at fair value. Changes in fair value are recognised in the consolidated statement of income. Interest income is recognised using the effective interest method. Dividend income is recognised in the consolidated statement of income when the right to the payment has been established.

Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition other than in the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line "change business model".

(b) Classification and measurement of financial liabilities

Classification of financial liabilities

Financial liabilities "other than classified at fair value through profit or loss" are represented in borrowings and other liabilities.

Measurement of financial liabilities

Financial liabilities other than classified at fair value through profit or loss are initially recognized at fair value, net of transaction costs incurred, and subsequently measured and carried at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income using the effective interest method.

(c) Recognition and de-recognition of financial assets and financial liabilities

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

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

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

(c) Recognition and de-recognition of financial assets and financial liabilities (continued)

A financial asset is de-recognized when: the rights to receive cash flows from the asset have expired, or the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “ pass through” arrangement, or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where

an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability.

All regular way purchase and sale of financial assets are recognized on the trade date, which is the date on which the Group commits to purchase or sell the financial instrument.

(d) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legal enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(e) Impairment of financial assets

The Group computes Expected Credit Losses (ECL) for financial assets carried at amortised cost and debt instruments classified as FVOCI. Equity investments are not subject to Expected Credit Losses.

This will require considerable judgment about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

Under IFRS 9, the impairment requirements apply to financial assets carried at amortised cost and debt instruments classified as FVOCI. At initial recognition, allowance is required for expected credit losses (‘ECL’) resulting from default events that are possible within the next 12 months (’12-month ECL’). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’).

The Group provides for credit losses on finance receivables carried at amortised cost and finance receivables carried at FVOCI according to the CBK guidelines and shall record the impairment of finance receivables in the consolidated financial position at the higher of ECL under IFRS 9 according to the CBK guidelines, or the provisions required by the CBK instructions (described below in provision for credit losses in accordance with CBK instructions).

Impairment of financial assets other than finance receivables

The Group recognizes ECL on investment in debt instruments measured at amortised cost or FVOCI and on balances and deposits with banks.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

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

(e) Impairment of financial assets (continued)

Expected Credit losses

The Group has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate.

The Group applies a three-stage approach to measure the ECL based on the applied impairment methodology, as described below:

Stage 1: 12-month ECL

The Group measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition.

Stage 2: Lifetime ECL – not credit impaired

The Group measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Group measures loss allowances at an amount equal to 100% of net exposure i.e. after deduction from the amount of exposure value of collaterals determined in accordance with CBK guideline.

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

Determining the stage of expected credit loss

At each reporting date, the Group assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are more than 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2, except for retail finance receivables (consumer and housing) that are more than 60 days past due are deemed to have a significant increase in credit risk since initial recognition and migrated to stage 2.

- At each reporting date, the Group also assesses whether a financial asset or group of financial assets is credit impaired. The Group considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are more than 90 days past due. All credit impaired financial assets are classified as stage 3 for ECL measurement purposes. Evidence of credit impairment includes observable data about the following:
- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as default or past due event.
- The disappearance of an active market for a security because of financial difficulties.
- Purchase of a financial asset at a deep discount that reflects the incurred credit loss.
- All rescheduled facilities.

Retail facilities from commencement of legal recourse.

At the reporting date, if the credit risk of a financial asset or group of financial assets has not increased significantly since initial recognition or not credit impaired, these financial assets are classified as stage 1.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

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

(e) Impairment of financial assets (continued)

Expected Credit losses (oontinued)

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cashflows due to the Group in accordance with the contract and the cashflows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models taking into consideration the internal and external credit factors of the assets, nature and value of collaterals, forward looking of macroeconomic scenarios as well as other factors.

- The Probability of Default (“PD”) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognized and is still in the portfolio. The Group uses point in time PD (PITPD) for each rating to calculate the ECL.

- The Exposure at Default (“EAD”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including payments of principal and interest.

- The Loss Given Default (“LGD”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the financier would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. CBK guidelines have prescribed list of eligible collaterals and minimum hair-cuts that are applied in determination of LGD. Further, as per CBK guidelines, for unsecured senior and subordinate financing facilities minimum LGD threshold applied is 50% and 75% respectively.

The maximum period for which the credit losses are determined is the contractual life of a financial asset, except for financial assets in Stage 2, the Group considers a minimum maturity of 7 years for all finance receivables (excluding consumer financing, and personal housing financing which is regulated by CBK) unless financing facilities have non-extendable contractual maturity and final payment is less than 50% of the total facility extended. For consumer financing and personal housing financing which is regulated by CBK in Stage 2, the Group considers minimum maturity of 5 years and 15 years respectively.

Incorporation of forward-looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking information into the ECL models. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on regular basis.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets carried at amortised cost. In the case of debt instruments measured at FVOCI, the Group recognises the ECL charge in the consolidated statement of income and a corresponding amount is recognised in other comprehensive income with no reduction in the carrying amount of the financial asset in the consolidated statement of financial position.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

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

(e) Impairment of financial assets (continued)

Expected Credit losses (oontinued)

Provisions for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the interest or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provision
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgment of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning. The following classification of credit exposures is considered by the Group in accordance with the instructions of CBK on the classification of credit facilities.

Number of days past due	Classification
Within 90 days	Watch list
More than 90 days but not exceeding 180 days	Substandard
More than 180 days but not exceeding 365 days	Doubtful
More than 365 days	Bad

2.8 Investments in associates

Associates are those entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recognized as goodwill. Goodwill on acquisition of associates is included in the carrying values of investments in associates. Investments in associates are initially recognized at cost and are subsequently accounted for using the equity method of accounting from the date of obtaining significant influence to the date it ceases. Under the equity method, the Group recognizes in the consolidated statement of income, its share of the associate's post acquisition profit or loss, and in other comprehensive income, its share of post-acquisition movements in reserves that the associate directly recognizes in equity. The cumulative post acquisition adjustments, and any impairment, are directly adjusted against the carrying value of the associates.

Appropriate adjustments such as depreciation, amortization and impairment losses are made to the Group's share of profit or loss after acquisition to account for the effect of fair value adjustments made at the time of acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.8 Investments in associates (continued)

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount as 'Impairment loss of investment in associates' in the consolidated statement of income.

Profit and loss resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates are to be changed when necessary to ensure consistency with the policies adopted by the Group.

2.9 Goodwill and intangible assets

Goodwill is measured as described in (Note 2.5). When calculating gains and losses on disposal of an entity or a part of an entity, the carrying amount of goodwill relating to the entity or the portion sold is taken into consideration as part from the carrying amount of that entity or that portion sold.

Intangible assets comprise separately identifiable intangible items arising from business combinations and certain purchased license. Intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, while intangible assets with indefinite useful lives are not amortised and carried at cost less accumulated impairment losses. Subsequently, intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful economic life, generally not exceeding 20 years, while intangible assets such as brokerage license with an indefinite useful life are not amortised and tested for impairment annually.

2.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are initially measured at cost, including transaction costs. Subsequently, investment properties are re-measured at fair value on an individual basis based on valuations by independent real estate appraisers. The Group uses the lesser valuation in determining the fair value. The Group reevaluates investments properties at least annually or upon occurrence of any material changes in the market conditions whichever is earlier. Changes in fair value are taken to the consolidated statement of income.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are de-recognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy followed in recognizing and measuring property and equipment up to the date of change in use.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.11 Property and equipment

Property and equipment include own-used properties, software and other office equipment. Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses, and are periodically reviewed for impairment. Cost comprises of purchase cost and all directly attributable costs of bringing the asset to working conditions for its intended use. The useful life of property and equipment is estimated on the basis of the economic utilization of the asset. Depreciation of property and equipment is calculated using the straight-line method to allocate their depreciable values over their estimated useful lives. The estimated useful life of property and equipment are determined to be from three to five years.

The property and equipment's residual values and useful lives are reviewed, and adjusted if appropriate, at the beginning of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within other income in the consolidated statement of income.

2.12 Impairment of assets other than financial assets within the scope of IFRS 9 and investment properties

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units (CGUs). Goodwill is allocated to CGUs to benefit from the synergies of the combination. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit.

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 risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five-year period.

Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry and geographical region.

The Group shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group shall estimate the recoverable amount of the asset. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

2.13 Provisions

Provisions for liabilities are recognized when the Group has a current or a future constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle this obligation and the amount can be reliably estimated.

2.14 End of service benefits

The Group provides end of service benefits to all its employees. As per the Kuwaiti law and the Parent Company's internal policy, the entitlement to these benefits is based upon the employees' final salaries and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The Group expects this method to produce a reliable approximation of the present value of this obligation.

In addition, with respect to its national employees, the Group makes contributions to Public Institution for Social Security calculated as a percentage of the employees' salaries.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 Share capital and treasury shares

Share capital

Ordinary shares are classified as equity.

Transaction costs related to share issuances

Incremental costs directly attributable to the issue of new shares or other instruments classified as equity instruments are recognized in equity as "transaction costs related to share issuances", and are deducted from the proceeds.

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 cancelled. 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 equity (gain on sale of treasury shares) 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 then reserves. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares 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.

Any capital reduction by amortizing the accumulated losses is considered economic losses which reduces the number of shares. Reserves including equity transactions reserve, equal to the cost of treasury shares held.

2.16 Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars which is the functional and presentation currency of the Group using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as FVOCI are analyzed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to amortised cost are recognized in the consolidated statement of income, while other changes are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognized in the consolidated statement of income. Translation differences on non-monetary financial assets, such as equity instruments classified as FVOCI, are included in other comprehensive income.

