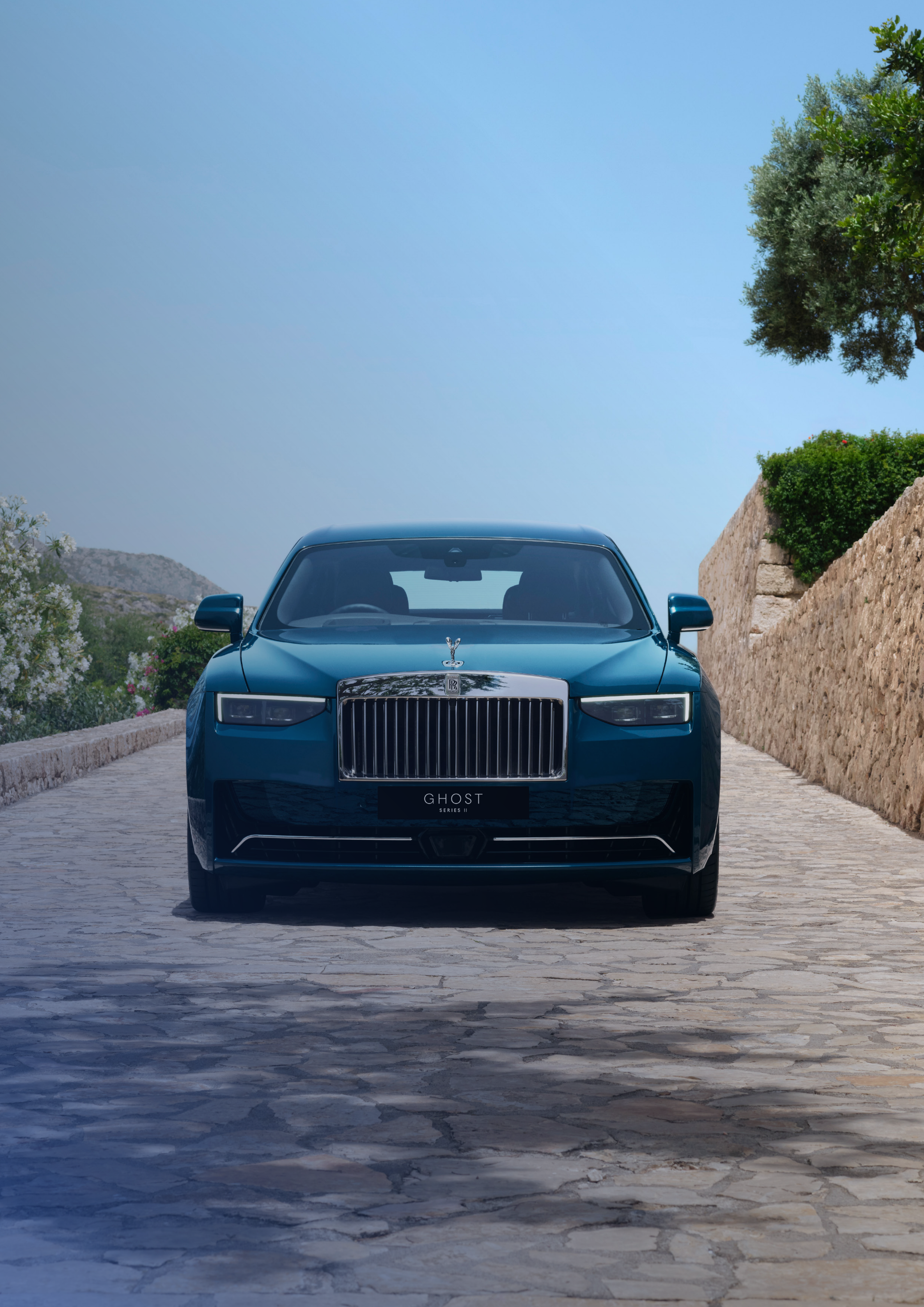
Ali Alghanim Sons Automotive Company K.S.C.P.

2024

Annual Report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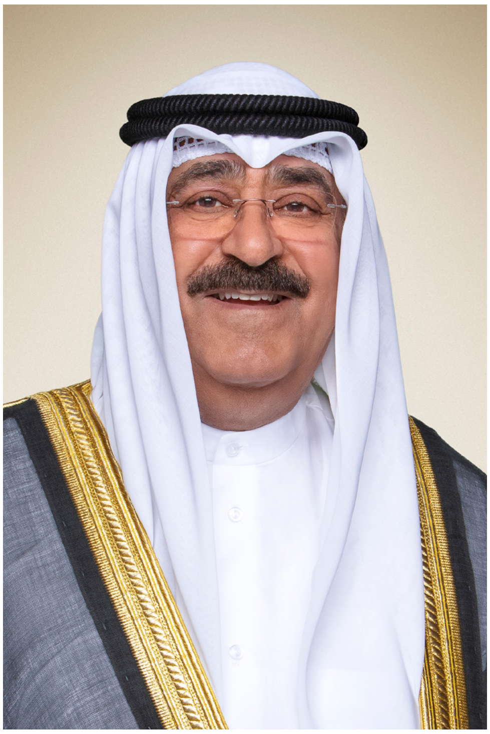
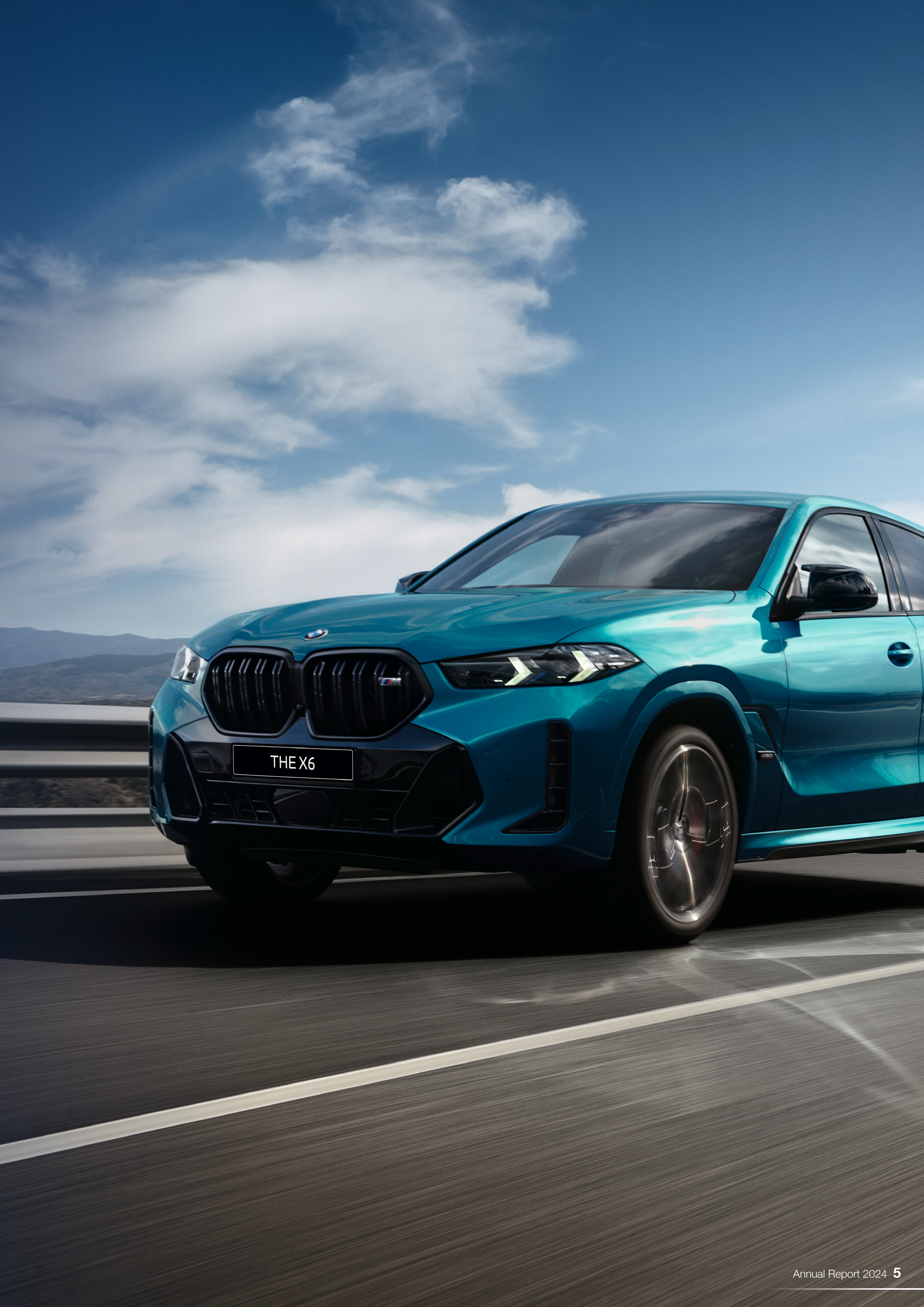


His Highness Sheikh
Meshal Al-Ahmad Al-Jaber Al Sabah

Amir of the State of Kuwait

Table of Content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Ali Alghanim Sons' road to success

2024 was transformative for **Ali Alghanim Sons Automotive Company K.S.C.P.**, that has seen remarkable achievements and unwavering progress despite a dynamic global landscape. Strengthening our market presence in Kuwait, Iraq & Egypt, we continued to expand our footprint with innovative offerings and exceptional customer experiences. By navigating economic fluctuations and supply chain challenges with resilience and strategic foresight, we achieved robust financial growth, showcasing our commitment to excellence. Our efforts this year also highlighted our dedication to sustainability, aligning our operations with global environmental standards and reinforcing our role as a forward-thinking leader in the automotive industry. These accomplishments set a strong foundation for sustained success in the years to come.

01

In 2024, our financial performance continued its upward trend, with increased profitability and market capitalization driven by robust contributions from international markets, including **Iraq & Egypt.**

02

Expanding our footprint in **Iraq & Egypt** remained a priority, with dealership and service center expansions enabling us to tap into two of the region's most promising automotive markets.

03

In Kuwait, we elevated customer experience through the renovation of **6 service centers,** bringing the **total number of locations to 16 across the country.**

04

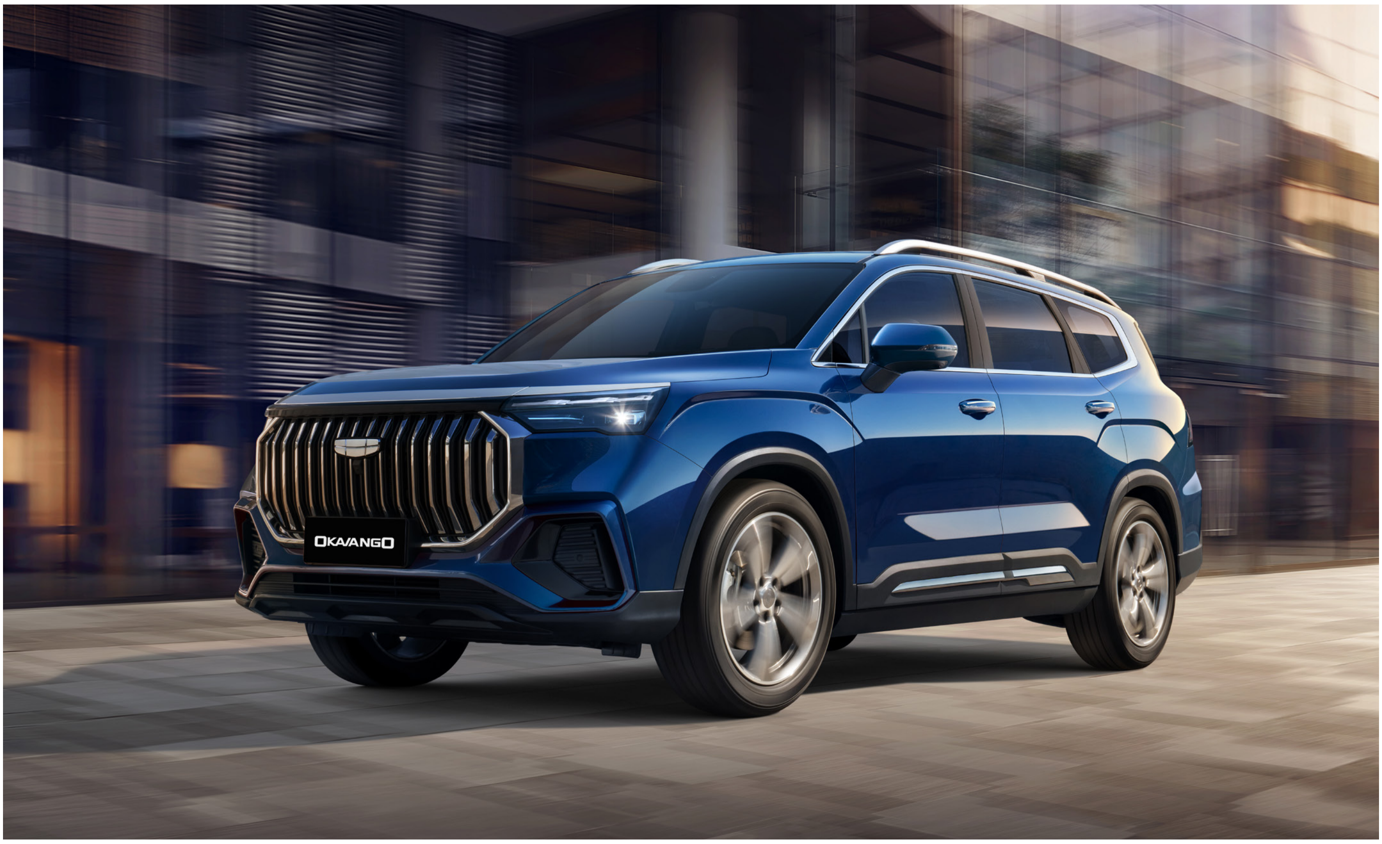
Our investments in sustainability gained momentum in 2024, focusing on energy-efficient practices and aligning our operations with international ESG standards and the UN Sustainable Development Goals.

05

The company tackled challenges such as supply chain disruptions by diversifying its supplier base and leveraging strong partnerships, ensuring operational continuity and resilience.

06

Ali Alghanim Sons Automotive Company K.S.C.P. strengthened its market position in Kuwait, Iraq & Egypt, making 2024 a year of sustained growth and successful regional expansion.



About Us

Ali Alghanim Sons Automotive Company K.S.C.P.

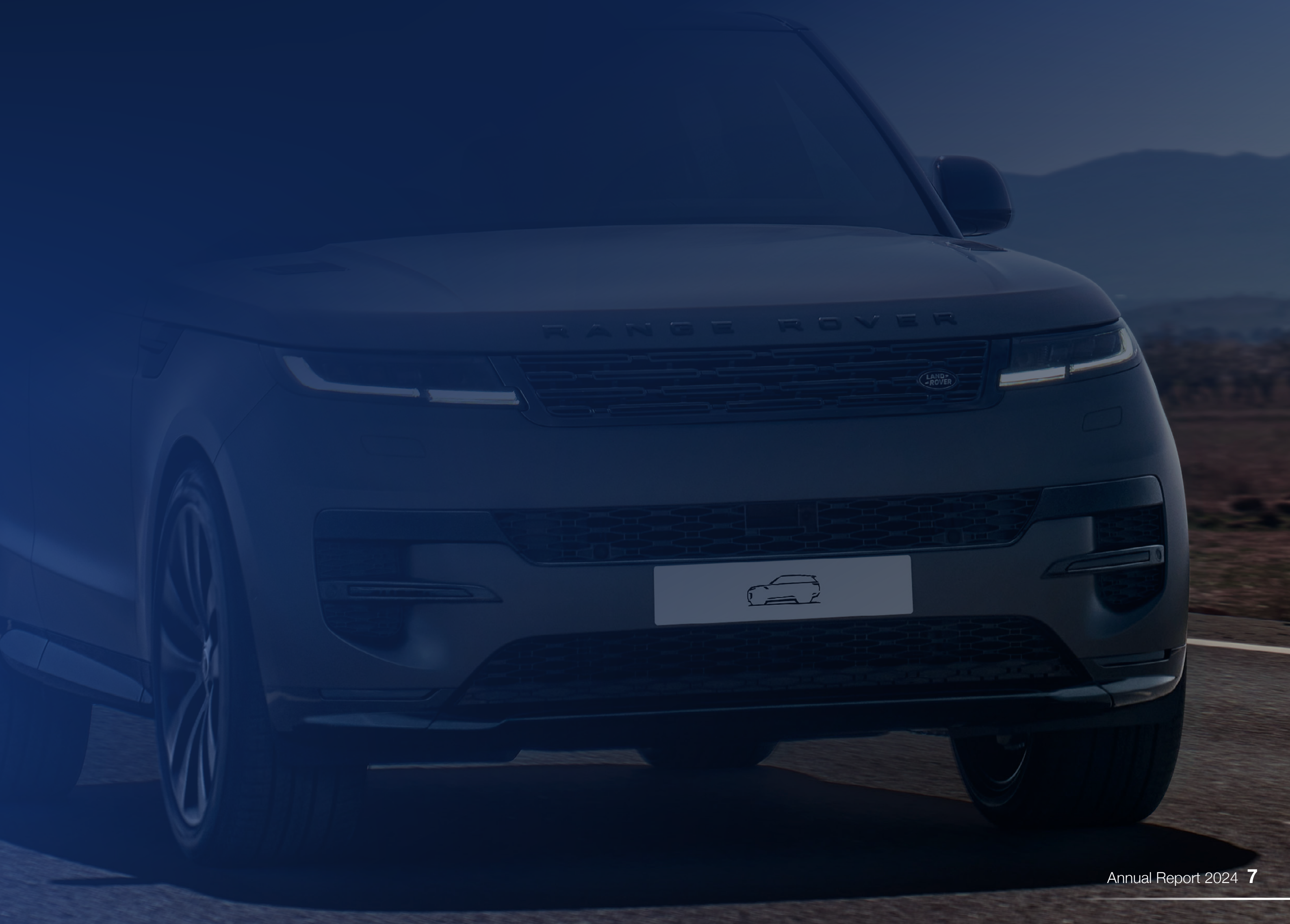
From humble beginnings in the early 1960s as a small family business venture, **Ali Alghanim Sons Automotive Company K.S.C.P**. has grown into a market leader in the automotive sector in Kuwait and beyond. Today, the company has established a solid market presence **in Kuwait, Iraq & Egypt**, representing top global luxury car brands, including Rolls-Royce, BMW, MINI, Land Rover, McLaren, Geely, GWM, and Man Trucks.

With nine subsidiaries and a highly diversified automotive portfolio of passenger and commercial vehicles ranging from entry-level to ultra-luxury brands and heavy commercial vehicles and equipment, **Ali Alghanim Sons Automotive Company K.S.C.P.** has evolved into a prominent Kuwaiti public company.

Our portfolio has expanded significantly to include enhanced customer experiences and sustainability-focused initiatives. We now operate a network of **16 service centers in Kuwait, including 6 recently renovated facilities, alongside 10 car showrooms that deliver world-class sales and after-sales services.**

Beyond import and distribution, our activities encompass after-sales and aftermarket products, certified used vehicle sales, rental and leasing, ride-hailing, car valuation, technical inspection, and vehicle registration renewal services.

Sustainability is a core priority, reflected in our investments in energy efficiency and adherence to international ESG standards. These efforts position **Ali Alghanim Sons Automotive Company K.S.C.P.** as not just a leader in the automotive industry but also a forward-thinking organization committed to a greener and more sustainable future.



01

Key Highlights and Recap of 2024

Achievements – A Transformative Year

The financial year of 2024 was a landmark period for **Ali Alghanim Sons Automotive Company K.S.C.P.**, marked by exceptional growth, strategic market expansion, and innovation. Building on the company's legacy of excellence, 2024 saw significant advancements in operational capabilities and customer-centric services across its markets in **Kuwait, Iraq & Egypt.**

Despite navigating global economic challenges, the company demonstrated remarkable resilience and agility. **Ali Alghanim Sons Automotive Company K.S.C.P.** achieved record revenue and profit growth, with market capitalization increasing significantly. These financial achievements highlight the leadership's commitment to delivering value to shareholders while driving sustainable business expansion.

The company achieved robust financial results in 2024, with total assets increasing by **17.93%**, reaching **KD 263,206,792,** compared to 2023, and a net profit attributable to the parent company's shareholders of **KD 29,260,28**2, reflecting a **2.73%** growth. Total equity attributable to the parent company's shareholders soared by **7.63%**, reaching **KD 88,831,647**. These achievements were driven by strong contributions from international markets, particularly Iraq & Egypt, and supported by proactive cost management measures.

Fortifying Leadership Through Strategic Market Expansion

Ali Alghanim Sons Automotive Company K.S.C.P. strengthened its position as a leader in the automotive industry by expanding its footprint in **Kuwait, Iraq & Egypt**. In Iraq & Egypt, the company reinforced its market presence supported by a robust network of sub-dealers. Automobility along with the Sub-dealers operate in **more than 12 strategic loacations**, along with **an assembly plant** across the country. These pivotal expansion efforts have empowered the organization to solidify its leadership in the North African automotive market.

In Kuwait, the company's focus on local market growth resulted in opening **6 newly renovated service centers,** bringing the **total to 16 across the country.** These enhancements reflect the company's commitment to delivering superior customer experiences and maintaining its leadership in the domestic market.

Innovative Offerings, Sustainability, and Environmental Practices

Ali Alghanim Sons Automotive Company K.S.C.P. continued to introduce cutting-edge automotive products and services in **Kuwait, Iraq & Egypt**, catering to the evolving needs of its valued clientele.

In 2024, the company launched several impactful sustainability initiatives. These included retrofitting its facilities with energy-efficient LED lighting, integrating water conservation technologies in its service centers, and implementing waste reduction, recycling, and safe disposal programs for hazardous materials.

Partnering with the Iraqi and Egyptian governments, the company played a pivotal role in advancing environmentally friendly automotive practices. These efforts align with **Ali Alghanim Sons Automotive Company K.S.C.P.'s** broader corporate social responsibility (CSR) initiatives, which include community engagement, education, and inclusivity programs.

The company's governance practices further strengthen its sustainability agenda by adhering to international ESG standards and aligning with the United Nations Sustainable Development Goals (UN SDGs). By integrating sustainability into its core business strategy, **Ali Alghanim Sons Automotive Company K.S.C.P.** showcases its commitment to environmental stewardship, operational excellence, and sustainable growth.

Overcoming Challenges with Strategic Resilience

In 2024, **Ali Alghanim Sons Automotive Company K.S.C.P**. successfully navigated challenges such as supply chain disruptions and economic fluctuations. By diversifying its supplier base and leveraging robust market opportunities in **Iraq & Egypt**, the company ensured continuity and operational efficiency. Strategic partnerships, including collaborations with regional governments and local businesses, further solidified its resilience and ability to adapt to a dynamic global landscape.

Commitment to Excellence in Customer Service

Customer satisfaction remained a cornerstone of **Ali Alghanim Sons Automotive Company K.S.C.P.'s** strategy in 2024. With **6 upgraded service centers and a total of 16 locations in Kuwait,** the company has set new benchmarks for service quality. Innovations in customer engagement, such as the introduction of digital booking platforms and personalized maintenance packages, have further enhanced the client experience.

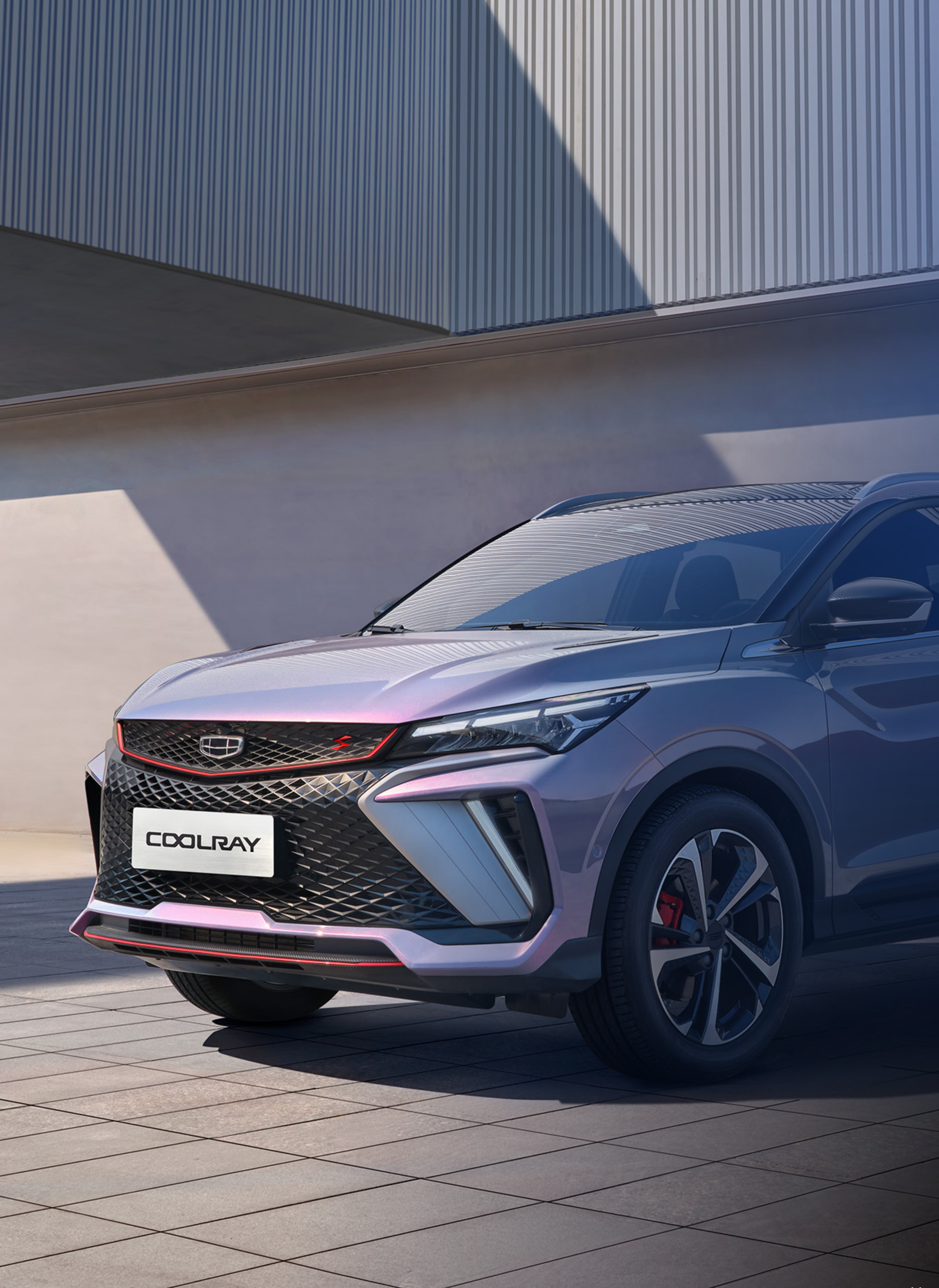
Goals and Strategies for 2025

Looking ahead, Ali Alghanim Sons Automotive Company aims to:

Expand its market presence in Kuwait, Iraq & Egypt and other regional hubs.

Continue investing in sustainable automotive technologies and infrastructure.

Enhance digital transformation efforts to provide innovative, customer-centric solutions.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02

Statement from the Chairman

Dear Esteemed Shareholders of Ali Alghanim Sons Automotive Company K.S.C.P.,

On behalf of the Board of Directors and Executive Management, I am honored to present the annual report of **Ali Alghanim Sons Automotive Company K.S.C.P.** for the fiscal year ending December 31, 2024. This report highlights the company's key activities, major developments during the year, as well as the corporate governance report, consolidated financial statements, and the auditor's report.

A Year of Outstanding Achievements

In 2024, **Ali Alghanim Sons Automotive Company K.S.C.P.** accomplished significant milestones across multiple areas. Through its subsidiaries and affiliates, the company expanded its product portfolio by introducing new models from the leading automotive brands it exclusively represents in Kuwait, Iraq & Egypt, including Rolls-Royce, BMW, MINI, Land Rover, Geely, GWM, MAN Trucks, and McLaren. This expansion has enhanced customer satisfaction and strengthened long-term relationships with our valued clients.

As part of our local expansion strategy, we strengthened the presence of our brands in Kuwait upgrading showrooms and expanding our network of rapid service centers. Additionally, the company enhanced its after-sales services, certified pre-owned car sales, long- and short-term leasing, passenger transportation services, car valuation, technical inspection, and vehicle registration renewal services.