Net assets in foreign subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency at the exchange rates prevailing at the reporting date. Revenues and expenses of those entities are translated at the average exchange rates for the year. All resulting exchange differences are recognized in the foreign currency translation reserve in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the equity holders of the Parent Company are reclassified to the consolidated statement of income.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service provided. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

- Financing income is recognized as income on a time proportion basis to yield a constant periodic interest rate on the balance outstanding based on the effective interest rate method. The recognition of financing income is suspended when loans become impaired.
- Management and advisory fees are recognized based on the terms of the applicable service contract. The portfolio management fees are usually recognized on a time proportionate basis.
- Commission on brokerage services are recognized as the service is provided.
- Rental income from operating leases is recognized on a straight line basis over the lease term.
- Dividend income is recognized when the Group's right to receive payment is established.

2.18 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Right-of-use assets

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the 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 recognised 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 borrowing 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 finance cost 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.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Leases (continued)

Operating lease (continued)

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 recognised as expense on a straight-line basis over the lease term.

Finance lease

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessee are classified as finance leases.

Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

When the Group is a lessee, each lease payment is allocated between the liability and finance costs. The interest element of the finance cost is charged to the consolidated statement of income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

When the Group is a lessor, finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Interest income arising from finance leases are recognized by the effective interest rate method and classified as part of finance income.

2.19 Finance costs

Finance costs on borrowings and finance leases are recognized as expenses in the consolidated statement of income using the effective interest rate method, unless the finance costs are related to qualified assets for capitalization, in which case they are capitalized and considered part of the cost of the qualified assets.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated using the same method as for basic earnings per share by adjusting the weighted average number of ordinary shares outstanding to reflect the potential dilution through the increase in the ordinary shares that could occur if options, warrants, convertible debt securities or other contracts to issue ordinary shares were converted or exercised.

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

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) is calculated at 1% of the profit attributable to shareholders of the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit for the year base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

2.22 National Labor Support Tax (NLST)

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

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.23 Zakat

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

2.24 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The Group's businesses are organized into four business segments "Finance, Asset Management, Investment and Corporate Finance, and Financial Brokerage and Online Trading". These operating segments are reported in (Note 19).

2.25 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated statement of financial position.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, management has used judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The followings are the areas involving a high degree of judgment or areas where assumptions and estimates are significant to the consolidated financial statements.

Accounting judgments

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Judgments are required in determining the business model at an appropriate level that best reflects an aggregated group or portfolio of assets which are managed together to achieve a particular business objective. The Group also applies judgment to assess if there is a change in business model in circumstances when the assets within that business model are realised differently than the original expectations. Refer (Note 2.7) classification of financial assets for more information.

Uncertainty of accounting estimates

The Group determines assumptions relating to the future. The outcome of accounting estimates are rarely equal to the actual results. Management undertakes these assumptions based on the information that has been available during the year, taking into consideration the economic and political circumstances of the region. Estimates and assumptions that have a material impact attributable to adjustments affecting the carrying values of the assets and liabilities during the next financial year are as follows:

Impairment of intangible assets

The Group calculates the recoverable amount for its intangible assets that have indefinite useful lives annually to determine whether there is an impairment loss to be recorded as per the accounting policy (Note 2.12). Recoverable amount is calculated based on the value in use which involves high degree of estimates.

In estimating value in use, cash flows based on the business plans are discounted using relevant discount rate and the terminal value is calculated by estimating the terminal growth rate.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Uncertainty of accounting estimates

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment properties are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in (Note 9).

Impairment of investments in associates

The Group calculates the recoverable amount for its investments in associates if there is an indication of an impairment to determine whether there is any impairment loss to be recorded.

Recoverable amount is calculated based on the value in use or fair value less cost to sell whichever is higher. In estimating the value in use, cash flows which are based on the associates' business plans are discounted using the relevant discount rate and the terminal value is calculated by estimating the terminal growth rates. Fair value of the unquoted associates is determined by using valuation techniques that take into consideration the market conditions and the difficulties that may be faced by the investee. These involve high degree of estimates.

Fair value of unquoted equity investments

Estimates are used in applying the valuation techniques used to estimate the fair value of unquoted investments. Those techniques include the expected cash flows, recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques used by the participants in the market generally which is mainly represented in adjusted net book value method. The Group calibrates the valuation techniques periodically and tests these for validity using either prices from observable current market transactions in the same instrument or other available observable market data.

Impairment of financial assets

The measurement of Expected Credit Losses (ECL) across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining Expected Credit Losses (ECL) and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group estimates Expected Credit Loss (ECL) for all financial assets carried at amortised cost or fair value through other comprehensive income except for equity instruments.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their dependencies. Elements of the ECL models that are considered accounting judgements and estimates, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for measurement of ECL
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Establishing group of similar financial assets for the purpose of measuring ECL.

The Group has the policy to regularly review its models in the context of actual loss experience and adjust when necessary.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Uncertainty of accounting estimates (continued)

Impairment losses on financing receivables – as per CBK guidelines (continued)

The Group reviews its financing receivables on a regular basis to assess whether an impairment loss should be recorded in the consolidated statement of income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Significant judgement in determining the lease term of contracts with renewal options

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

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

4 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2024 KD	2023 KD
Cash at banks and on hand	**4,034,492**	3,003,420
Cash in investment portfolios	**2,436**	2,437
Fixed deposits	**1,508,222**	2,241,896
Bank balances and cash	**5,545,150**	5,247,753
Fixed deposits with a maturity greater than three months from the date of placement	**(8,222)**	(7,896)
Fixed deposit blocked	**(500,000)**	(734,000)
Cash at banks blocked	**(468,821)**	(559,167)
Total cash and cash equivalents	**4,568,107**	3,946,690

Fixed deposits duration varies from one to twelve months and carry an average effective interest rate of 3.9 % per annum as at 31 December 2024 (2023: 4.3%) per annum.

Bank balances and cash amounting to NIL are pledged against borrowings (2023: KD 734,000) (Note 11).

During the year, a subsidiary company (KFIC Financial Services Co. - K.S.C » Closed«) pledged a fixed deposit of KD 500,000 to a local bank against the financing portfolio purchased by the bank. (2023: NIL).

Cash at banks disclosed above include restricted bank balances of KD 468,821 (2023: KD 559,167) represents the Group's share in the new regime of guarantee fund established by Boursa Kuwait. This amount is restricted for use by the Kuwait Clearing Company to fulfill the Group's obligations against the short fall in the trade (if any).

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 KD	2023 KD
Quoted equity	**773,921**	2,505,273
Unquoted equity	**2,047,706**	2,047,706
	2,821,627	4,552,979

The hierarchy for determining and disclosing the fair value of financial instruments by valuation technique is presented in (Note 20).

6 FINANCE RECEIVABLES

The provisions computed as per IFRS 9 according to the CBK guidelines relating to finance receivables carried at fair value through other comprehensive income and finance receivables at amortized cost amount to KD 1,057,625 (2023: KD 1,546,179), which is lower (2023: higher) than the provisions computed as per CBK instructions as at 31 December 2024 amounted to KD 1,283,528 (2023: KD 1,533,397). Hence, the provision for credit losses against the finance receivables is based on CBK instructions in 2024, compared to IFRS 9 according to the CBK guidelines in 2023.

During prior year, the Parent Company has secured a loan from its subsidiary, "KFIC for Financing Services K.S.C.C.", classified as finance receivable at amortised cost. The loan amount is KD 2,200,000 and carries an interest rate of 1% per annum above the CBK discount rate and is repayable in full on 30 June 2030. The loan has an intercompany effect over provisions computed as required by the CBK instructions relating to finance receivables at amortised cost by KD 22,000 (31 December 2023: KD 22,000) and provisions computed as required by the expected credit losses calculated as per IFRS 9 according to the CBK guidelines by KD 17,480 (2023: KD 15,515) (Note 18).

a - Finance receivables carried at fair value through other comprehensive income

	2024 KD	2023 KD
Gross finance receivables	**8,716,119**	9,175,855
Less: deferred income	**(1,058,288)**	(1,139,195)
	7,657,831	8,036,660
(Fair value adjustment (Net	**(10,350)**	(53,269)
	7,647,481	7,983,391

The movement in the provision of credit losses for finance receivable carried at fair value through other comprehensive income is as follows:

	2024 KD	2023 KD
Opening balance calculated under IFRS 9 as per CBK guidelines (2023: (calculated under CBK instructions	**(1,005,166)**	(1,616,717)
(Charge during the year (Note 6c	**(415,185)**	(478,536)
Write off during the year	**769,517**	1,090,087
Ending balance calculated under CBK instructions (2023: calculated (under IFRS 9 as per CBK guidelines	**(650,834)**	(1,005,166)

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

6 FINANCE RECEIVABLES (continued)

a - Finance receivables carried at fair value through other comprehensive income (continued)

The below analysis shows the provision for credit losses as per CBK instructions:

	General		Specific		Total	
	2024	2023	**2024**	2023	**2024**	2023
	KD	KD	**KD**	KD	**KD**	KD
As at the beginning of the year	**(71,723)**	(73,316)	**(598,006)**	(1,543,401)	**(669,729)**	(1,616,717)
Recovery (charge) of provision during the year	**1,339**	1,593	**(751,961)**	(144,692)	**(750,622)**	(143,099)
Write off during the year	-	-	**769,517**	1,090,087	**769,517**	1,090,087
As at the end of the year	**(70,384)**	(71,723)	**(580,450)**	(598,006)	**(650,834)**	(669,729)