In this regard, we developed **6** new service centers equipped with the latest facilities and advanced technologies, bringing our total service centers in Kuwait to **16**. This reflects our commitment to delivering exceptional customer service.

Local Market Diversification and Growth

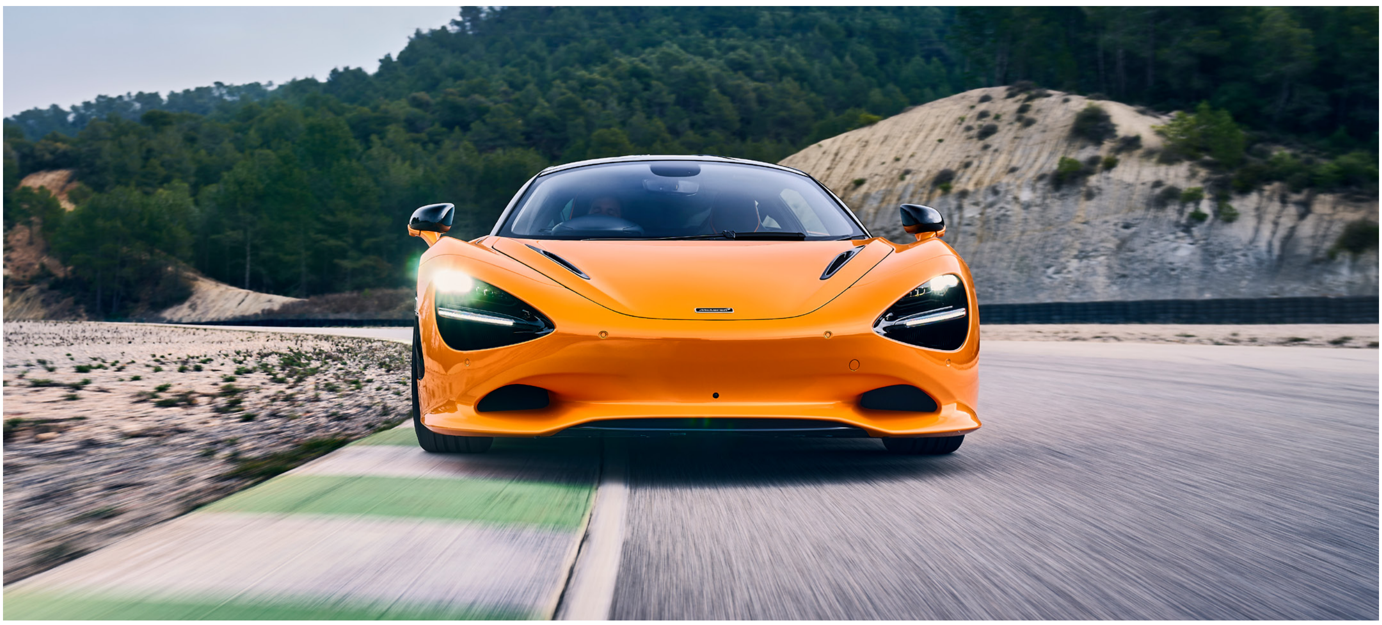
Chinese Automotive Segment

In 2024, the company witnessed remarkable growth in the Chinese automotive segment, with Chinese cars accounting for approximately 24% of total vehicle sales in the Kuwaiti market. This surge was driven by the strong performance of Great Wall and Geely, which have solidified their market position due to their competitive value and continuous product development. The Chinese automotive sector, catering to a broad customer base, experienced a 27% growth in 2024 compared to 2023, reflecting advancements in Chinese automotive technology and shifting customer perceptions.

Luxury Automotive Segment

The luxury car segment continued to perform strongly, driven by improved supply for Land Rover models and the success of new BMW models, which feature cutting-edge designs and high performance. With long-standing partnerships spanning 38 years with BMW and over 20 years with Land Rover, the company maintains its leadership in this segment.

Overall, the strong performance across all categories and models demonstrates the company's ability to meet customer expectations and maintain its leadership as a premier provider of both luxury and Chinese automobiles, ensuring sustainable growth across all sectors.



Financial Performance

The company's
total assets increased by

17.93%

reaching

KD 263,206,792 → compared to **KD 223,182,468**

as of December 31, 2024 — as of December 31, 2023

The total equity attributable to the shareholders
of the parent company increased by

7.63%

reaching

KD 88,831,647 → compared to **KD 82,531,375**

as of December 31, 2024 — as of December 31, 2023

The net profit attributable to the shareholders
of the parent company increased by

2.73%

reaching

KD 29,260,282 → compared to **KD 28,481,450**

as of December 31, 2024 — in 2023

The company's basic earnings per share (EPS)
increased by

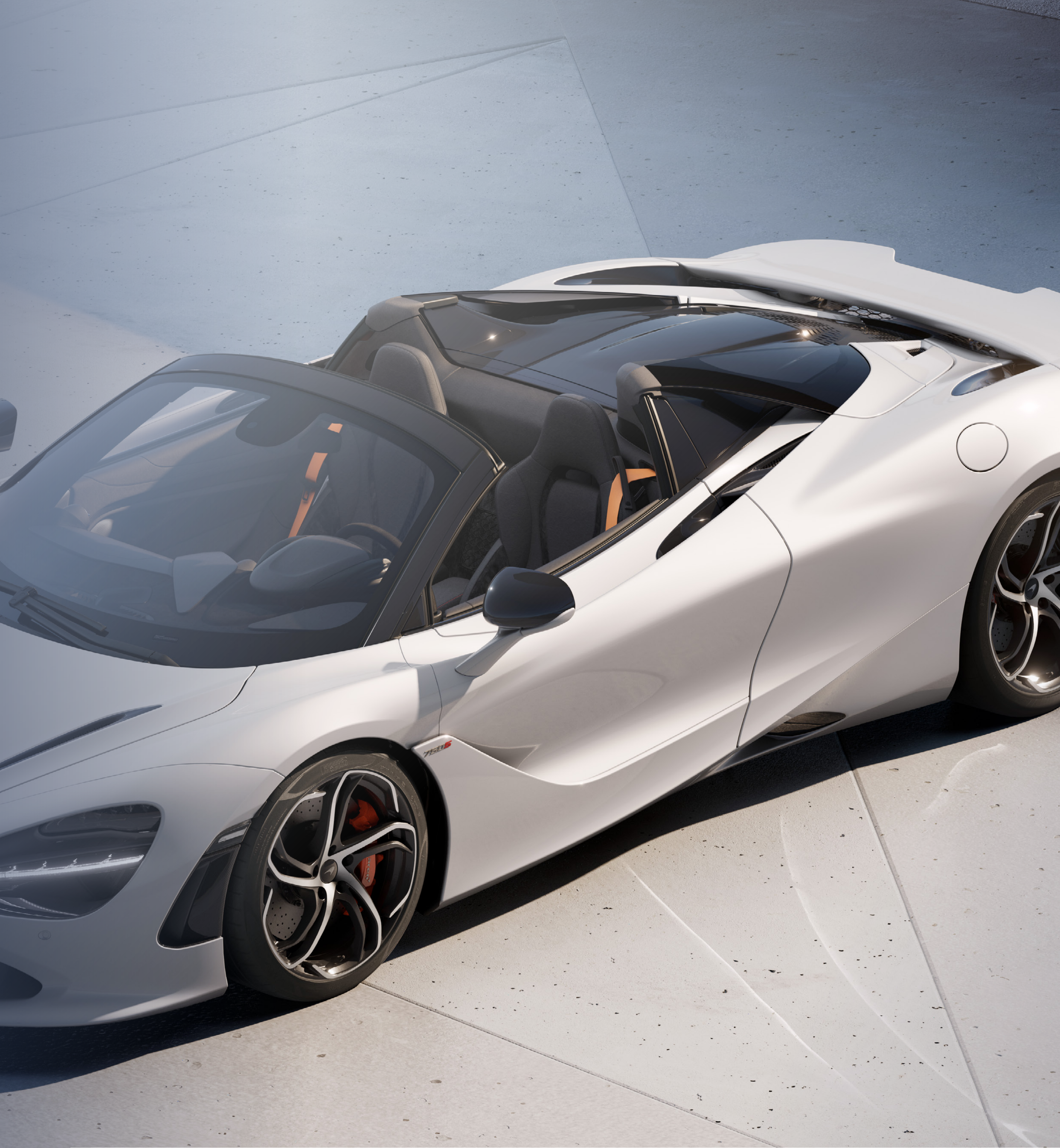
2.77%

reaching

106.81 fils → compared to **103.93 fils**

per share for 2024 — per share in 2023

It is noteworthy that the company's financial performance significantly exceeded the figures stated in the IPO prospectus, with profits attributable to shareholders of Parent Co. surpassing the IPO projections by 53%.



Dividend Distribution

The Board of Directors has recommended to the General Assembly the distribution of a **cash dividend of 35%** of the nominal share value **(35 fils per share)** for the six months ending December 31, 2024. This brings the total cash dividend for 2024 to 70 fils per share, exceeding our pre-listing commitment of **58.01 fils per share by approximately 21%.** The company had previously distributed a **cash dividend of 70 fils per share** for the fiscal year ending December 31, 2023.

Additionally, the Board of Directors has recommended a **bonus share distribution of 30%** of the issued and paid-up capital **(30 shares for every 100 shares)** for the fiscal year ending December 31, 2024.

Regional Operations

Egypt

As part of our regional expansion strategy, Ali Alghanim Sons Automotive Company K.S.C.P. achieved remarkable progress in Egypt, reflecting the success of our growth plans.

In a strategic move to support local automotive manufacturing, Auto Mobility Egypt recently launched Geely car production lines at the Bavarian Auto Manufacturing Company in 6th of October City, with total investments reaching USD 100 million. This initiative aligns with the Egyptian government's strategy to localize the automotive industry, boost the national economy, and create new job opportunities.

The factory boasts a local manufacturing rate of 45% and features two production lines dedicated to Geely vehicles, with a total annual capacity of 10,000 units. We successfully launched our first two models— the Emgrand sedan (two variants) and the Coolray SUV (three variants) for the 2025 model year.

Iraq

In Iraq, our performance has continued to improve, with a significant increase in BMW vehicle sales. We are currently working on expanding our presence in the Iraqi market by increasing the number of showrooms and service facilities over the next two years while also exploring opportunities to expand into new regions. These efforts aim to maximize profitability and strengthen our position in high-potential regional markets.

Future Objectives

We are focused on expanding Geely's presence in the Egyptian market by opening new showrooms and service centers in Cairo and Alexandria. This will allow us to offer a wider range of Geely models to our customers. Furthermore, we aim to export Geely vehicles to African and Middle Eastern markets in the coming period, further strengthening the company's regional and international standing.

Commitment to Sustainability

The company has placed significant emphasis on enhancing its environmental and social performance through sustainability programs that focus on reducing the environmental impact of its operations and supporting the local community as part of its leading corporate social responsibility (CSR) program.

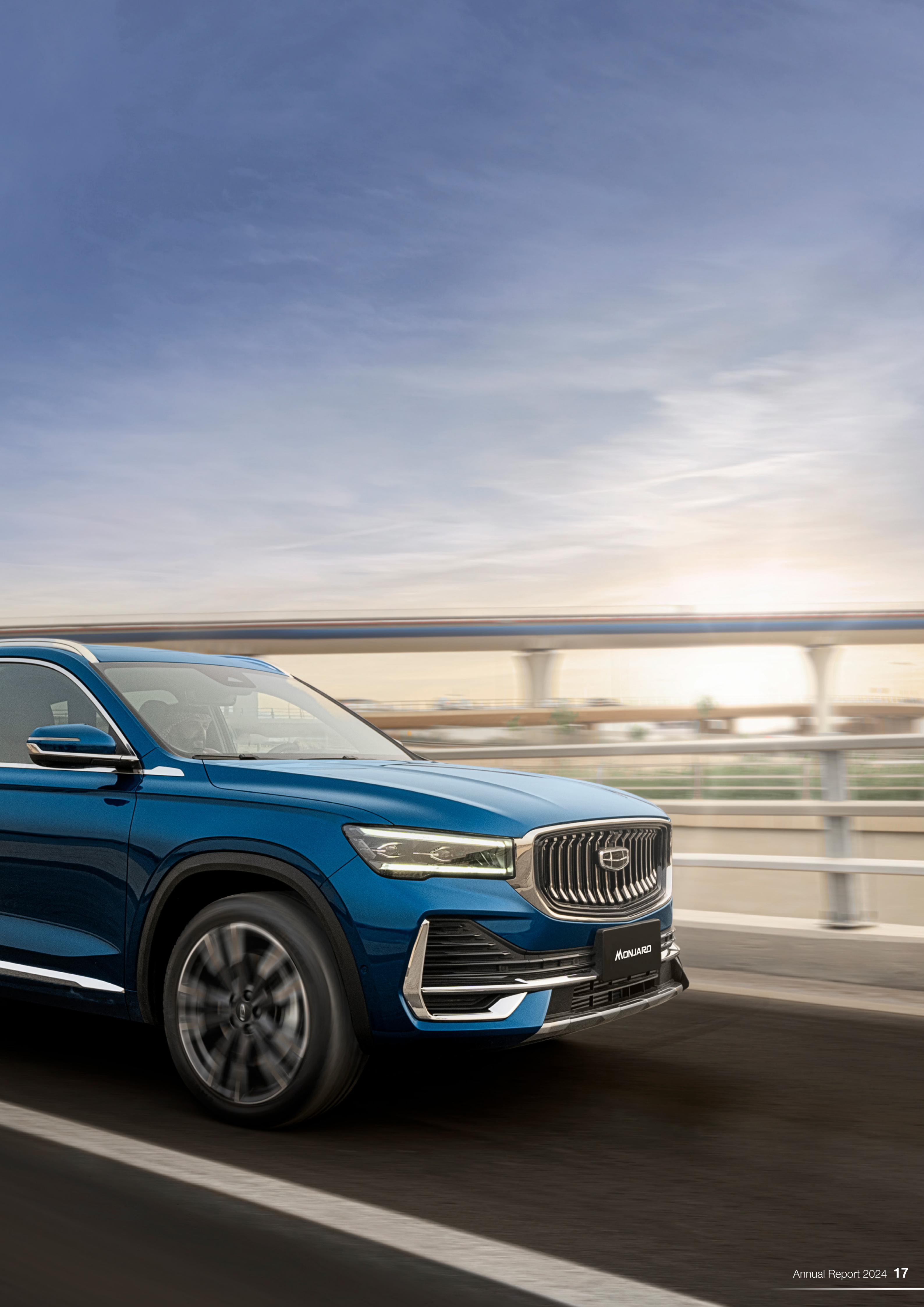
Additionally, the company remains committed to fostering innovation and employee development by offering training and development opportunities that enable its workforce to effectively meet market demands. Investing in human capital is a fundamental part of the company's long-term strategy for achieving sustainable success. These accomplishments underscore Ali Alghanim Sons Automotive Company K.S.C.P.'s unwavering commitment to reinforcing its market leadership and exceeding customer expectations, all while maintaining a steadfast dedication to social and environmental responsibility.

Closing Remarks

In conclusion, I extend my sincere gratitude and appreciation to the Board of Directors, Executive Management, and all employees of the company for their dedication and hard work in achieving these accomplishments. I also express my deep appreciation to our shareholders for their trust and continued support.

We reaffirm our commitment to driving innovation, growth, and excellence, ensuring that Ali Alghanim Sons Automotive Company K.S.C.P. remains a leading force in the local and regional automotive industry.

Sincerely,
Eng. Fahad Ali Alghanim
Chairman of the Board of Directors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03

Message from the Chief Executive Officer

It is with great pride and optimism that I present the annual report of **Ali Alghanim Sons Automotive Company K.S.C.P.** for the financial year 2024. This past year has been a transformative one, marked by strategic growth, operational excellence, and a steadfast commitment to sustainability and innovation. Despite the challenges posed by an ever-changing global landscape, we have delivered an outstanding performance, solidifying our position as a market leader in Kuwait, Iraq & Egypt.

Over the past year, we have made significant strides in expanding our footprint across the region, enhancing our service capabilities, and delivering innovative solutions that cater to the evolving needs of our customers. Iraq & Egypt have remained key pillars of our growth strategy, where we have successfully expanded our dealership network and service centers, further strengthening our market position in two of the region's most promising automotive markets. Similarly, in Kuwait, we have demonstrated our commitment to delivering world-class service by renovating six key service centers and expanding to a total of 16 service locations. These enhancements reflect our dedication to creating exceptional customer experiences, which remain central to our mission.
At the heart of our operations lies a commitment to sustainability. In 2024, we have deepened our focus on sustainable practices and investments. By retrofitting our facilities with energy-efficient LED lighting and aligning our operations with international ESG standards and the UN Sustainable Development Goals, we have made sustainability a core pillar of our business strategy. These initiatives are not just a reflection of our corporate responsibility but also a recognition of the growing importance of environmental stewardship in today's business landscape.

Financially, 2024 has been another year of strong performance for **Ali Alghanim Sons Automotive Company K.S.C.P.**. We have witnessed robust profitability and consistent growth in market capitalization. Our ability to navigate economic fluctuations and supply chain disruptions with agility and strategic foresight has been pivotal in achieving these results. By diversifying our supplier base, leveraging regional opportunities in Kuwait, Iraq & Egypt, and maintaining a laser focus on operational efficiency, we have mitigated risks and secured a stable foundation for long-term growth.

A key driver of this success has been our investments in digital transformation and innovation. In an increasingly connected world, we understand the importance of adopting cutting-edge technologies to stay ahead of the curve. This year, we continued to roll out innovative automotive products and services in Kuwait, Iraq & Egypt, enhancing customer accessibility and engagement through both digital and in-person channels. Our focus on digital transformation extends to our operations as well, where we have implemented advanced systems to improve efficiency, optimize supply chains, and ensure a seamless customer experience.
We take immense pride in our diversified portfolio, which includes some of the world's most prestigious automotive brands, such as Rolls-Royce, BMW, MINI, Land Rover, McLaren, Geely, GWM, and Man Trucks. This year, we also introduced new and innovative models across multiple segments, catering to a wide range of customer preferences. Whether it is luxury, affordability, or utility, **Ali Alghanim Sons Automotive Company K.S.C.P.** continues to lead the market by providing unparalleled variety and quality. Our strong partnerships with global brands remain a cornerstone of our success, allowing us to deliver exceptional value to our customers and maintain our leadership position in the region.

Our focus on partnerships has been a cornerstone of our strategy. We have collaborated with governments, industry leaders, and global partners to introduce innovative automotive solutions and environmentally friendly practices. This year, we continued to work closely with stakeholders in Kuwait, Iraq & Egypt to advance the automotive industry's transition to green technologies. These partnerships not only drive growth but also allow us to contribute meaningfully to the communities in which we operate.
Despite the global challenges of supply chain disruptions and economic uncertainties, Ali Alghanim Sons Automotive Company K.S.C.P. has demonstrated resilience and adaptability. By diversifying our supplier base, we mitigated risks associated with dependence on single-source suppliers. Additionally, our focus on emerging opportunities in key markets such as Iraq & Egypt has enabled us to maintain steady growth. These strategic decisions have positioned us to weather external challenges and seize opportunities in a rapidly evolving industry.

As we look ahead to 2025, our vision is clear: to continue expanding our market presence, innovating our product and service offerings, and investing in sustainable technologies. We will build on the momentum of 2024 by enhancing our digital capabilities, focusing on customer-centric innovations, and strengthening our leadership in both the high-end and affordable automotive segments. Our strategy also emphasizes the development of our workforce, ensuring that our employees are equipped with the skills and tools needed to thrive in an ever-evolving industry. By fostering a culture of excellence and innovation, we aim to empower our team to drive the company's success forward.

I would like to take this opportunity to express my heartfelt gratitude to our Board of Directors for their guidance and vision, our management team for their leadership and dedication, and every member of the **Ali Alghanim Sons Automotive Company K.S.C.P.** family for their tireless efforts. To our customers, partners, and shareholders, thank you for your continued trust and support, which motivates us to aim higher and achieve more with every passing year.

As we step into 2025, I am confident that the foundation we have built in 2024 will pave the way for even greater achievements. Together, with our shared vision and commitment to excellence, I am certain that **Ali Alghanim Sons Automotive Company K.S.C.P.** will continue to thrive, setting new benchmarks in the industry and shaping a brighter, more sustainable future for all.

04

Board of Directors and Executive Management

Mr. Ali Mohammad Thunayan Alghanim
Founder

Eng. Fahad Ali Alghanim
Chairman

Mr. Yousef Abdullah Al-Qatami
Vice Chairman and CEO

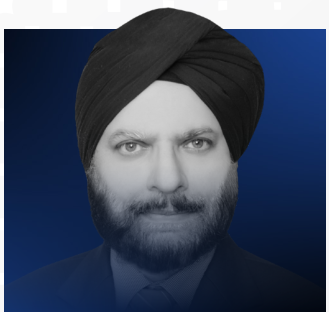
Eng. Ali Marzouq Ali Alghanim
Director

Mr. Mohammad Khaled Ali Alghanim
Director

Mr. Ali Abduljaleel Behbehani
Director

Mr. Jehad Mohammad Ahmed Al-Qabandi
Director – Independent

Mr. Ahmed Meshari Abdulwahab Al-Fares
Director – Independent



Mr. Chavijit Singh Bawa
Chief Financial Officer

05

Milestones

1960

With the establishment of a steel factory specializing in the fabrication of steel sheds and water tanks in the early 1960s, Al Ghanim group set off on a distinguished journey that would later see it evolve and grow into a leading Kuwaiti shareholding company comprising of a group of businesses, along with a presence in Egypt and Iraq, and an automobile market leader that supplies some of the finest international brands and services.

1986

Ali Alghanim Autmotive Group began its relationship with the BMW Group, the world's leading manufacturer of premium automobiles, and has been strongly associated with the brand ever since. The company has remained the exclusive importer of BMW Group in Kuwait for nearly four decades.

1990

The invasion of Kuwait by Iraq in 1990 caused massive destruction in the Gulf nation and brought profound challenges and disruptions to its economy. Ali Alghanim Autmotive Group suffered heavy losses due to these events. However, the company weathered the tumultuous periods and restored its business with an investment of more than KD 85.92 million to rebuild damaged facilities and build new facilities.

1998

In yet another milestone that helped it position itself as the leading exclusive importer of premium vehicle brands in Kuwait, Ali Alghanim and Sons Automotive added Land Rover to its portfolio. Through this partnership, the company has made the British brand's upmarket and luxury sport utility cars, including the legendary Range Rover, available to consumers in the country.

2001

Ali Alghanim Autmotive Group became the authorized distributor of MINI. The same year saw the establishment of MAKFM Automotive Company, a market leader in providing flexible car lease services tailored to suit the customers' choices and needs.

2003

Rolls Royce found a partner for success in Ali Alghanim Autmotive Group, which then started exclusively importing the British luxury automobile maker's top-notch models to Kuwait.

2004

As part of its investments to expand its business in Kuwait, Ali Alghanim Autmotive Group opened a state-of-the-art 3S (sales, service, and spare parts) facility covering 22,500 sqm. The modern facility features split-level showrooms, in-house parking, and fully-equipped service centers.

2005

Ali Alghanim Autmotive Group acquired shares in Al Ahlia Heavy Vehicles Selling & Import Company, which was awarded the exclusive dealership for MAN, a world-leading German manufacturer of commercial trucks, buses, and marine engines offering state-of-the-art transport solutions in Kuwait the same year. Within a few years since its establishment, Al Ahlia has become one of the leading companies in the field of selling and after-sales services for some of the top brands of trucks and heavy commercial vehicles, in its capacity as the authorized agent for many world-class brands including MAN.

2009

In line with its aims to expand its footprint beyond Kuwait by entering new and attractive markets within the MENA region, Ali Alghanim Autmotive Group established its presence in Iraq through its subsidiary Ali Alghanim International General Trading S.P.C, which holds the official import and distribution rights for BMW and MINI brands in the country.

2012

Ali Alghanim Autmotive Group acquired land in Abu Fatira for a new 6,000 sq. m. 3S facility. The same year, Ali Alghanim and Sons Automotive Company K.S.C.P signed exclusive import deals with British luxury automotive manufacturer McLaren Automotives and EXIDE, one of the world's most sold battery brands.

2013

Further deepening its presence in Kuwait and strengthening its market leadership, Ali Alghanim Autmotive Group established its first satellite quick service center in partnership with Oula Fuel Company at Mishref to serve nearby residential areas. The company also expanded its portfolio by entering the auto parts business becoming the distributor of Liqui Moly.

2014

Following the success of the first satellite quick service center in Mishref, Ali Alghanim Autmotive Group established two additional quick service centers at Omariya and Messila. Further, Dwaliya Technical Inspection Company, of which Ali Alghanim Sons Automotive Company K.S.C.P is a major shareholder, was founded. Approved by the General Traffic Department, Dwaliya specializes in the technical examination of cars and offers a one-stop shop for renewing car registration cards, conducting vehicle inspections, issuing approved certificates, and car insurance.

2015

In an effort to boost its capabilities and enhance its service offerings, Ali Alghanim Autmotive Group opened an 8,530 sq. m. stand-alone body shop facility operating 77 bays. Further, it established new quick service centers at Qortuba and Mubarak Al Kabeer.

2016

With the aim of better serving its customers, Ali Alghanim Autmotive Group opened a new quick service center at Khaldiya.

2017

A 2,450 sq. m. stand-alone showroom for used cars was established on Ali Alghanim Autmotive Group newly purchased 22,387.5 sq. m. land in Shuwaikh, with a capacity to display a minimum of 40 vehicles.

In addition, the company expanded its portfolio by boosting its auto parts business and becoming the distributor of some of the leading brands including Livguard, a global battery manufacturer and service provider of world-class energy storage solutions, and NGK, a leading global Japanese company specialized in manufacturing spark plugs.

In another development, Al Ahlia Heavy Vehicles Company became the exclusive agent of Fassi, an Italian manufacturer of lorry cranes based in Bergamo, during the same year.

2018

As Ali Alghanim and Sons Automotive Company K.S.C.P and its portfolio of brands grew, the company expanded its network of quick service centers by establishing new facilities at Shuhada, Jahra, and Jabriya, and added Japan's Sumitomo, one of the world's most successful tire manufacturers, to its selection of international brands.

Meanwhile, Al Ahlia Heavy Vehicles Company became the exclusive importer and distributor for new brands including Putzmeister, a global leader in the world of construction equipment specializing in concrete pumps; KALMAR, a multinational provider of machinery and cargo handling solutions to terminals and ports; and Baoli, a leading German material handling manufacturer.

That same year, Ali Alghanim Autmotive Group set out to revolutionize the ride-hailing industry in Kuwait with the launch of Rove, which offers luxury cars and professional drivers and provides safe and reliable rides all over the country around the clock.

2019

Ali Alghanim Autmotive Group added Geely, the most advanced and best-selling automobile manufacturer in China, to its portfolio and inaugurated a state-of-the-art 3S facility for the brand in Kuwait.

2020

MAKFM Automotive Company became the authorized importer and distributor of Great Wall Motors and Haval in Kuwait, two of the most prominent companies in China for selling family SUVs and pickups.

During the same year, Al Ahlia Heavy Vehicles Company acquired the exclusive import and distributor rights for Hyundai Construction Equipment, an industry leader in the field of engineering and manufacturing construction equipment.

Meanwhile, Alghanim Group Motery General Trading Company, in which Ali Alghanim Autmotive Group holds a major stake, was awarded the exclusive distributorship of some of the best Chinese tire brands such as RoadStone and Kinforest. The company also owns and operates a chain of 'Garagee' workshops that provide car services and home car maintenance services.

2021

Ali Alghanim Autmotive Group established new quick service centers at Salmiya, Bayan, and Masayel. That same year, another company in which Alghanim Sons Automotive Company K.S.C.P is a major shareholder, Top Car Technology launched its first application, Ogoo, which specializes in used cars' evaluation, offering instant competitive values, in addition to buying and selling services.

2022

The company has recently expanded its network of quick service centers with the addition of Abdullah Al Mubarak, bringing the total number of centers to 15.

In a major milestone in Ali Alghanim Sons Automotive Company K.S.C.P regional expansion, Ali Alghanim International General Trading S.P.C entered into Egypt in Q4 of 2022 under Global Auto an affiliate of the Ali Alghanim Sons Automotive Company Group with the reopening of the BMW manufacturing plant and new Showrooms. The company holds the official importer rights for BMW and MINI in the new market.