The analysis below shows the carrying amount in relation to finance receivables carried at FVOCI:

Carrying amount	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
As at 31 December 2024	**6,927,153**	**150,228**	**580,450**	**7,657,831**
As at 31 December 2023	7,018,104	198,434	820,122	8,036,660

The below analysis shows the changes of expected credit losses computed under IFRS 9 in accordance with CBK guidelines in relation to finance receivables carried at FVOCI:

2024	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Expected credit losses as at 1 January 2024	**(137,203)**	**(47,841)**	**(820,122)**	**(1,005,166)**
Charge during the year	**(229,924)**	**(25,116)**	**(245,194)**	**(500,234)**
Impact due to transfer between stages	**247,726**	**36,925**	**(284,651)**	**-**
Write off during the year	**-**	**-**	**769,517**	**769,517**
As at 31 December 2024	**(119,401)**	**(36,032)**	**(580,450)**	**(735,883)**

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

6 FINANCE RECEIVABLES (continued)

a - Finance receivables carried at fair value through other comprehensive income (continued)

2023	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Expected credit losses as at 1 January 2023	(153,210)	(65,838)	(1,682,363)	(1,901,411)
Charge during the year	(118,671)	(32,336)	(42,835)	(193,842)
Impact due to transfer between stages	134,678	50,333	(185,011)	-
Write off during the year	-	-	1,090,087	1,090,087
As at 31 December 2023	(137,203)	(47,841)	(820,122)	(1,005,166)

As of 31 December 2024, finance receivables of KD 580,450 (2023: KD 820,122) were impaired and provided for. The related provision for those receivables amounted to KD 580,450 as of 31 December 2024 (2023: KD 820,122).

As of 31 December 2024, finance receivables amounting to KD 7,077,381 (2023: KD 7,216,538) were performing. Included in these receivables are finance receivables installments that are classified as past due for less than three months but not impaired amounting to KD 133,315 as of 31 December 2024 (2023: KD 152,164). These receivables are not considered impaired. The following is the aging of finance receivables installments which are past due but not impaired:

	2024 KD	2023 KD
One month	**102,074**	112,654
More than one month till two months	**25,880**	32,767
More than two months till three months	**5,361**	6,743
	133,315	152,164

The hierarchy for determining and disclosing the fair value of finance receivables by valuation techniques are in (Note 20).

b -Finance receivables carried at amortised cost

	2024 KD	2023 KD
Gross finance receivables	**2,947,050**	5,549,288
Less: deferred income	**(316,811)**	(714,556)
	2,630,239	4,834,732
Less: Expected credit losses	-	(541,013)
*Less: General provision	**(322,424)**	-
Less: Specific provision	**(310,270)**	-
	1,997,545	4,293,719

*The General provision includes CBK precautionary provision KD 299,438.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

6 FINANCE RECEIVABLES (continued)

b -Finance receivables carried at amortised cost (continued)

The movement of provision for credit losses for finance receivable carried at amortised cost is as follows:

	2024 KD	2023 KD
Opening balance calculated under IFRS 9 as per CBK guidelines (2023: (calculated under CBK instructions	**(541,013)**	(1,978,146)
(Charge) recovery during the year (Note 6c)	**(635,440)**	317,851
Write off during the year	**543,759**	1,119,282
Ending balance calculated under CBK instructions (2023: calculated (under IFRS 9 as per CBK guidelines	**(632,694)**	(541,013)

The below analysis shows the provision for credit losses as per CBK instructions:

	General		Specific		Total	
	2024 **KD**	2023 KD	**2024** **KD**	2023 KD	**2024** **KD**	2023 KD
As at the beginning of the year	**(342,170)**	(324,945)	**(521,498)**	(1,653,201)	**(863,668)**	(1,978,146)
Recovery (charge) of provision during the year	**19,746**	(17,225)	**(332,531)**	12,421	**(312,785)**	(4,804)
Write off during the year	-	-	**543,759**	1,119,282	**543,759**	1,119,282
As at the end of the year	**(322,424)**	(342,170)	**(310,270)**	(521,498)	**(632,694)**	(863,668)

The analysis below shows the changes in the carrying amount in relation to finance receivables carried at amortised cost:

Carrying amount	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
As at 31 December 2024	**2,312,748**	**7,221**	**310,270**	**2,630,239**
As at 31 December 2023	4,276,990	36,244	521,498	4,834,732

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

6 FINANCE RECEIVABLES (continued)

b -Finance receivables carried at amortised cost (continued)

The analysis below shows the changes of expected credit losses computed under IFRS 9 in accordance with CBK guidelines in relation to finance receivables carried at amortized cost:

2024	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Expected credit losses as of 1 January 2024	**(16,936)**	**(2,579)**	**(521,498)**	**(541,013)**
Charge during the year	**(201,339)**	**(15,448)**	**(107,701)**	**(324,488)**
Impact due to transfer between stages	**206,803**	**18,027**	**(224,830)**	**-**
Write off during the year	**-**	**-**	**543,759**	**543,759**
As at 31 December 2024	**(11,472)**	**-**	**(310,270)**	**(321,742)**

2023	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Expected credit losses as of 1 January 2023	(5,469)	(5,203)	(1,653,853)	(1,664,525)
Charge) recovery during the year)	(11,702)	(2,176)	18,108	4,230
Impact due to transfer between stages	235	4,800	(5,035)	-
Write off during the year	-	-	1,119,282	1,119,282
As at 31 December 2023	(16,936)	(2,579)	(521,498)	(541,013)

As of 31 December 2024, finance receivables of KD 310,270 (2023: KD 521,498) were impaired and provided for. The related provision for those receivables amounted to KD 310,270 as of 31 December 2024 (2023: KD 521,498).

As of 31 December 2024, finance receivables amounting to KD 2,319,969 (2023: KD 4,313,234) were performing. Included in these receivables are finance receivables instalments that are classified as past due for less than three months but not impaired amounting to KD 23,266 as of 31 December 2024 (2023: KD 13,817). These receivables are not considered impaired. Following is the aging of finance receivables instalments which are past due but not impaired:

	2024 KD	2023 KD
One month	**11,290**	10,952
More than one month till two months	**6,741**	1,684
More than two months till three months	**5,235**	1,181
	23,266	13,817

The fair value of collaterals held against finance receivables, before CBK instruction for IFRS 9 haircut amounting to KD 1,324,835 as of 31 December 2024 (2023: KD 3,371,540), is KD 2,403,939 (2023: KD 5,815,519).

The fair value of finance receivables as of 31 December 2024 is KD 2,287,040 (2023: KD 4,270,345) was determined by using current discount market rates prevailing at the end of the reporting year.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

6 FINANCE RECEIVABLES (continued)

b - Finance receivables carried at amortised cost (continued)

Finance receivables carried at amortized cost are denominated in the following currencies:

	2024 KD	2023 KD
Kuwaiti Dinar	**1,246,827**	3,387,796
US Dollar	**750,718**	905,923
	1,997,545	4,293,719

c - Finance receivables credit loss

Provision for credit losses for finance receivables carried at amortized cost and finance receivables carried at fair value through other comprehensive income (FVOCI) as follows:

	2024 KD	2023 KD
(Provision charge for finance receivables carried at FVOCI (Net	**(415,185)**	(478,536)
Provision (charge) recovery for finance receivables carried at amortized cost (Net)	**(635,440)**	317,851
	(1,050,625)	(160,685)

7 OTHER ASSETS

	2024 KD	2023 KD
Accrued income	**1,125,364**	1,093,364
Other receivables*	**4,237,750**	5,505,455
Associates preferred shares (Note 8)	**884,783**	374,696
Prepayments	**125,924**	116,013
	6,373,821	7,089,528

The below analysis shows the gross carrying amount of other assets and corresponding expected credit loss:

	2024 KD	2023 KD
Other assets	**11,232,377**	10,594,636
Provision for expected credit loss	**(4,858,556)**	(3,505,108)
	6,373,821	7,089,528

Provision for Expected credit loss movement:

	2024 KD	2023 KD
Opening balance	**3,505,108**	1,374,126
Charge during the year	**1,449,939**	2,223,086
Write off during the year	**(96,491)**	(92,104)
	4,858,556	3,505,108

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

7 OTHER ASSETS (continued)

* As at 31 December 2024, other assets include gross other receivables amounting to KD 6.7 million (31 December 2023: KD 6.7 million) which represents three properties that have not been yet transferred to the Group as of the reporting date and other remaining balances as a result of the irrevocable agreement signed in 2020 and its amendments. The irrevocable agreement in 2020 was signed to acquire real estate properties with a total fair value of KD 12,500,000 in exchange for some of the Group's assets. The Group has pledged collaterals representing quoted, unquoted securities and cash against such gross receivable in addition to a promissory note of KD 12,500,000 as collateral to proportionally cover the non-transferred assets. The Group has executed their part of the agreement and has transfer all the assets. The other party has transferred investment properties amounting to KD 6,463,665 and the remining balance is recorded as other assets in the Group subsidiary books.

On 22 January 2023, the Group's subsidiary "KFIC Financial Brokerage Company K.S.C.C" filed a legal case against the other party claiming an amount of KD 6.6 million. The case was registered in the Commercial Division of the Regional Court and the date of the first session is scheduled on 6 March 2023. On the date of the first session, the case was postponed to a session on 20 March 2023 then on that date the case was suspended for two months. On 18 June 2023, the suspension was cancelled, and a new session was scheduled on 31 July 2023. On 31 July 2023, a new hearing session is scheduled on 30 October 2023 to present the supporting documents. On 30 October 2023, a new session is scheduled on 27 November 2023 for judgement.

On 27 November 2023, the court dismissed the case as a preliminary judgement on the basis that the original promissory note was not submitted. The preliminary judgement was appealed, and a hearing session was scheduled on 24 January 2024 in front of the Court of Appeal, where the original promissory note will be presented. On that date, the case has been postponed to 6 March 2024 and then later postponed to 15 May 2024 and then later postponed to 12 June 2024 for judgement.

On 12 June 2024, the Court of Appeals ruled against the preliminary judgement dismissing the case and obliged the counter party to pay to the Group's subsidiary "KFIC Financial Brokerage Company K.S.C.C" an amount of KD 6,615,475, while both parties to the case filed a cassation appeal without a hearing being set.

On 4 August 2024, the appellant filed a petition for reconsideration, and the first hearing date was set for 25 September 2024. On 25 September 2024, the petition for reconsideration request has been postponed to 18 December 2024 for judgement.

On 18 December 2024, the Court of Appeals has rejected the petition for reconsideration of the verdict submitted by the appellant.

On 20 August 2024, a decision was issued by the Court of Cassation to approve the temporary suspension of the execution of the Court of Appeals' judgment until a decision is made in the Court of Cassation.

During the year, the Group assessed the fair value of the pledged collaterals and have provided an additional provision of KD 1.2 million other than the provision of KD 1.5 million provided in previous year. The total provision provided for is KD 2.7 million without taking into consideration the promissory note. The net outstanding balance from this counter party amounts to KD 4.1 million (31 December 2023: KD 5.2 million).

Furthermore, this deal has been transferred to the Public Prosecution as referred by the Capital Markets Authority. On 3 December 2024, the Public Prosecution transferred the case to the High Court - Criminal - Capital Markets Authority.

Moreover, on 3 April 2024, the counter party's subsidiary filed a lawsuit in Bahrain for financial compensation against the Group and others, where the first session was scheduled to be on 5 June 2024 then postponed to 24 June 2024, then postponed to 4 July 2024 and then later postponed to 22 July 2024 then on that date postponed to 7 August 2024 for judgement. On 7 August 2024, the case has been postponed to 16 October 2024 for judgement and then later postponed to 30 October 2024 for judgement, then postponed to 13 November 2024 then postponed to 25 December 2024 then postponed to 12 February 2025, then postponed to 26 February 2025 for judgement. On 26 February 2025, the court ruled to suspend the case pending the issuance of a final judgement in the criminal case filed in the State of Kuwait registered under No. 49/2023 of the Kuwait Capital Market Prosecution.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

7 OTHER ASSETS (continued)

* Other receivables also include an amount of KD 0.6 million (31 December 2023: KD 0.6 million) which represents the remaining balance from sale transaction of certain assets during December 2019. The Group has pledged collaterals representing unquoted securities and cash against such receivable in addition to a promissory note of KD 0.6 million.

On 3 May 2023, the Parent Company filed a legal case against the other party claiming an amount of KD 0.6 million. The case was registered in the Commercial Division and the date of the first session is scheduled on 25 May 2023. On that date, the session has been postponed to 6 September 2023 then on that date the case was suspended for one month. On 7 October 2023, the suspension was cancelled, and a new session was scheduled on 8 November 2023. On 08 November 2023, a new session is scheduled on 15 November 2023 for judgement. On 15 November 2023 the judgement was rendered in the case and considered as never existed.

On 30 November 2023, a new case was filed, and its first hearing was scheduled on 20 February 2024 and as of that date the case was postponed to 5 March 2024 and then to 16 April 2024. On 16 April 2024 the case was postponed to 30 April 2024 and as of that date the case was again postponed to 14 May 2024 and then later postponed to 21 May 2024 for judgement.

On 21 May 2024, the case was ruled that it lacks jurisdiction and has been referred to the Commercial Division of Capital Markets Government where a hearing was scheduled on the 23 July 2024 then postponed to 30 July 2024. On 30 July 2024 it was postponed to 8 October 2024 and was referred to General Department of Experts – Ministry of Justice for reporting, then postponed to 3 December 2024 later to 8 April 2025. The case currently is still under the General Department of Experts investigation.

The other receivable balance of KD 0.6 million is fully provided for in previous years.

8 INVESTMENTS IN ASSOCIATES

Name	Incorporation	Activity	Ownership %		Carrying value	
			2024	2023	**2024** **KD**	2023 KD
Calhoun Equity Company Ltd.	Cayman Islands	Real estate investments	**27.21**	27.21	-	957,470
Calhoun Debt Company Ltd.	Cayman Islands	Real estate investments	**26.49**	26.49	**1,051,435**	942,854
					1,051,435	1,900,324

The following table provides summarised information of the Group's investment in associates

31 December 2024	Calhoun Equity Co Ltd. KD	Calhoun Debt Co Ltd. KD
Assets	**447,339**	**4,671,886**
Liabilities	**(833,659)**	**(702,893)**
Equity	**(386,320)**	**3,968,993**
Loss) profit for the year)	**(3,919,496)**	**362,506**
Group's share of (loss) profit for the year	**(963,917)**	**87,718**

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

8 INVESTMENTS IN ASSOCIATES (continued)

31 December 2023	Calhoun Equity Co Ltd. KD	Calhoun Debt Co Ltd. KD
Assets	3,585,790	3,917,830
Liabilities	(66,855)	(358,709)
Equity	3,518,935	3,559,121
Dividends declared during the year	62,325	401,545
Loss) profit for the year)	(727,460)	400,960
Group’s share of (loss) profit for the year	(200,180)	114,703

During the year, the Parent Company subscribed to preferred shares issuance by Calhoun Equity Co. Ltd. for a consideration of KD 461,250 (2023:47,096) which has been recorded under other assets (Note 7).

During the year, the Parent Company subscribed to preferred shares issuance by Calhoun Debt Co. Ltd. of for a consideration of KD 320,544 (2023: KD 303,199) which has been recorded under other assets. (Note 7).

These redeemable preference shares are entitled to dividends at the rate of 8% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available. Preference shares are mandatorily to be paid by the associates at some future date, and hence classified as receivables under other assets. The Group has recognised dividend income on these preference shares of KD 73,681 (2023: KD Nil) and also recorded an impairment loss on the preference shares from Calhoun Equity of KD 252,107 (2023: KD Nil).

9 INVESTMENT PROPERTIES

Following is the movement on investment properties:

	2024 KD	2023 KD
As at 1 January	**8,832,696**	9,482,411
Additions	-	15,800
Disposals	-	(384,407)
(Change in the fair value (Note 15	**(67,624)**	(286,843)
Foreign currency translation differences	**11,519**	5,735
As at 31 December	**8,776,591**	8,832,696

Investment properties with carrying amount of KD 6,290,000 (2023: KD 3,824,000) are pledged against borrowings (Note 11).

The fair value of investment properties has been determined by independent valuers who are specialized in valuing such type of properties. The valuers have used the following methods:

- Some properties have been valued using the income capitalization approach.
- Other properties have been valued using the market approach based on recent transactions for properties with characteristics and location similar to those of the Group’s properties.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

9 INVESTMENT PROPERTIES (continued)

As at 31 December 2024, the Group has investment properties amounting to KD 6,290,000 (2023: KD 6,074,000) which generate rental income. The significant assumptions made relating to the valuation of such properties are set out below:

	2024	2023
(Total area available for rent (sqm	**2,880**	2,880
(Average monthly rent per sqm (KD	**14**	14
Average yield rate	**7.3%**	5.9%
Occupancy rate	**90%**	82%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation:

	Changes in valuation assumptions	Impact on (loss) profit for the year	
		2024 KD	2023 KD
(Average monthly rent (per sqm	% +5	**314,500**	303,700
Average yield rate	% -5	**331,053**	319,684
Occupancy rate	% -5	**(314,500)**	(303,700)

10 INTANGIBLE ASSETS

	2024 KD	2023 KD
As at 1 January	**251,968**	7,833,490
Impairment losses	-	(7,581,522)
Balance as of 31 December	**251,968**	251,968

Intangible assets represent a brokerage license in the Group's subsidiary, KFIC Financial Brokerage K.S.C.C. with indefinite useful life. The recoverable amount is determined using a value in use determined by using discounted cash flow model, which uses inputs that consider features of the brokerage business and its regulatory environment. The recoverable amount is calculated by estimating streams of free cash flows available to shareholders over the next five years, discounted to their present values. The terminal value reflecting all periods beyond the fifth year is calculated on the basis of the forecast of fifth-year profit, the applicable cost of equity is 9.6% (2023: 10.52%) and the long-term growth rate 2.8% (2023: 3%) after applying a further illiquidity discount of 27% (2023: 20%).

The model used to determine the recoverable amount is most sensitive to changes in the forecast free cash flows available to shareholders in years one to five, the cost of equity and to changes in the long-term growth rate. The applied long-term growth rate is based on real growth rates and expected inflation. Free cash flows available to shareholders are estimated on the basis of forecast results, which take into account business initiatives and planned capital investments.

The Group has tested the impairment of the brokerage license and recorded impairment losses of KD Nil (2023: KD 7,581,522).

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

11 BORROWINGS

Borrowings include Murabaha which bear a floating interest rate of 2.5% per annum above CBK discount rate (2023: 2% to 2.5% per annum above CBK discount rate).