2023

Ali Alghanim Sons Automotive Company officially became the exclusive dealer of Chinese car brand 'Geely' in Egypt through Auto Mobility, a cooperative alliance created in 2023. Auto Mobility will invest $100 million USD to set up a car manufacturing plant and open a Geely showroom and maintenance center in eastern Cairo in 2024.

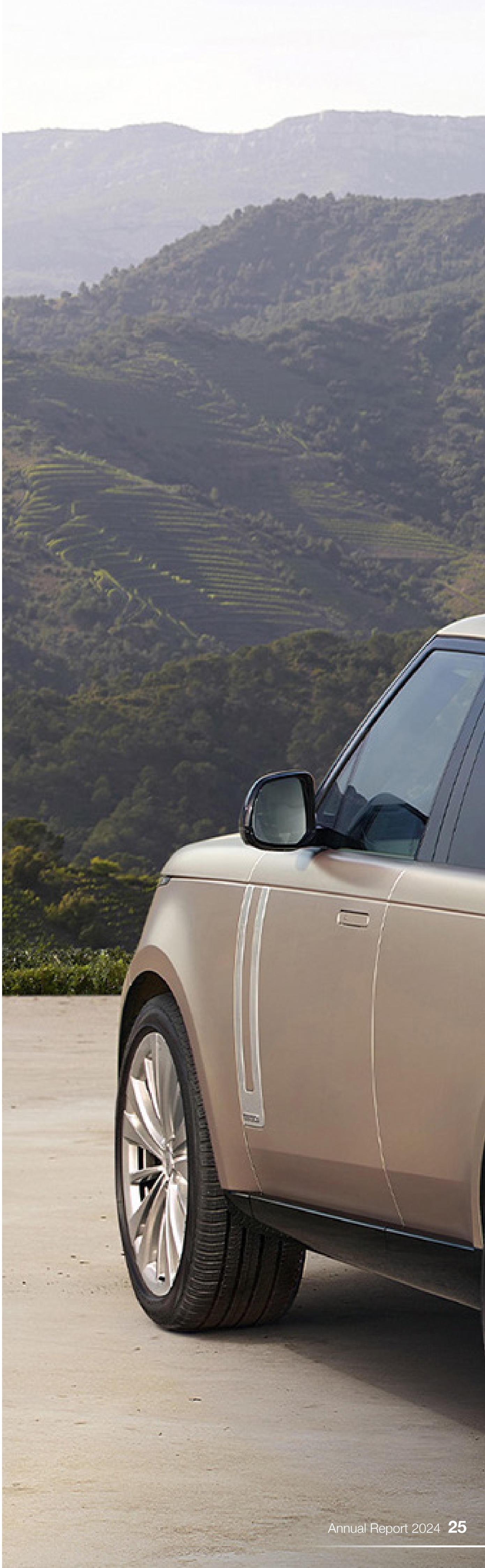
The company also marked the success of its local expansion plan, where it launched its second showroom for Geely cars in Jahra Governorate, which was equipped with a special place to display the brand's vehicles, in addition to a service center and spare parts center. This launch also comes as part of Ali Alghanim Sons larger regional expansion plans for the region.

Global Auto Group, a associate of Ali Alghanim Sons Automotive Company, signed a landmark partnership agreement with the Government of Egypt to enhance the automotive sector by setting up an eco-friendly car industry.

2024

In 2024, Ali Alghanim Sons Automotive Company K.S.C.P. achieved significant milestones, further solidifying its position as a regional automotive leader. In Egypt and Iraq, the company expanded its dealership network, enhancing accessibility and customer engagement in two of the region's most promising markets. In Kuwait, six service centers were renovated, increasing the total number of service locations to 16, reflecting the company's commitment to delivering exceptional customer experiences.

Sustainability remained a priority, aligning with international ESG standards and the UN Sustainable Development Goals. 2024 also marked continued financial growth, driven by strategic market expansions, diversified supplier networks, and resilience in the face of global challenges across Kuwait, Iraq & Egypt.



06

Corporate Social Responsibility and ESG

Ali Alghanim Sons Automotive Company remains steadfast in its dedication to aligning corporate strategies with the well-being of society while advancing its sustainability objectives. Our Corporate Social Responsibility (CSR) initiatives reflect our commitment to making a positive impact on the environment, communities, and economy, fostering a future of shared prosperity and sustainability.

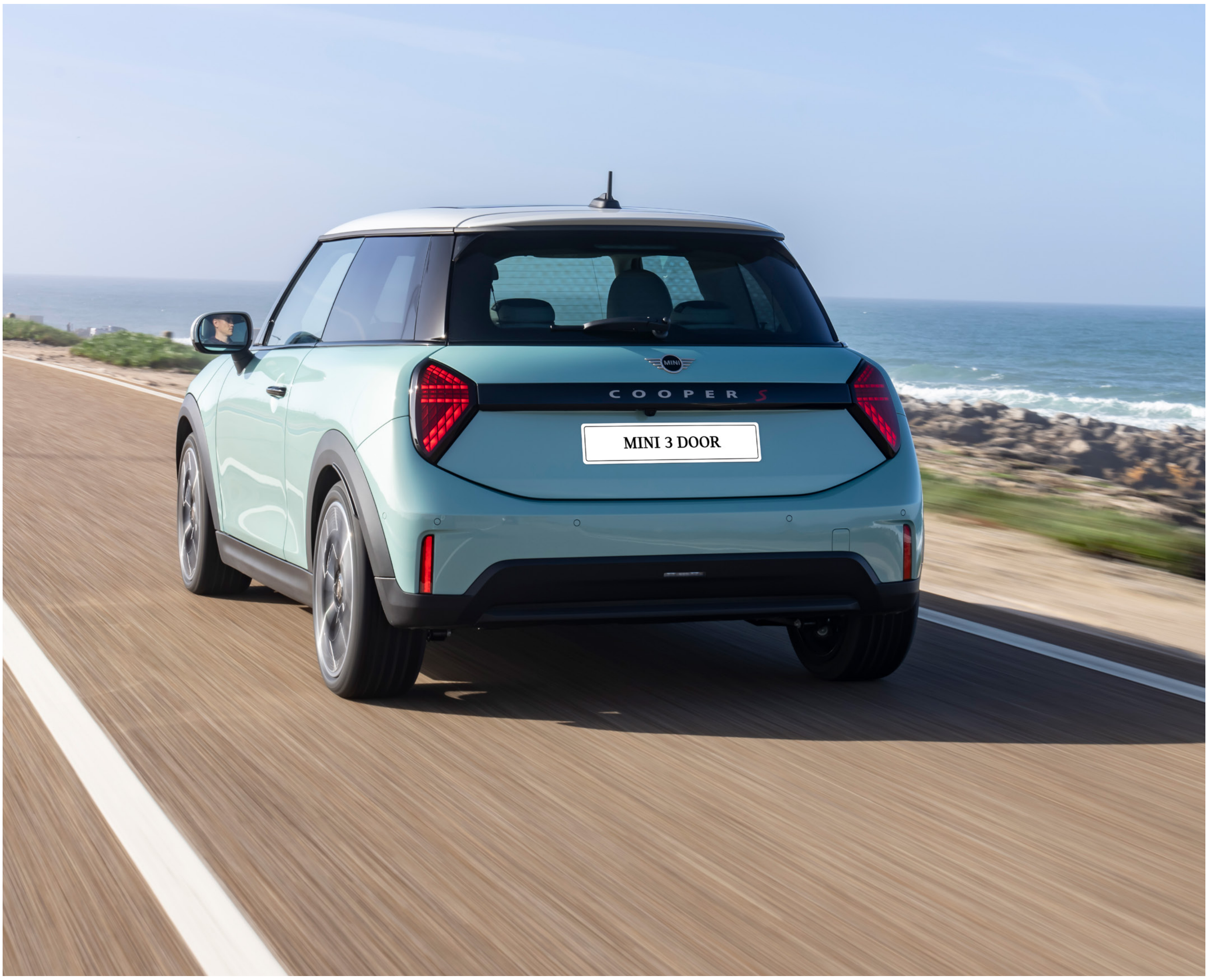
In 2024, we continued to uphold our Environmental, Social, and Governance (ESG) principles through initiatives that address key global and regional challenges, including climate change, resource conservation, pollution management, human capital development, and strong corporate governance. These pillars have guided our strategy in adopting responsible practices and reducing the environmental footprint of our operations.

Sustainability has remained central to our operations throughout 2024. We implemented impactful initiatives to further our environmental goals, including retrofitting facilities with energy-efficient LED lighting and integrating water conservation technologies into service centers. Waste management was a significant focus, with the establishment of robust recycling programs and the safe disposal of hazardous materials to minimize environmental impact. Additionally, “Can Bank” machines deployed in Egypt, educating guests and staff on recycling and reinforcing our commitment to a circular economy.

Our CSR efforts are designed to create lasting social impact. In 2024, BMW Egypt extended its successful partnership with the award-winning entrepreneurial-themed reality show “Shark Tank,” empowering young entrepreneurs to develop sustainable, eco-friendly innovations. Similarly, **Ali Alghanim Sons Automotive Company K.S.C.P.** partnered with Masafa, a project dedicated to building a sustainable waste management system through scrap material recycling.

Governance continued to be a cornerstone of our sustainability agenda. **Ali Alghanim Sons Automotive Company K.S.C.P.** adheres to global ESG frameworks and best practices, aligning with the United Nations Sustainable Development Goals (UN SDGs). By embedding governance excellence into our operations, we have ensured transparency, accountability, and long-term value creation for all stakeholders.

In 2024, we demonstrated resilience and leadership in overcoming challenges while staying true to our ESG goals. Looking ahead, we aim to deepen the integration of sustainability into our operations, expand partnerships to drive green innovation, and empower communities across Kuwait, Iraq & Egypt. These efforts reflect our vision of being a responsible corporate citizen, contributing to a sustainable and prosperous future for generations to come.



07

Diversity and Inclusion

At **Ali Alghanim Sons Automotive Company K.S.C.P.**, we are deeply committed to fostering a workplace environment that values and celebrates diversity and inclusion. Through forward-thinking human resource policies and impactful programs, we strive to create a culture that champions innovation, creativity, and equality. We firmly believe that a diverse workforce is not only a cornerstone of our success but also a reflection of our responsibility to the communities we serve.

Our commitment to a progressive workplace culture is reflected in our efforts to ensure gender balance and equal opportunities for all employees. In 2024, we continued to prioritize the recruitment, retention, and professional development of women, achieving a significant increase in their representation across various roles in the company. These efforts highlight our dedication to building a workforce that is inclusive and representative of diverse perspectives.

Recognizing the transformative potential of young professionals, we have intensified our focus on empowering ambitious and talented individuals through comprehensive training programs. These initiatives are designed to develop critical skills, encourage innovation, and create pathways for career advancement. By investing in the growth of young professionals, we are nurturing a workforce that is not only diverse but also equipped to drive our organization toward greater success.

In 2024, Ali Alghanim Sons Automotive Company K.S.C.P. introduced several impactful initiatives under the Diversity and Inclusion pillar. Notably, the company offered training and certifications to:

31 Service Advisors

Equipping them with advanced skills to enhance customer interactions and technical expertise.

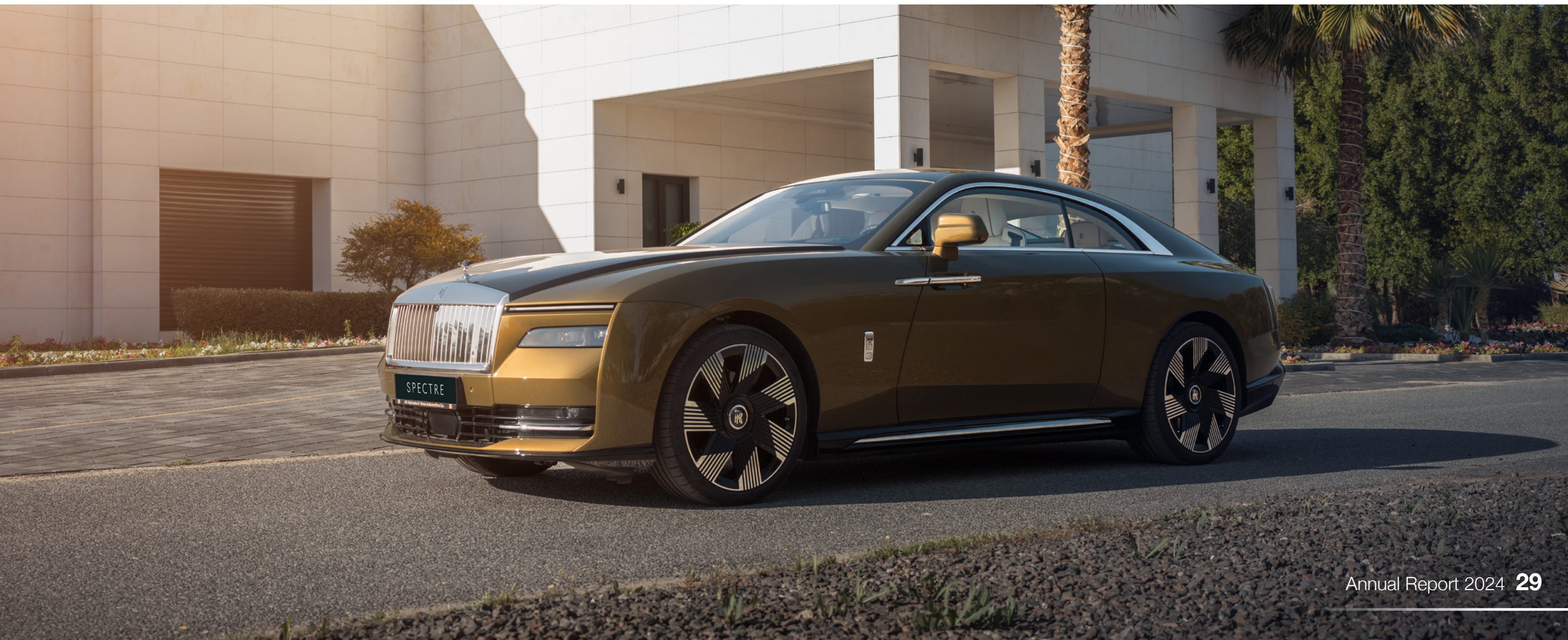
31 Sales Executives

Ensuring they are well-prepared to navigate dynamic market conditions and deliver exceptional customer service.