Following is the classification of borrowings based on their maturity:

	2024 KD	2023 KD
Current	**217,334**	1,666,667
Non-current	**4,379,332**	4,416,666
Total	**4,596,666**	6,083,333

The Parent Company has met all the borrowings covenants as of the reporting date. Borrowings obtained by the Group are in Kuwaiti Dinars and are collateralised against investment properties (Note 9) and investment in a subsidiary (Note 17).

During the year, the Parent Company signed a new credit facility limit agreement of KD 9,300,000 with an Islamic bank with an interest rate of 2.50% per annum above CBK discount rate. The main terms and conditions are as follows:

- Facility limit of KD 4,000,000 for the purpose of investing in listed shares in Boursa Kuwait in compliance with Islamic Sharia'a with a coverage percentage of 150% of utilized amount through opening an investment portfolio under the custody by the lender and,
- Facility limit of KD 5,300,000 for the purpose of settling existing borrowings with a coverage percentage of 150% of utilized amount through pledging real estate properties owned by the Group. On 19 September 2024 the Group pledged an investment property with a carrying value of KD 2,300,000 for this facility.

During the year, the Group pledged its entire stake in a subsidiary "KFIC for Financial Brokerage Company (K.S.C.C)", in addition to one of the Group's subsidiaries "KFIC for Financing Services Company (K.S.C.C)" agreed to issue an undertaking to transfer at least KD 12 million per annum to its bank account with the lender without any withdrawals restrictions on such transfer.

During the year, the Parent Company utilized KD 4,346,666 from the facility limit of KD 5,300,000 to fully settle the existing borrowings, which resulted to release of collaterals of restricted fixed deposits of KD 734,000 and release of simple assignment of right of finance receivables of KD 7,500,000.

During the year, the Parent Company obtained a new borrowing from one of its major shareholders (Note 18) for an amount of KD 250,000 (2023: KD Nil) which bear a floating interest rate of 2.5% per annum above CBK discount rate.

12 OTHER LIABILITIES

	2024 KD	2023 KD
Due to suppliers and others	**2,652,704**	1,877,353
Employees' leave and end of service benefits	**1,190,000**	1,608,082
Lease liabilities	**602,363**	687,785
Accrued expenses and other payables	**1,052,442**	1,153,737
KFAS payables	**525**	110,935
	5,498,034	5,437,892

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

13 EQUITY

13.1 Share capital

	Authorised and issued capital		Paid capital	
	2024	2023	**2024**	2023
(Capital (KD	**32,249,138**	32,249,138	**32,249,138**	32,249,138
(Capital (shares	**322,491,383**	322,491,383	**322,491,383**	322,491,383
(Nominal value (fils	**100**	100	**100**	100

Capital of the Parent Company had been paid in cash.

13.2 Statutory reserve

In accordance with the Companies' Law and the Parent Company's Articles of Association, a minimum of 10% of the profit for the year before contribution to Kuwait Foundation for Advancement of Sciences, directors' remuneration, National Labor Support Tax and Zakat expense shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend of 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

During the year, there was no transfer made to statutory reserve since the Group incurred losses (2023: KD Nil).

13.3 Voluntary reserve

In accordance with the Companies' Law and the Parent Company's Article of Association, the Board of Directors may propose appropriation from the profit for the year to the voluntary reserve. The Parent Company's Board of Directors has not proposed to transfer any amount to the voluntary reserve for the year 2024 since the Group incurred losses (2023: KD Nil).

13.4 Treasury shares

	2024	2023
Number of shares	-	13,648,042
(%) Percentage of the issued share capital	-	4.23%
Market value (Average) - KD	-	862,415

Reserves and retained earnings amounting to KD Nil (2023: KD 3,145,214) which are equivalent to cost of treasury shares are not available for distribution.

On 25 July 2024, the Parent Company distributed all its treasury shares as a dividend to its shareholders (Note 13.5).

During the year, the Group purchased treasury shares of 41,135 shares (2023: Nil) for total consideration amounting to KD 2,945 (2023: KD Nil) and sold treasury shares of 41,135 (2023:KD Nil) with total consideration amounting of KD 3,040 (2023: KD Nil).

13.5 Dividends

The Parent Company's shareholders annual general assembly meeting ("AGM") for the year ended 31 December 2023 held on 30 May 2024 approved the distribution of non-cash dividend in the form of treasury shares at the rate of 4.42%. The non-cash dividend was recorded as a reduction in treasury shares of KD 3,145,214 with a corresponding adjustment to voluntary reserve of KD 713,679 and statutory reserve of KD 2,431,535. On 25 July 2024, the Parent Company distributed all its treasury shares to the shareholders.

13.6 Extinguish of accumulated losses

Subsequent to year ended 31 December 2024, on 20 March 2025 the Parent Company's Board of Directors recommended to offset the accumulated losses as of 31 December 2024 of KD 7,736,465 as follows:

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

13 EQUITY (continued)

13.6 Extinguish of accumulated losses (continued)

1- Reduce voluntary reserve as of 31 December 2024 by KD 36,321.

2- Reduce the share capital as of 31 December 2024 by KD 7,700,144 from KD 32,249,138 to KD 24,548,994.

This proposal is subject to the approval of the Parent Company AGM and regulatory authorities.

14 FINANCE INCOME

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024 KD	2023 KD
Type of service		
Interest income	**768,646**	761,899
Other fee income	**1,457,562**	1,265,492
	2,226,208	2,027,391
Geographical markets		
Kuwait	**2,226,208**	2,027,391
Timing of revenue recognition		
Services transferred over time	**768,646**	761,899
Services transferred at a point in time	**1,457,562**	1,265,492
	2,226,208	2,027,391

15 INVESTMENT INCOME (LOSS)

	2024 KD	2023 KD
Financial assets at fair value through profit or loss		
Cash dividends	**37,375**	100,783
Net realized gain (loss) on sale	**178,691**	(45,360)
(Unrealized gain (loss	**10,816**	(102,473)
	226,882	(47,050)
Financial assets at fair value through other comprehensive income		
Cash dividends	**44,672**	50,367
Income from preferred shares		
(Dividends income (Note 8	**73,681**	-
Investment properties		
Loss on sale investment property	-	(32,790)
(Change in fair value (Note 9	**(67,624)**	(286,843)
	(67,624)	(319,633)
	277,611	(316,316)

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

16 LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic EPS are calculated by dividing the loss for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	2024	2023
Loss for the year attributable to equity holders of the Parent Company (KD)	**(3,269,934)**	(11,135,469)
Weighted average of issued shares	**322,491,383**	322,491,383
Weighted average of treasury shares	**(5,631,138)**	(13,648,042)
Weighted average number of outstanding ordinary shares	**316,860,245**	308,843,341
Loss per share attributable to equity holders of the Parent Company (fils)	**(10.3)**	(36.1)

17 SUBSIDIARIES

Following are the Parent Company's subsidiaries:

			% Ownership	
Subsidiary Name	**Activity**	**Incorporation**	**2024**	**2023**
KFIC Financial Brokerage Company – K.S.C.C.	Brokerage	Kuwait	**100**	100
KFIC for Financing Services Company – K.S.C.C.	Financing	Kuwait	**99.96**	99.96
KFIC for Management Consulting Company – S.P.C	Consultancy	Kuwait	**100**	100
Al-Wasm Fund (a)	Investment	Kuwait	**-**	70.95
KFIC Real Estate Company – S.P.C.	Real Estate	Kuwait	**100**	100
KFIC for Selling and Buying Cars Company– S.P.C.	Cars Trade	Kuwait	**100**	100
KFIC for Third Party Amicable Fund Collection Company – S.P.C.	Collection	Kuwait	**100**	100
KFIC Rental and Leasing Cars Company – S.P.C.	Car Rental & Leasing	Kuwait	**100**	100
Al-Wafra Future for Agriculture Contracting Company – W.L.L (b)	Agricultural contracting	Kuwait	**99**	-
Riffa District for Shares and Securities – W.L.L.	Real Estate	Bahrain	**100**	100
Al Salbookh Al Oula for General Trading – S.P.C.	General Trading	Kuwait	**100**	100
Al Takmilia Al Oula Holding Company. – S.P.C. (c)	Holding	Kuwait	**100**	100
Jadwa International Marketing Consulting Company – S.P.C.	Consultancy	Kuwait	**100**	100
KFIC Kuwaiti Bahraini for Real Estate Development Company - W.L.L (d)	Real Estate Development	Bahrain	**100**	-

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

17 SUBSIDIARIES (continued)

a- On 27 December 2023, the Board of Directors of the Parent Company approved the sale of their entire stake in its subsidiary Al Wasm Fund (the "Fund") after obtaining the necessary regulatory approvals, which in turn led to the decision of the Fund's unitholders to liquidate and dissolve the Fund on 6 March 2024 .On 7 April 2024, the regulatory authorities approved the liquidation of Al Wasm Fund and decided to appoint the Parent Company as the legal liquidator of the Fund.

On 21 May 2024, the Fund's liquidation procedures were fully completed, and the Parent Company received an amount of KD 1,468,712 representing approximately 67% of the Fund's net asset value as of the liquidation date upon redemption of all its outstanding units.

b- During the year, the Group established a new subsidiary "Al-Wafra Future for agriculture contracting Company - S.P.C" which is not operating as of the reporting date.

c- Al Takmilia Al Oula Holding Company – S.P.C is not operating as of the reporting date.

d- During the year, the Group established a new subsidiary "KFIC Kuwaiti Bahraini for Real Estate Development - W.L.L" which is not operating as of the reporting date.