17 Managers

Fostering leadership development and strategic decision-making to drive organizational success.

These efforts underscore our unwavering commitment to creating an inclusive workplace where everyone has the opportunity to thrive and contribute meaningfully to the company's growth and vision.



08

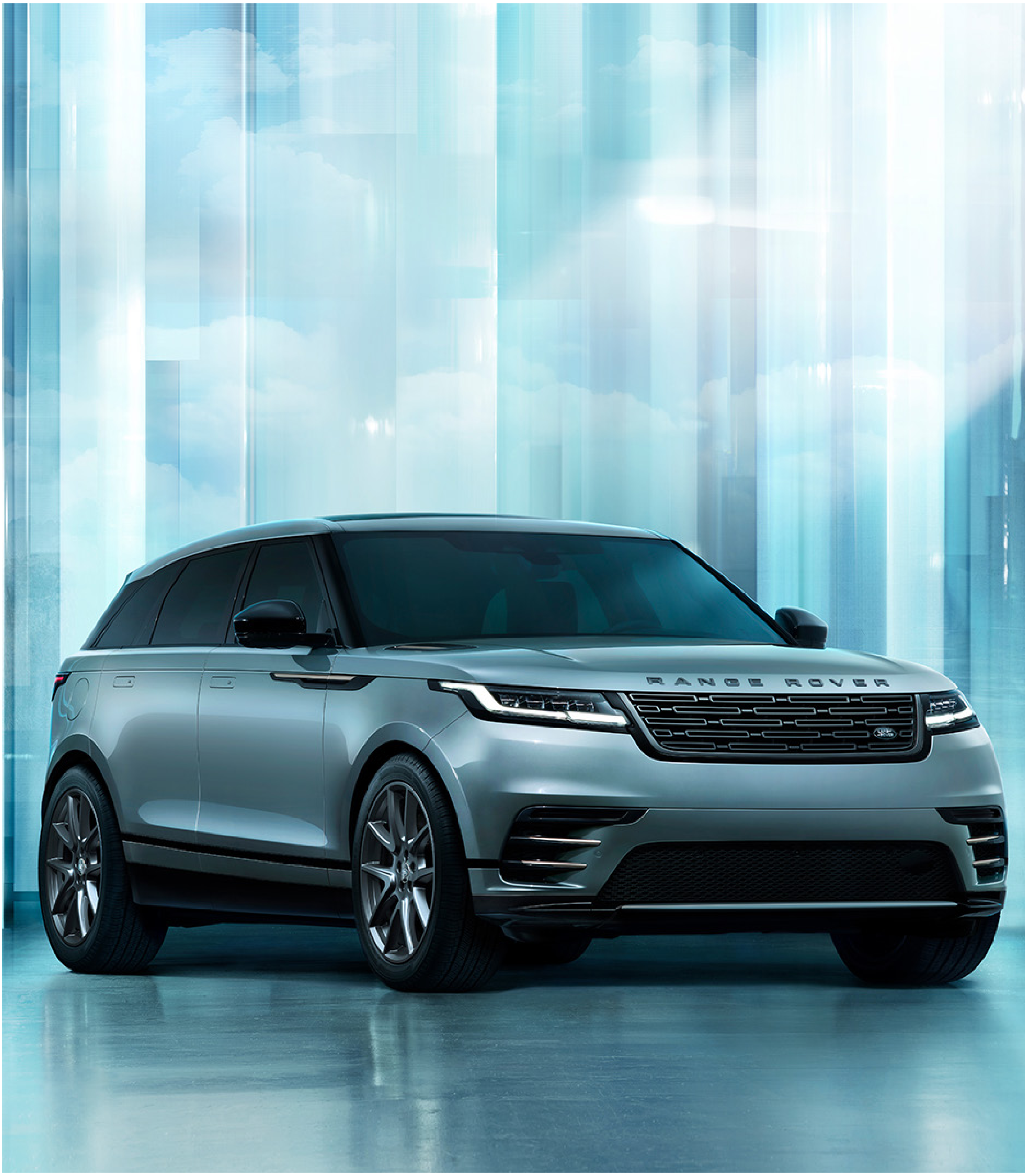
Talentism and Kuwaitization

At Ali Alghanim Sons Automotive Company, we believe our people are our greatest asset, driving every achievement, from market expansion to customer satisfaction. In 2024, we remained committed to cultivating a supportive and inclusive work environment, providing opportunities for professional growth and career development to empower our workforce.

Our approach prioritizes recognizing employees as strategic partners, fostering a culture of collaboration and innovation. By offering programs and resources to enhance skills and career progression, we continue to attract and retain top talent, ensuring a high-performing and motivated team.

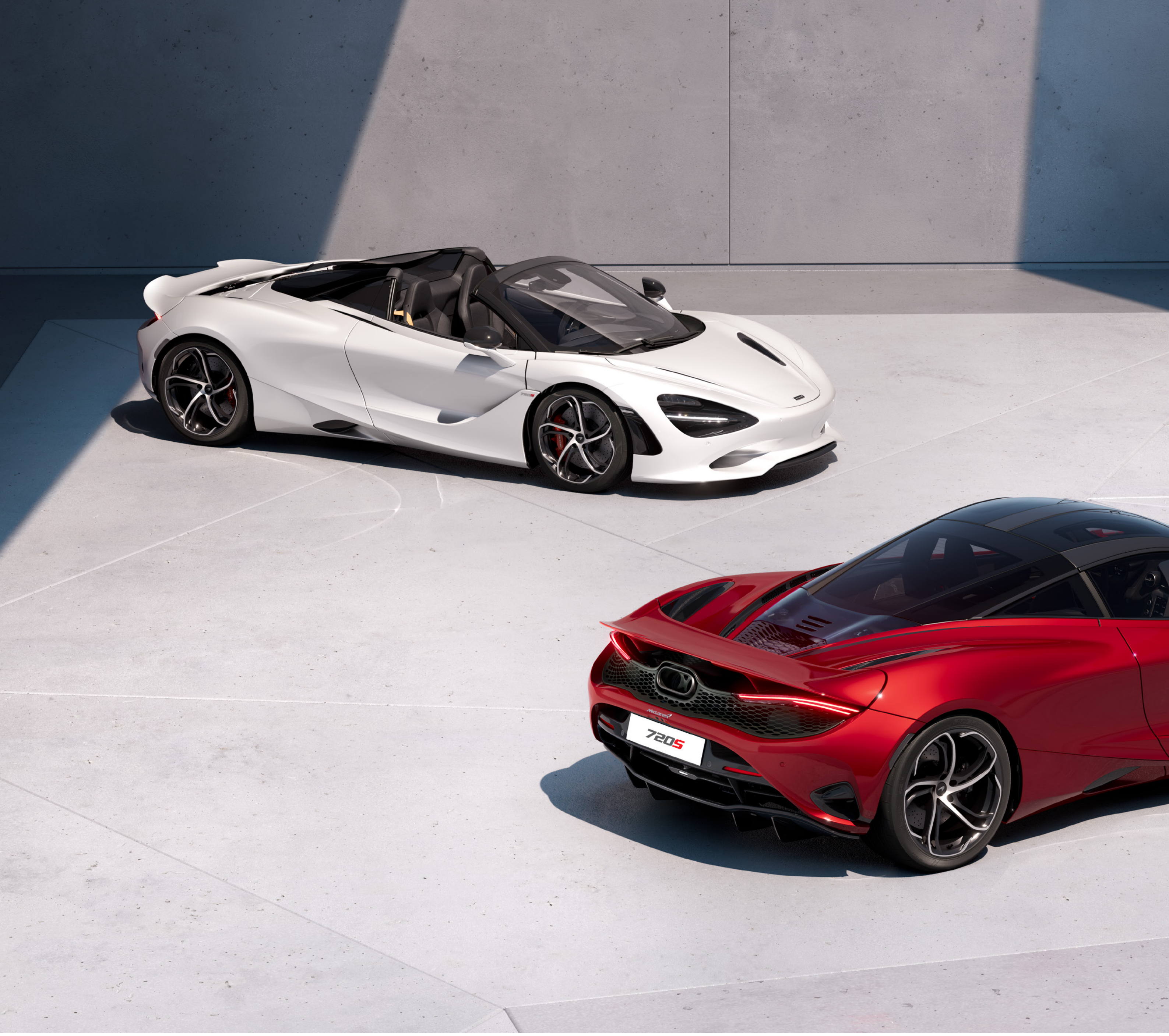
Kuwaitization remains central to our human capital strategy. As a proud Kuwaiti company, we are dedicated to developing a strong local talent pool to contribute to the nation's ambitious goals. This year, we actively expanded our recruitment and development efforts for Kuwaiti nationals, offering promising opportunities within an attractive work environment where they can thrive.

By investing in talent development and prioritizing national workforce participation, Ali Alghanim Sons Automotive Company is not only driving its organizational success but also contributing to Kuwait's long-term growth and sustainability.



09

Digital Capabilities



At Ali Alghanim Sons Automotive Company, we recognize that digital transformation is no longer a choice but a necessity in today's fast-evolving business environment. As part of our strategic vision, we have embraced technology as a key enabler for operational excellence, customer satisfaction, and sustainable growth. Our focus remains on integrating advanced digital solutions to enhance efficiency, empower our workforce, and elevate our customer experience.

In 2024, we made substantial progress in our digital journey by expanding our capabilities across key operational and customer-focused areas. Building on our commitment to delivering superior experiences, we enhanced our use of advanced data analytics to deepen our understanding of customer preferences. This data-driven approach allows us to craft personalized marketing strategies, ensuring our offerings are both relevant and impactful. Additionally, our continued investment in marketing automation tools has enabled us to improve customer retention by streamlining communication and creating seamless, personalized customer journeys.

In the service domain, we remain committed to leveraging innovative technologies that prioritize transparency and customer convenience. The integration of tools like CitNow, which connects customers with service advisors through video-sharing capabilities, has been pivotal in building trust. This tool empowers customers with detailed, visual insights into required repairs, along with the convenience of providing digital approvals. Such advancements reflect our focus on enhancing transparency, simplifying processes, and fostering stronger relationships with our customers.

Looking ahead, we view digital transformation as the cornerstone of our long-term growth strategy. In line with this vision, we continue to prioritize investments in cutting-edge technologies and digital innovations that will enable us to navigate industry challenges, unlock new opportunities, and strengthen our competitive edge. By embedding digital capabilities into the core of our operations, Ali Alghanim Sons Automotive Company is well-positioned to lead the industry into a future defined by agility, innovation, and excellence.

10

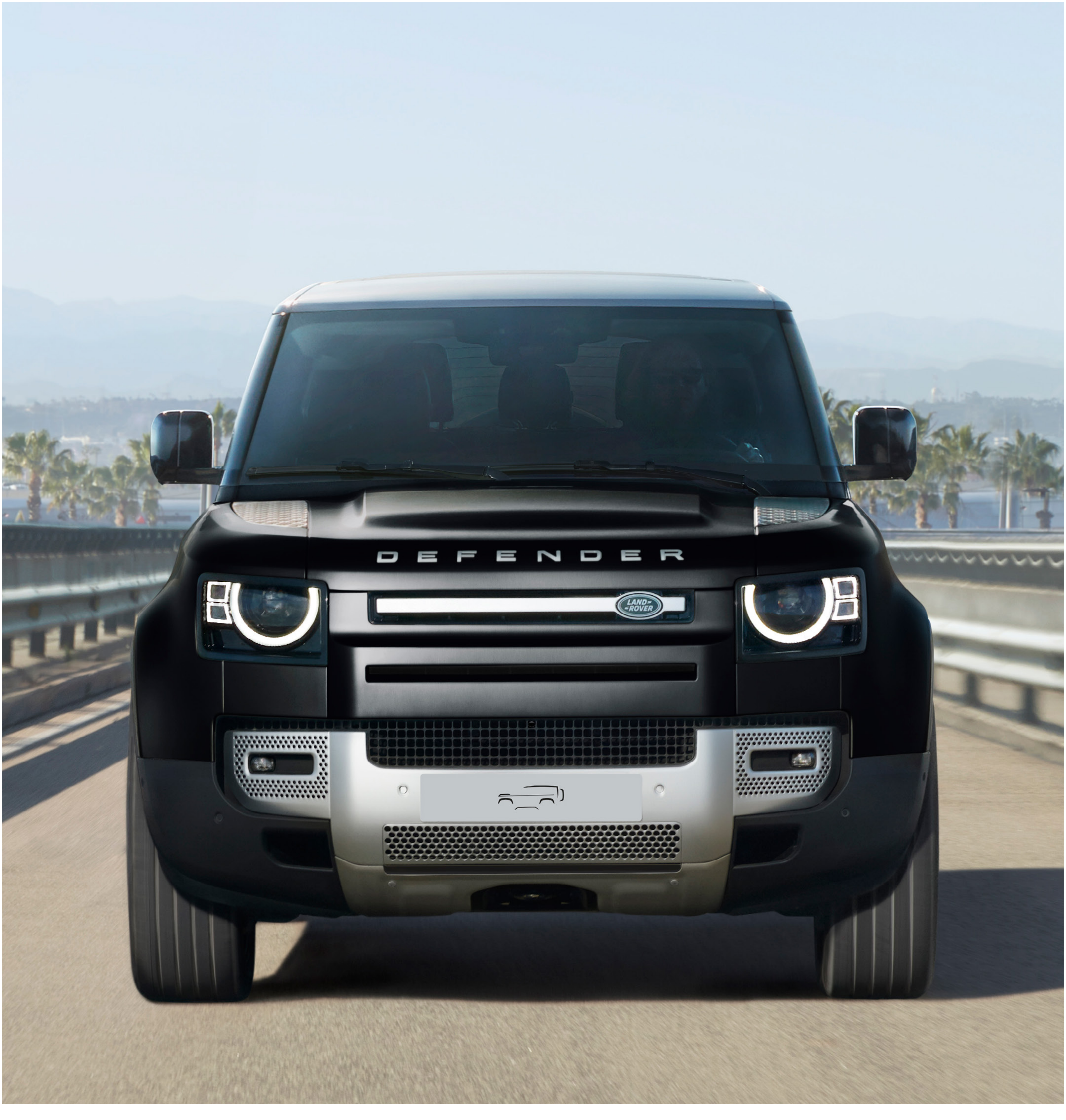
Expansion Efforts and Future Plans

At **Ali Alghanim Sons Automotive Company K.S.C.P.**, we remain committed to driving our ambitious expansion strategy, guided by our dedication to innovation, sustainability, and customer satisfaction. Building on the success we achieved in 2024, we are steadfast in our efforts to solidify our leadership in existing markets while exploring new opportunities for growth.

In 2024, we made significant strides in Egypt and Iraq, further strengthening our footprint in the regional automotive market. Similarly, in Kuwait, our focus on delivering superior customer experiences led to the opening of **6 upgraded service centers**, bringing the **total to 16 nationwide.** These centers feature modernized facilities and customer-friendly amenities, reinforcing our leadership in our home market.

Looking ahead, we plan to venture into new regional markets, leveraging our expertise and strong relationships with international partners. A key focus will be on growing our presence in Egypt and Iraq and enhancing our assembly plant operations, which is pivotal to our future business strategy. Strengthening these operations will enable us to optimize production capabilities, improve efficiencies, and expand our market reach in the region.

Expanding our product portfolio remains a top priority, with plans to introduce new models that cater to a broader range of customer preferences. This aligns with our vision of driving innovation while ensuring affordability and accessibility for all. With a clear focus on operational excellence, sustainability, and customer satisfaction, we are well-positioned to achieve continued success in 2025 and beyond.



11

Delivering Unparalleled Customer Experience

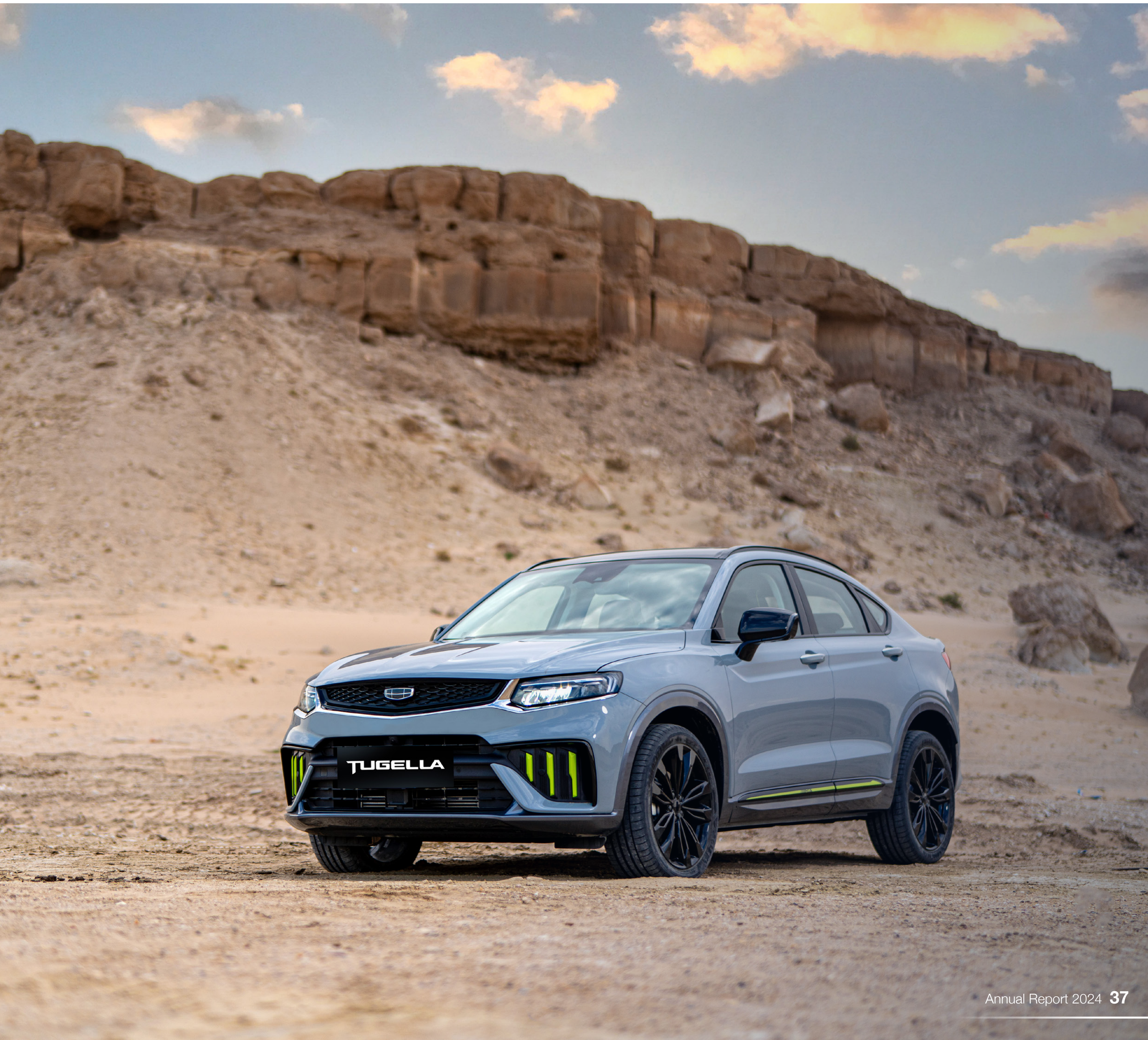
At Ali Alghanim Sons Automotive Company K.S.C.P., we remain unwavering in our dedication to delivering exceptional customer experiences, reinforcing our reputation as a trusted leader in the automotive industry. Recognizing that each customer has unique needs and preferences, we continuously strive to tailor our services to create meaningful and lasting connections.

Our commitment to enhancing the customer experience permeates every aspect of our operations. Through state-of-the-art digital platforms, we provide enhanced convenience, including streamlined appointment bookings, personalized maintenance packages, and access to real-time updates on service progress.

After-sales support remains at the heart of our customer experience strategy. In Kuwait, we have upgraded five service centers, contributing to a total of 16 across all our markets—each designed to set new benchmarks in quality and reliability. Staffed by expert technicians and equipped with state-of-the-art diagnostic tools, these centers ensure precision and excellence in vehicle maintenance and repairs. By providing genuine spare parts and accessories, we not only enhance vehicle performance and longevity but also elevate the overall ownership experience, reinforcing our commitment to superior service.

Customer feedback plays a pivotal role in shaping our services. In 2024, we actively engaged with our clients to gather insights and implement improvements, reflecting our customer-centric approach. This ongoing dialogue has helped us foster trust and loyalty, strengthening relationships across our diverse customer base.

Looking ahead, we remain committed to leveraging technology and innovation to elevate the customer experience. From digital transformation initiatives to expanded service offerings, we aim to deliver unparalleled value and satisfaction at every touchpoint of the customer journey. By continuing to prioritize the needs of our customers, we are confident in our ability to exceed expectations and set new standards for excellence in the automotive industry.



12

Governance Report

Preface

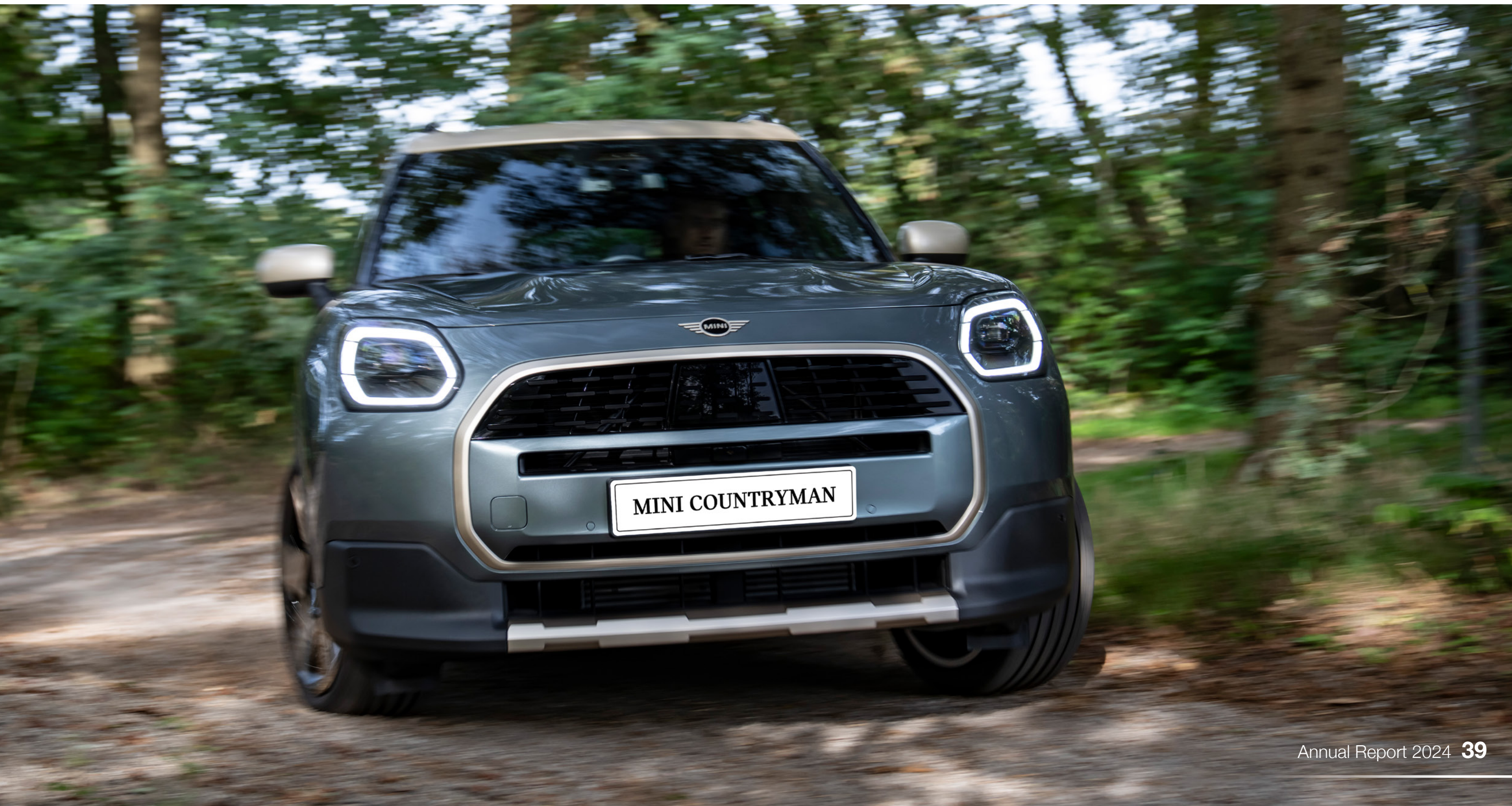
Stemming from Ali Alghanim Sons Automotive Company belief that corporate governance is a fundamental pillar in achieving a balance between the interests of the Company's management, shareholders, and other stakeholders, the company prioritizes the implementation of governance principles as part of its strategic priorities. The primary goal of applying these principles and rules is to ensure the alignment of the company's objectives with those of its shareholders and investors, thereby enhancing the efficiency and effectiveness of the company's performance.

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P recognizes that the proper application of good governance on all company sectors, promoting a culture of professional behavior, ethical values, transparency and integrity ensures the protection of shareholders' and stakeholders' rights, It also serves as a key driver in creating a suitable environment that aligns with code of conduct standards and ethical values, ultimately benefiting the company and its employees while achieving optimal productivity and profitability for shareholders, investors, and stakeholders. Alghanim Company believes that proper application of corporate governance does not mean merely respecting a set of rules and regulations. Rather, It is necessary to help the company achieve its goals, and it is a culture and a way of regulating the relationship between the Board of Directors, Executive Management, stakeholders and all employees of the Company. The company places great importance on the principles of sustainability, considering it an integral part of its approach to achieving long-term success. The company aspires to integrate sustainability into its daily operations and future strategies, focusing on the three main pillars of sustainability: achieving economic growth through innovation and efficiency, promoting social progress by supporting the community and developing the work environment, and protecting the environment by adopting responsible practices that reduce environmental impact and enhance the sustainable use of resources. Alghanim also reaffirms its commitment to complying with the laws and regulations of the Capital Markets Authority and other relevant legislations in force in the State of Kuwait.

Rule One

Construct a Balanced Board Composition

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P has adopted a balanced organizational structure that aligns with the scope of tasks and responsibilities assigned to it. Each member possesses the necessary knowledge, skills, and expertise to enable the Board to perform its duties efficiently and effectively, in addition to having a comprehensive understanding of the company's activities, which in turn contributes to enhancing efficiency in making effective decisions.The Board of Directors was elected at the Ordinary General Assembly held on 28/03/2024 for a period of three years. The Board of Directors is responsible for the leadership, supervision and oversight of the executive management. The company's Board of Directors consists of a sufficient number of members to allow the Board of Directors to form the necessary number of committees emanating from it, the Board comprises seven members, mainly non-executive, including two independent members and one executive member.



Brief on the composition of the Board of Directors, as follows:

Name	Member classification (Executive-Non-Executive-Independent) Secretary	Academic Qualification	Date of Election - Appointment of Secretary
Eng. Fahad Ali Alghanim	Chairman - Non-Executive	Bachelor's Degree in Civil Engineering, Kuwait University	28/03/2024
Mr. Yousef Abdullah Al-Qatami	Vice Chairman and CEO - Executive	Bachelor of Science in Business Administration, Finance and International Management, Boston University, United States of America	28/03/2024
Eng. Ali Marzouq Alghanim	Director - Non-Executive	Bachelor of Science, Industrial and Systems Engineering, University of Southern California, USA	28/03/2024
Mr. Mohammad Khaled Alghanim	Director - Non-Executive	Bachelor of Science in Finance, Loyola Marymount University - USA	28/03/2024
Mr. Ali Abduljaleel Bahbahani	Director - Non-Executive	Master's Degree in Business Administration and Finance Kuwait University Bachelor's Degree in Business Administration and Finance University of California - USA Master's Degree in Hospitality and Hotel Management from Lausanne University	28/03/2024
Mr. Jehad Mohammad Ahmed Al-Qabandi	Director - Independent	Master's degree in Business Administration from City University London, UK Bachelor's degree in Engineering and Computer Science from California State University - USA	28/03/2024
Mr. Ahmed Meshari Abdulwahab Al-Fares	Director - Independent	Master's degree in Business Administration and a Postgraduate Diploma in Business Administration from the Kuwait Maastricht School of Management Bachelor's degree in Accounting from the College of Administrative Sciences at Kuwait University Higher Diploma in Islamic Finance from the College of Graduate Studies at Kuwait University	28/03/2024
Mr. Ahmed Zamrawi Hassan	Board Secretary	Bachelor of Commerce - Accounting Ain Shams University - Egypt	28/03/2024

Eng. Fahad Ali Alghanim

Chairman of the Board of Directors

Bachelor's degree in Civil Engineering from Kuwait University

Mr. Alghanim has 27 years of experience in commercial business management in the automotive field and in the banking , financial and commercial sectors. He has held many prominent leadership positions including CEO of Ali Mohammed Thunayan Alghanim & Sons Automotive Company, CEO of Al-Ahlia Heavy Vehicles Selling and Import Company, CEO of Ali Al Ghanim Sons Automative Company (K.S.C.C) and CEO of Ali Alghanim & Sons Group of Companies.