Subsidiaries pledged

Portion of investment in Al-Wasm Fund with a net value of KD Nil as of 31 December 2024 (2023: KD 1,419,114) is pledged against borrowings (Note 11).

The Group's entire stake in KFIC Financial Brokerage Company – K.S.C.C is pledged against new borrowing (Note 11).

Financial information of the subsidiary with material non-controlling interest is provided below:

Proportion of equity interest held by non-controlling interests:

	2024	2023
Al-Wasm Fund	-	29.05%

Accumulated balances of non-controlling interests:

	2024 KD	2023 KD
Al-Wasm Fund	-	698,821

The summarized financial information of this material subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of comprehensive income of Al Wasm Fund up to date of disposal:

	2024 KD	2023 KD
Revenues	104,704	(50,534)
Expenses	(15,285)	(38,241)
Profit (loss) for the year	89,419	(88,775)
(Total comprehensive income (loss	89,419	(88,775)
Profit (loss) attributable to non-controlling interests	24,427	(35,918)

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

17 SUBSIDIARIES (continued)

Summarized statement of financial position of Al Wasm Fund:

	2024 KD	2023 KD
Total assets	-	2,417,467
Total liabilities	-	(12,284)
Total equity	-	2,405,183
Attributable to non-controlling interests	-	698,821

18 RELATED PARTIES

Related parties represent shareholders who have representation in the Parent Company's Board of Directors and their close relatives, directors and key management personnel of the Parent Company, and associate entities, and entities controlled, jointly controlled or significantly influenced by such parties. All related parties' transactions are carried out on terms approved by Parent Company's management.

The related parties' balances and transactions included in the consolidated financial statements are as follows:

	2024 KD	2023 KD
Related parties' balances		
Bank balances and cash - shareholders	-	387,474
Finance receivables at amortised cost – net - shareholders	-	432,550
Financial assets at fair value through profit or loss – entities under common control	**2,047,701**	2,047,701
Other assets - associates	**1,498,736**	894,639
Borrowings –shareholders	**(250,000)**	-
Other liabilities – key management personnel	**(204,196)**	(540,095)

	2024 KD	2023 KD
Transactions with related parties		
Finance income - shareholders	**25,527**	38,407
Management and advisory fees – associates	**146,493**	140,824
Dividends income – associates	**73,681**	-
Finance costs –shareholders	**(4,676)**	-
Provision for expected credit losses for finance receivables recovery (charge) – shareholders	**9,868**	(17,457)
Provision for expected credit losses on other assets – associates	**(252,107)**	-
Fiduciary assets		
Investments and funds managed in a fiduciary capacity	**46,166,136**	28,270,713

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

18 RELATED PARTIES (continued)

During the prior year, the Parent Company has secured a loan from its subsidiary, "KFIC for Financing Services K.S.C.C.", classified as financing receivables at amortised cost. The loan amount is KD 2,200,000 and carries an interest rate of 1% per annum above the CBK discount rate.

During the previous year, the Parent Company agreed to give a corporate guarantee in favor of a local bank of KD 1 million to cover 10% of the value of the purchased finance portfolio from KFIC For Financing Services Company K.S.C.C.

Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Parent Company.

The aggregate value of transactions related to key management personnel were as follows:

	2024 **KD**	2023 KD
Key management compensation		
Salaries, other short-term benefits and end of services indemnity	**(397,696)**	(399,567)

19 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers (i.e. the Executive Committee) in order to allocate resources to the segments and to assess their performance. The Group's main activities are organized and managed through four major segments as follows:

Finance

This segment provides consumer loans to individuals and commercial loans to corporate entities and individual customers.

Asset management

This segment provides services of portfolio management and custody services for clients, as well as management of mutual funds.

Investment and corporate finance

This segment monitors the Parent Company's direct investments and also provides investment banking services as well as financial consultancy services for clients.

Financial brokerage and online trading

This segment provides the brokerage and online trading services to the clients.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

19 SEGMENT INFORMATION (continued)

The following table presents revenue, results for the year, total assets and total liabilities information regarding the Group's reportable segments.

2024	Finance	Asset management	Investment & corporate finance	Financial brokerage & online trading	Total
	KD	KD	KD	KD	KD
Revenues	**2,826,860**	**735,446**	**(162,977)**	**635,043**	**4,034,372**
Expenses	**(2,827,700)**	**(1,181,638)**	**(941,401)**	**(2,085,064)**	**(7,035,803)**
Segment results	**(840)**	**(446,192)**	**(1,104,378)**	**(1,450,021)**	**(3,001,431)**
Unallocated revenues					**21,944**
Unallocated expenses					**(266,002)**
Loss for the year					**(3,245,489)**
Segment assets	**15,212,849**	**697,373**	**9,556,491**	**10,221,474**	**35,688,187**
Unallocated assets					**163,916**
Total assets					**35,852,103**
Segment liabilities	**3,650,630**	**165,775**	**905,325**	**543,646**	**5,265,376**
Unallocated liabilities					**4,829,324**
Total liabilities					**10,094,700**

2023	Finance	Asset management	Investment & corporate finance	Financial brokerage & online trading	Total
	KD	KD	KD	KD	KD
Revenues	2,502,136	623,646	226,368	343,874	3,696,024
Expenses	(1,822,395)	(1,353,030)	(1,222,488)	(2,490,381)	(6,888,294)
Impairment of intangible assets	-	-	-	(7,581,522)	(7,581,522)
Segment results	679,741	(729,384)	(996,120)	(9,728,029)	(10,773,792)
Unallocated revenues					34,558
Unallocated expenses					(431,980)
Loss for the year					(11,171,214)
Segment assets	16,859,274	3,336,847	8,771,902	11,669,447	40,637,470
Unallocated assets					909,192
Total assets					41,546,662
Segment liabilities	4,283,272	347,316	624,865	567,734	5,823,187
Unallocated liabilities					5,698,038
Total liabilities					11,521,225

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

20 FAIR VALUE MEASURMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices for identical or similar instruments in market that are considered less than active or other valuation techniques in which all significant inputs are observable from market data.

Level 3: valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the fair value measurement hierarchy of the Group's financial assets recorded at fair value:

2024	Level 1	Level 2	Level 3	Total fair value
	KD	KD	KD	KD
Financial assets at fair value through profit or loss	**773,921**	-	**2,047,706**	**2,821,627**
Financial assets at fair value through other comprehensive income	-	**115,494**	**4,366**	**119,860**
Finance receivable at fair value through other comprehensive income	-	-	**7,647,481**	**7,647,481**
Investment properties	-	**2,486,591**	**6,290,000**	**8,776,591**

2023	Level 1	Level 2	Level 3	Total fair value
	KD	KD	KD	KD
Financial assets at fair value through profit or loss	2,505,273	-	2,047,706	4,552,979
Financial assets at fair value through other comprehensive income	-	119,127	4,717	123,844
Finance receivable at fair value through other comprehensive income	-	-	7,983,391	7,983,391
Investment properties	-	2,758,696	6,074,000	8,832,696

The valuation method used in Level 3 for equity instruments is the net book value method adjusted for illiquidity discounts by 20%. An increase /decrease in the discount rate by 5% would change the fair value by KD 20,477 (2023: KD 20,477).

The valuation method used in Level 3 for finance receivables at fair value through other comprehensive income is the discounted cash flow method. An increase /decrease in the discount rate by 5% would change the fair value by KD 44,419 (2023: KD 48,742).

The fair value of the financial assets and liabilities other than those mentioned above are not materially different than their carrying value.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

20 FAIR VALUE MEASUREMENTS (continued)

The following table represents the changes in Level 3 for the years ended 31 December 2024 and 2023:

	As at 1 January 2024	Change in fair value	Additions / Settlements	Net results in the consolidated statement of income	As at 31 December 2024
	KD	KD	KD	KD	KD
Financial assets at fair value through profit or loss	**2,047,706**	-	-	-	**2,047,706**
Financial assets at fair value through other comprehensive income	**4,717**	**(351)**	-	-	**4,366**
Financial receivables at fair value through other comprehensive income	**7,983,391**	**38,491**	**(378,829)**	**4,428**	**7,647,481**
Investment proper- ties	**6,074,000**	**216,000**	-	-	**6,290,000**
	16,109,814	**254,140**	**(378,829)**	**4,428**	**15,989,553**

	As at 1 January 2023	Change in fair value	Additions / Settlements	Net results in the consolidated statement of income	As at 31 December 2023
	KD	KD	KD	KD	KD
Financial assets at fair value through profit or loss	2,047,706	-	-	-	2,047,706
Financial assets at fair value through other comprehen- income sive	4,578	139	-	-	4,717
Financial receiv- ables at fair value through other com- income prehensive	8,898,971	(18,205)	(1,007,790)	110,415	7,983,391
Investment prop- erties	6,074,000	-	-	-	6,074,000
	17,025,255	(18,066)	(1,007,790)	110,415	16,109,814

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market, credit, and liquidity risk. Market risk is being subdivided into foreign currency risk, equity price risk, interest rate risk and prepayment risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group has a Risk Management Division ('RMD') whereby risks are identified, measured and monitored.

The following is the general framework of the risk management policies applied in the Group.

Risk Management Structure

Board of Directors

The Board of Directors of the Parent Company is responsible for developing the overall risk management framework, and approving risk management strategies.

The Board has established a Risk Management Committee (the 'RMC'), as required by the regularities parties, comprising of members from the Board, to set the framework and monitor the Group's risks and controls related requirements covering all risk types such as credit, market, liquidity, operational, and any other risk that applies. The RMC is assisted in these activities by the Head of the Risk Management Division.

The Board has also established an Audit Committee (the 'AC'), as required by the regularities parties, which, amongst other functions, is also required to monitor adherence with the Group's Risk Management principles, policies and procedures. The Group's AC is assisted in these activities by Internal Audit Division.

Risk Management and Reporting System

Risk monitoring is managed through reports provided by RMD and through appetites set by the Board of Directors. These benchmarks reflect the Group's business strategy, market conditions, and the environment in which the Group is operating in.

Risk management is the systematic process of identifying, assessing, mitigating, and monitoring risks that could impact an organization's ability to achieve its objectives adequately whilst ensuring adherence to the risk appetite limits. Risk management policies are subject to an annual review, to reflect changes in economic and regulatory environment, market conditions, products and services offered by the Group.

21.1 Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, foreign currency risk and other price risks.

(a) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group is exposed to foreign exchange risk arising from currency exposures mainly with US Dollar and Bahraini Dinar.

Foreign currency risk management framework

The Group monitors foreign currency exposure on an ongoing basis, appropriate decisions are taken to minimize the exposure to a specific currency when required.

Had the exchange rate of the following currencies increased/ decreased by 5% against the Kuwaiti Dinar, with all other variables held constant, the Group's consolidated statement of income and comprehensive income would have been shifted by the following amounts:

	2024		2023	
Currency	**Impact on the consolidated statement of income KD**	**Impact on consolidated OCI KD**	Impact on the consolidated statement of income KD	Impact on consolidated OCI KD
USD	+/- **115,292**	+/- **53,622**	+/- 91,155	+/- 96,052
BHD	+/- **129,338**	+/- **7,944**	+/- 138,134	+/- 4,920

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.1 Market risk (continued)

(b) Equity price risk

Equity price risk is the risk that the fair values of equity investments will fluctuate as a result of changes in the level of equity indexes or the value of the individual share prices. The Group is exposed to equity price risk arising from financial assets that are classified as "investments at fair value through other comprehensive income", or "at fair value through profit or loss".

Equity price risk management framework

To manage this risk, the Equity Price Risk Management Framework aims to identify, assess, and mitigate risks from fluctuations in equity prices by diversifying investments, setting risk limits, and using hedging strategies to minimize financial impact. These policies are implemented through the authority matrix approved by the Board of Directors.

For unquoted investments, the Group prepares, on a regular basis, studies to determine the fair value of these investments.

The table below summarizes the impact of an increase in the various stock exchange indexes on the Group's consolidated statement of income . The following analysis is based on the assumption that the equity indexes would increase/decrease by 5% with all other variables held constant.

Description	Impact on the consolidated Statement of income	
	2024	2023
	KD	KD
Kuwait stock exchange	**+/-35,213**	+/- 134,189

(c) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings and financing receivables with floating interest rates.

Interest rate risk management framework

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities. Further, the Group's policy is to manage its interest cost by availing competitive credit facilities from local financial institutions and constantly monitoring interest rate fluctuations.

The Group manages this risk by monitoring the changes in the interest rates and studying the effects on its cash flows.

Had interest rates increased by 50 basis points of the interest rate applied, the net loss for the year of the Group would have increased by KD 9,334 for the year ended 31 December 2024 (2023: KD 21,740).

(d) Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its clients and/or counterparties repay or request to repay the loans earlier; for example, for loans which have fixed interest rate during the periods of witnessing a decline in interest rate. The Group is not significantly exposed to prepayment risk.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the Group by failing to pay for its obligation. This includes the risk of decline in the credit standing of the customer. While such a decline does not imply default, it increases the probability of the customer defaulting. Financial instruments that are exposed to credit risk are bank balances, finance receivables at fair value through other comprehensive income ('FVOCI'), finance receivables at amortised cost, financial assets at amortised cost, and other assets.

Credit risk management framework

The Group manages the credit risk related to bank balances and cash in investment portfolios through dealing with local and foreign financial institutions, which have a good credit reputation, while for the finance receivables (FVOCI and amortised cost) the Group established credit policies to mitigate the credit risk of such receivables.

The Group has in place a credit policy to define the criteria of credit granting which is approved by the Board of Directors. Any amendment to that policy has to be approved by the Board of Directors. Furthermore, authority matrix in credit granting has been set as part of the credit policy. The Board has also approved the Executive Committee (the 'EC') Charter. Moreover, the role of the Executive Committee includes the decision on granting credit that exceeds a specific limit. The Board of Directors has the ultimate authority to grant credit if the credit amount is above the authority limit of the Executive Committee.

RMD provides independent opinions and assessments of risk for every financing and investment proposal presented to the approving authorities for decision making.

The Group manages its credit facilities portfolio with the objective of ensuring that it is well diversified, and it earns a level of return commensurate with the risks it assumes, at the same time, seeks to ensure the quality of the credit portfolio.

In addition, the Group endeavors to manage the credit exposure by obtaining collaterals where appropriate and limiting the tenor of exposure or structures that are beneficial to the overall risk profile of the Group's credit risk exposure.

As required by the CBK, the Group has established an internal Credit Provisioning Committee (CPC) at the executive level, which is primarily responsible for the study and evaluation of the existing credit facilities of the Group, to identify any abnormal situations and difficulties associated with a customer's position which may require the exposure to be classified as irregular, and to determine an appropriate provisioning required for impaired/ potential impairment of assets.

Assessment of expected credit losses ("ECLs")

Definition of default and cure

The Group considers a financial asset to be in default and therefore Stage 3 (credit impaired) for ECL calculations when:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as default or past due event
- The disappearance of an active market for a security because of financial difficulties
- Purchase of a financial asset at a deep discount that reflects the incurred credit loss
- All rescheduled facilities
- Retail facilities from commencement of legal recourse

Any credit impaired or stressed facility that has been restructured during the year would also be considered as in default.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk (continued)

Assessment Of Expected Credit Losses ("ECLs") (Continued)

The Group considers a variety of indicators that may indicate unlikeliness to pay as part of a qualitative assessment of whether a customer is in default. Such indicators include:

- breaches of covenants
- borrower having past due liabilities to public creditors or employees
- borrower is deceased

The Group considers financial assets as "cured" (i.e no longer be in default) and therefore reclassified out of stage 3 when it no longer meets any of the default criteria. In respect of restructured facilities which are classified in stage 3, there would require to complete the moratorium period (if any) and meet the scheduled payments for at least 1 year (except for retail facilities) or as determined by the Group for consideration for classifying the facility in stage 2/stage 1.

Significant Increase In Credit Risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assess whether there has been a significant increase in credit risk since initial recognition.

All financial assets, except retail finance (consumer and housing loans), that are more than 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria don't indicate a significant increase in credit risk. Retail finance (consumer and housing loans) however, migrate to stage 2 based on more than 60 days past due movement.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represents the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group estimates these elements using appropriate credit risk models, nature and value of collaterals, forward-looking macro-economic scenarios, etc.

The Group calculates ECL on credit facilities classified in stage 3 at 100% of the defaulted exposure net of value of eligible collaterals after applying applicable haircuts.

The Group in estimating ECL for credit facilities has taken into consideration the following key parameters based on inputs from CBK:

- Floor for estimating PDs for specific portfolios
- Eligible collateral with haircuts for determining LGD
- Deemed maturity for exposures in stage 2

Internal rating and PD estimation process

In managing its portfolio, the Group utilises ratings and other measures and techniques which seek to take account of all aspects of perceived risk. The Group has its internal model that is then leveraged for PD estimation process.

The Probability of Default (PD) is the likelihood that an obligor will default on its obligations in the future. IFRS 9 requires the use of separate PD for a 12-month duration and lifetime duration depending on the stage allocation of the obligor. A PD used for IFRS 9 should reflect the Group's estimate of the future asset quality. The through-the cycle (TTC) PDs are generated from the model based on the internal credit assumptions. The Group converts the TTC PDs to point-in-time (PIT) PD term structures using appropriate models and techniques.

The Group assesses the PD for its retail portfolio through days past due. The retail portfolio is further segmented statistically and risk pools with shared risk characteristics.

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk (continued)

Assessment Of Expected Credit Losses ("ECLs") (Continued)

Exposure at default

Exposure at default (EAD) represents the amount which the obligor will owe to the Group at the time of default. EAD is estimated taking into consideration the contractual terms such as interest rates, frequency, maturity, pre-payment options, amortization schedule, etc.

Loss given default

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset.

Incorporation of forward-looking information

The Group considers key economic variables that are expected to have an impact on the credit risk and the ECL in order to incorporate forward looking information into the ECL models. Key economic variables include, Gross Domestic Product and Unemployment rate. These primarily reflect reasonable and supportable forecasts of the future macro-economic conditions. The consideration of such factors increases the degree of judgment in determination of ECL. The Group employs statistical models to incorporate macro-economic factors on historical default rates. The Group considers 3 scenarios (base, best and worst) of forecasts of macro-economic data separately for each segments and appropriate probability weights are applied to these scenarios to derive a probability weighted outcome of expected credit loss. The management reviews the methodologies and assumptions including any forecasts of future economic conditions on a regular basis.

Provisions for credit losses in accordance with CBK instructions

The Group is required to calculate provisions for credit losses on credit facilities in accordance with the instructions of CBK on the classification of credit facilities and calculation of provisions. Credit facilities are classified as past due when a payment has not been received on its contractual payment date or if the facility is in excess of pre-approved limits. A credit facility is classified as past due and impaired when the interest or a principal instalment is past due for more than 90 days and if the carrying amount of the facility is greater than its estimated recoverable value. Past due but not impaired and past due and impaired loans are managed and monitored as irregular facilities and are classified into the following four categories which are then used to determine the provisions.

Category	Criteria	Specific provision
Watch list	Irregular for a period of up to 90 days	-
Substandard	Irregular for a period of 91- 180 days	20%
Doubtful	Irregular for a period of 181- 365 days	50%
Bad	Irregular for a period exceeding 365 days	100%

The Group may also include a credit facility in one of the above categories based on management's judgment of a customer's financial and/or non-financial circumstances.

In addition to specific provisions, minimum general provisions of 1% on cash facilities and 0.5% on non-cash facilities are made on all applicable credit facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning. The following classification of credit exposures is considered by the Group in accordance with the instructions of CBK on the classification of credit facilities.

Number of days past due	Classification
Within 90 days	Watch list
More than 90 days but not exceeding 180 days	Substandard
More than 180 days but not exceeding 365 days	Doubtful
More than 365 days	Bad

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk (continued)

Maximum exposure to credit risk without taking account of any collateral

The maximum exposure to credit risk as at the reporting date is the carrying values of the financial assets net of impairment recorded in the consolidated financial statements that are subject to credit risk without considering any collaterals.

Bank balances are neither past due nor impaired and are placed with high credit rating institutions.

Hereunder, the assets exposed to credit risk without considering the collateral.

	2024 KD	2023 KD
Bank balances and cash – excluding cash on hand	**5,541,176**	5,242,529
Finance receivables at FVOCI	**7,647,481**	7,983,391
Finance receivables at amortised cost	**1,997,545**	4,293,719
Other assets – excluding prepayments	**6,247,897**	6,973,515
	21,434,099	24,493,154

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could give rise in the future as a result of changes in value.

Risk concentrations of the maximum exposure to credit risk

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region or exposed to similar economic environment that would cause their ability to meet contractual obligations and be similarly impacted by changes in economic, political and/or other conditions.

The Group is not significantly exposed to risk concentration, except for exposure of KD 4.1 million (2023: KD 5.1 million) to certain counter party included in other assets (Note 7).

Credit risk mitigation

Credit risk mitigation techniques that the Group is permitted to use are obtaining collateral where appropriate and limiting the tenor of exposure or structures that are beneficial to the Group's management of risks to an exposure.

Collaterals

Commercial finance receivables are secured against investments in quoted and unquoted securities, real estate properties, bank guarantees and vehicles. Management monitors the market value of collaterals and may request additional collaterals in accordance with the underlying agreement, during its review of the adequacy of the provision for credit losses.

As of 31 December 2024, the finance receivables, which are fully covered by collaterals, represent 19% (2023:22%) of the gross balance of finance receivables less deferred income.

Credit quality per class of financial assets

The table below shows the credit quality and the maximum exposure to credit risk for the year ended 31 December 2024 and 2023 based on year-end stage allocation for consolidated statement of financial position lines by class of assets. The amounts presented are gross of impairment allowances.

2024	Stage 1 KD	Stage 2 KD	Stage 3 KD	Total KD
Bank balances and cash	**5,541,176**	**-**	**-**	**5,541,176**
Finance receivables at FVOCI	**6,927,153**	**150,228**	**580,450**	**7,657,831**
Finance receivables at amortised cost	**2,312,748**	**7,221**	**310,270**	**2,630,239**
Financial assets at amortised cost	**-**	**-**	**30,421**	**30,421**
Other assets – excluding prepayments	**1,300,979**	**-**	**9,805,474**	**11,106,453**
As of 31 December 2024	**16,082,056**	**157,449**	**10,726,615**	**26,966,120**

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.2 Credit risk (continued)

Credit quality per class of financial assets (continued)

2023	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Bank balances and cash	5,242,529	-	-	5,242,529
Finance receivables at FVOCI	7,018,104	198,434	820,122	8,036,660
Finance receivables at amortised cost	4,276,990	36,244	521,498	4,834,732
Financial assets at amortised cost	-	-	30,660	30,660
Other assets – excluding prepayments	1,383,873	-	9,094,750	10,478,623
As of 31 December 2023	17,921,496	234,678	10,467,030	28,623,204

Financial assets at amortised costs represents gross amount of KD 30,421 (2023: KD 30,660) offset by ECL provision of KD 30,421 (2023: KD 30,660).

The Group internally classified the various credit risk exposure which are neither past due nor impaired into two categories of credit quality (high quality and standard quality).

The Group classifies its regular commercial clients for which collaterals are obtained according to risk exposure as the following:

- **High Quality:** Regular exposures with a normal risk covered fully by securities and real estate collaterals in excess of 100% of the outstanding amount.
- **Standard Quality:** All other regular exposures.

The following is the degree of exposure to the credit risk for the finance receivables at amortized cost as of 31 December 2024:

	Regular commercial clients		
	High quality	Standard quality	Total
	KD	KD	KD
Finance receivables:			
Commercial finance	**1,317,618**	**822,939**	**2,140,557**
	1,317,618	**822,939**	**2,140,557**

The following is the degree of exposure to the credit risk for the finance receivables at amortised cost as of 31 December 2023:

	Regular commercial clients		
	High quality	Standard quality	Total
	KD	KD	KD
Finance receivables:			
Commercial finance	3,063,388	1,116,616	4,180,004
	3,063,388	1,116,616	4,180,004

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.3 Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities.

Liquidity risk management framework

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. To provide liquidity, the Group is managing its assets to provide the required liquidity and monitoring the cash flows on regular basis by estimating the future cash flows and keeping liquid assets at a minimum 10% from its liabilities.

The table below analyzes the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the consolidated financial statements. Balances due within 12 months from the reporting date equal their carrying balances, as the impact of discounting is not significant. Finance receivables at FVOCI and finance receivable at amortised cost represents only performing loans (neither past due or impaired).

2024	Up to 3 months	6 - 3 months	6 months – 1 year	3 – 1 years	Over 3 years	Total
	KD	KD	KD	KD	KD	KD
Assets						
Bank balances and cash	5,036,928	500,000	8,222	-	-	5,545,150
Financial assets at fair value through profit or loss	-	-	773,921	2,047,706	-	2,821,627
Finance receivables at FVOCI	754,117	622,372	1,212,909	4,014,043	1,448,949	8,052,390
Finance receivable at amortised cost	189,630	175,510	406,376	1,556,452	267,783	2,595,751
Financial assets at fair value through other comprehensive income	-	-	-	119,860	-	119,860
Other assets (excluding (prepayments	1,300,979	-	-	4,946,918	-	6,247,897
	7,281,654	1,297,882	2,401,428	12,684,979	1,716,732	25,382,675
Liabilities						
Borrowings	73,011	96,862	367,090	1,672,248	5,625,966	7,835,177
Other liabilities	3,989,170	68,628	137,256	1,326,710	27,500	5,549,264
	4,062,181	165,490	504,346	2,998,958	5,653,466	13,384,441

2023	Up to 3 months	6 - 3 months	6 months – 1 year	3 – 1 years	Over 3 years	Total
	KD	KD	KD	KD	KD	KD
Assets						
Bank balances and cash	5,013,753	200,000	34,000	-	-	5,247,753
Financial assets at fair value through profit or loss	-	-	2,505,273	2,047,706	-	4,552,979
Finance receivables at FVOCI	552,142	594,222	1,158,267	4,079,451	1,895,328	8,279,410
Finance receivable at amortised cost	195,307	269,133	547,949	3,270,601	722,389	5,005,379
Financial assets at fair value through other comprehensive income	-	-	-	123,844	-	123,844
(Other assets (excluding prepayments	1,383,873	-	-	5,589,642	-	6,973,515
	7,145,075	1,063,355	4,245,489	15,111,244	2,617,717	30,182,880
Liabilities						
Borrowings	519,484	512,307	1,003,981	2,850,565	2,151,921	7,038,258
Other liabilities	3,479,917	69,728	127,496	1,808,214	9,340	5,494,695
	3,999,401	582,035	1,131,477	4,658,779	2,161,261	12,532,953

KFIC INVEST COMPANY K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

21 FINANCIAL RISK MANAGEMENT (continued)

21.4 Capital risk management

The Parent Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. To maintain or change the capital structure, the Parent Company may adjust the dividends paid to the shareholders, or return the capital, or issue new shares or sell assets to reduce its debts. In order to maintain or adjust the capital structure, as followed by other companies in the same business, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less bank balances and cash. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The gearing ratio as of 31 December is as follows:

	2024 KD	2023 KD
Total borrowings	**4,596,666**	6,083,333
Less: Bank balances and cash	**(5,545,150)**	(5,247,753)
Net (surplus) deficit debt	**(948,484)**	835,580
Total equity	**25,757,403**	30,025,437
Total capital	**24,808,919**	30,861,017
Gearing ratio	**-3.82%**	2.71%

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Group.

As of the reporting date, the Group is in compliance with minimum required regulatory capital adequacy ratios, The Group's regulatory capital and capital adequacy ratios for the year ended 31 December 2024 and 31 December 2023 are calculated in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

22 FIDUCIARY ASSETS

Portfolios, funds, finance portfolios and other portfolios under the management of the Parent Company amounted to KD 226,230,290 (2023: KD 219,331,502).

Management fees related to these fiduciary assets amounted to KD 843,862 for the year ended 31 December 2024 (2023: KD 804,332).