Currently, Mr. Fahad Alghanim is the Chairman of the Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P.,and member of the Nominations and Remuneration Committee at Ali Alghanim Sons Automotive Company , In addition, he holds memberships in many board of directors in banking, financial and commercial institutions, currently he holds member of the Board of Directors of Kuwait Finance House, Chairman of the Investment Committee and member of the Executive Committee, and Audit and Compliance Committee of KFH, Board Member of Ahli United Bank - UK, Board Member of Ahli United Bank – Egypt. Chairman of Global Auto S.A.E- Egypt, and Chairman of Auto Mobility LLC, Egypt, and Vice Chairman of Ali Alghanim Sons Holding Company. Additionally, he is Vice Chairman of A'ayan Leasing & Investment Co., Chairman of Milton Keynes Dons Football Club (London), and Chairman of Al-Ahlia Heavy Vehicles Selling and Import Company.

He is a member of Kuwait Building Materials Manufacturing Company, Board Member of Kuwait Society of Engineers, and Board Member and Treasurer of Kuwait Sporting Club, in addition to his membership in the Board of Directors of the Young Arab Leaders – Dubai.

Mr. Fahad Alghanim previously was Chairman of the Merger Committee of Kuwait Finance House and Ahli United Bank, Member of the Board of Directors of the Representatives of McLaren Motors global Agents (Middle East Representatives), Chairman of the Board of Directors and Chairman of the Restructuring Committee of A'ayan Leasing and Investment Company, Vice Chairman of Ali Al Ghanim Sons Automotive Company (K.S.C.C), Vice Chairman of the Board of Directors of Al-Ahlia Heavy Vehicles Selling and Import Company, Member of the Board of Directors of the Universal Payment Services Company (UPS), and Board Member of Alawla Slaughtering Co.

Mr. Yousef Abdullah Al-Qatami

Vice Chairman and Chief Executive Officer

Bachelor of Science in Business Administration, Finance and International Management, Boston University, United States of America

Mr. Yousef Al Qatami has approximately 23 years of experience in business management for global automotive brands in the automotive sector, business management and investment sectors. He is currently the Chief Executive Officer of Ali Alghanim Sons Automotive Company (K.S.C.P) and previously held the position of General Manager of Ali Mohammed Thunayan Alghanim & Sons Automotive Company and a Manager in the Asset Management Department at Global Investment House.

Mr. Al-Qatami currently holds the position of Vice Chairman, Chief Executive Officer and a member of the Nomination and Remuneration Committee of Ali Alghanim Sons Automotive Company K.S.C.P. Additionally, he is the Vice Chairman of A'ayan Leasing Holding Company. He held a Board Member of Boubyan Bank, and a Board Member of Boubyan Capital Investment Company.

Mr. Ali Abduljaleel Bahbahani

Member of the Board of Directors

Master’s degree in Hospitality and Hotel Management from the University of Lausanne, a Master’s degree in Business Administration and Finance from Kuwait University, a Bachelor’s degree in Business Administration and Finance from the University of California in the United States of America, and a Postgraduate Certificate from the University of Liverpool

With over 19 years of commercial business management experience, primarily in the automotive sector, as well as in investment and risk management. Mr. Bahbahani has held multiple leadership positions. These include Director of Shared Services and Business Development at Ali Mohammed Thunayan Alghanim & Sons Automotive Group; General Manager of Dwaliya Technical Inspection Company; General Manager of the JAC brand at Ali Mohammed Thunayan Alghanim & Sons Automotive Company; Manager of the Direct Investment Department and Portfolio/Risk Management Analyst at Kuwait International Bank; Vice President of Project Management and Corporate Finance at Arab Investment Company; and Head of the Corporate Responsibility Unit at Gulf Bank.

Mr. Bahbahani currently serves as a Board Member, Member of the Audit Committee, and Chairman of the Risk Committee at Ali Alghanim Sons Automotive Company K.S.C.P. He is also a Board Member at A’ayan Leasing Holding Company, as well as a Board Member, Chairman of the Audit Committee, and Member of the Nomination and Remuneration Committee at Arab Investment Company.

Eng. Ali Marzouq Ali Alghanim

Member of the Board of Directors

Bachelor of Science degree in Industrial and Systems Science and Engineering from the University of Southern California, USA

Mr. Ali Marzouq Alghanim currently holds the Position of General Manager of MAKFM Company since 2018 and the position of Public Relations and Operations Consultant of Kuwait Sports Club.

Mr. Ali Marzouq Alghanim has been a member of the Board of Directors of Ali Alghanim Sons Automotive Company (K.S.C.P) since 2020, Member of the Audit Committee and Risk Management Committee, and Board member of Ali Alghanim Sons Holding Company.

Mr. Mohammad Khaled Ali Alghanim

Member of the Board of Directors

Bachelor degree in Finance from Loyola Marymount University, USA

Mr. Mohammad Khaled Alghanim currently holds the position of General Manager of ALG Insurance Broker Company, He also occupied General Manager of the Al-Ahlia Heavy Vehicles Selling and Import Company and the position of Director of Sports talents and Youth at Kuwait Sports Club.

Mr. Mohammad Khaled Alghanim has been a member of the Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P since 2020, and a member of the Risk Management Committee. Additionally, he is the Vice Chairman of the Board of Directors of Al-Ahlia Heavy Vehicles Selling and Import Company.

Mr. Jehad Mohammad Ahmed Al-Qabandi

Board Member – Independent

Master's degree in Business Administration from City University London, UK, a Bachelor's degree in Engineering and Computer Science from California State University - Long Beach- USA, and has completed the Middle East Senior Executive Program from Harvard Business School, USA

Mr. Al-Qabandi has more than 34 years of experience in commercial business, finance, investment and banking in Kuwait's leading institutions.

Currently he holds the position of Independent Board Member and Chairman of the Audit Committee at Ali Alghanim Sons Automotive Company, and Vice Chairman at Afrah Al Khaleej General Trading and Contracting Company.

Mr. Al-Qabandi has distinguished banking and finance experience, he previously held the position of Chief Executive Officer at the Bank of Bahrain and Kuwait - Kuwait Branch, and Executive Director at the Kuwait National Fund for the Development and Welfare of Small and Medium Enterprises. Additionally, he has extensive experience in the field of investment, and founded Al Ritaj Investment Company and held the position of CEO and Managing Director.

Mr. Jehad also held several other leadership positions in prestigious international companies - Solomon Brothers International and the Kuwait Investment Office in London, and in local companies such as Investment Dar Company and Al Imtiaz Investment Group.

Mr. Ahmed Meshari Abdulwahab Al-Fares

Board Member – Independent

Master's degree in Business Administration and a Postgraduate Diploma in Business Administration from the Kuwait Maastricht School of Management, a Bachelor's degree in Accounting from the College of Administrative Sciences at Kuwait University, and a Higher Diploma in Islamic Finance from the College of Graduate Studies at Kuwait University

Mr. Al-Fares holds several professional certifications including Certified Compliance Officer (CCO), Certified Merger and Acquisition Specialist (CMAS), Certified Professional Internal Auditor (CPIA) from USA, Certified Risk Based Auditor (CRBA) and Certified Risk Analyst (CRA) from Hong Kong. In addition, he has several executive programs in management, leadership, and strategic planning from INSEAD Business School.

Mr. Al Fares has more than 20 years of experience in banking, supervisory business and other fields, he is currently the Secretary of the Board of Directors of Kuwait Telecom Company since 2019, and the Treasurer of the Board of Directors of the Kuwait Transparency Society.

Furthermore, he currently holds the position of an independent board member and Chairman of Nomination and Remuneration Committee of Ali Alghanim Sons Automotive Company (K.S.C.P) and a member of the Board of Directors of Kuwait Finance House (KFH).

He started his career as a Banking Inspector in the Supervision Sector at the Central Bank of Kuwait, and then held several positions at Kuwait Finance House, the last of which was the position of Governance Manager in the Regulatory Compliance Department, then joined Kuwait Telecom Company and held both the position of Director of the Regulatory Compliance Department and the position of Head of Internal Audit Department, and previously served as Assistant Undersecretary of the Ministry of Commerce and Industry for Corporate Affairs and Commercial Licensing, Chairman and Secretary of the Board of Directors of the Kuwait Accountants and Auditors Association, Board Member of the Public Authority for Industry, and Board Member of Central Bank of Kuwait.

Brief on the Company's Board of Directors' meetings, through the following statement:
Board of Directors Meetings in 2024

Member Name	Member Classification	Meeting No. (1) 14/02/2024	Meeting No. (2) 20/02/2024	Meeting No. (3) 12/03/2024	Meeting No. (4) 28/03/2024	Meeting No. (5) 09/05/2024	Meeting No. (6) 12/06/2024	Meeting No. (7) 06/08/2024	Meeting No. (8) 10/11/2024	Meeting No. (9) 30/12/2024	Total Meetings
Eng. Fahad Ali Alghanim	Chairman - Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Yousef Abdullah Al Qatami	Vice Chairman and CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Eng. Ali Marzouq Alghanim	Director - Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Mohammad Khaled Alghanim	Director - Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Ali Abduljaleel Bahbahani	Director - Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Jehad Mohammed Al-Qabandi	Director - Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Ahmed Meshari Al Fares	Director - Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

A summary of how to apply the requirements for registration and coordination and keeping minutes of the meetings of the Board of Directors of the company.

The Board of Directors reappointed the Board Secretary from among the Company's employees during its meeting dated 28/03/2024, whose duties include those outlined in the Company's Corporate Governance Manual. The Board Secretary acts as the primary liaison between the Board of Directors, executive management and all stakeholders including shareholders and various departments of the Company, and ensures, communicates and distributes information, coordinates between all concerned parties and ensures that the Board members have full and prompt access to the minutes of Board meetings, information, documents and records related to the Company. The Board of Directors, through the Board Secretary, records all minutes of the Board meetings and ensure that the minutes reflect the proper exercise of the Board's duties, and keeping the minutes and reports submitted to and from the Board of Directors, as a special register has been established in which the minutes of the Board of Directors meetings are recorded, including the meeting number, place, date and time of the beginning and end of the meeting.

The Board Secretary duties include ensuring that all members are informed of the dates of Board meetings at least three working days prior to the date of the meeting (unless there is an emergency meeting that requires members to be invited in less than three working days), in addition to preparing minutes of the meetings with discussions and deliberations, including the votes taken, categorizing and filing them for easy reference, and providing members with all required documents. The Board Secretary shall ensure that the minutes are signed by him and all members present.

An acknowledgment by the independent member that the controls of independence are available. A copy of the acknowledgement shall be attached to the report.

The Independent Directors have declared that they are independent as stated in Article (2-3) of Chapter 2 of Book 15 (Corporate Governance) of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as shown below:

Independent Board Member Acknowledgement Ali Alghanim Sons Automotive Company

I / Jehad Mohammad Ahmed Al-Qabandi, hereby acknowledge the below as an independent member in ALG's Board of Directors, that I have the controls of the Independency stipulated in Article No (2-3) of Corporate Governance book of the executive bylaws of law No.7 of 2010 regarding the establishment of the Capital Markets Authority and the regulating securities activities and its amendments. According to the following:

1. I do not hold 5% or more of ALG's shares.

2. I do not have a first degree relation with any of the Members of a Board of Directors or Executive Management Members in the Company or any other company in its Group or the main related parties.

3. I am not a Member of a Board of Directors in any company of the Group.

4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.

5. I am not an employee for corporate entities who own control shares in the Company.

6. I have the qualifications, experience and technical skills commensurate with the company's activity.

7. I undertake to immediately notify the company's Board of Directors in the event of any change that may affect my independence as an independent member of the Board of Directors.

Name: Jehad Mohammad Ahmed Al-Qabandi
Signature:

Date: 31 December 2024

Independent Board Member Acknowledgement Ali Alghanim Sons Automotive Company

I/ Ahmed Meshari Al-Fares, hereby acknowledge the below as an independent member in ALG's Board of Directors, that I have the controls of the Independency stipulated in Article No (2-3) of Corporate Governance book of the executive bylaws of law No.7 of 2010 regarding the establishment of the Capital Markets Authority and the regulating securities activities and its amendments. According to the following:

1. I do not hold 5% or more of ALG's shares.

2. I do not have a first degree relation with any of the Members of a Board of Directors or Executive Management Members in the Company or any other company in its Group or the main related parties.

3. I am not a Member of a Board of Directors in any company of the Group.

4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.

5. I am not an employee for corporate entities who own control shares in the Company.

6. I have the qualifications, experience and technical skills commensurate with the company's activity.

7. I undertake to immediately notify the company's Board of Directors in the event of any change that may affect my independence as an independent member of the Board of Directors.

Name: Ahmed Meshari Al-Fares
Signature:

Date: 31 December 2024

Rule Two

Establish Appropriate Roles and Responsibilities

Brief of how the Company defines a policy on the tasks, responsibilities and duties of each of the Members of the Board of Directors and Executive Management member, as well as the powers and authorities delegated to the Executive Management.

The Board of Directors serving as the primary pillar in accomplishing the objectives of both shareholders and stakeholders. The Board has ensured that there is a clear separation of duties between the Board of Directors and the Executive Management to ensure full independence and maintain a balance in authority between them. The responsibilities and authority of the Board are clearly defined in the Company's Articles of Association and the Company's Authority and delegation Matrix, taking into account the powers of the General Assembly.

One of the Board's main tasks is to achieve the Company's strategic objectives, maintain the financial health of the Company, and ensure that the Executive Management performs the required tasks and makes effective decisions for the benefit of the shareholders. This ultimately enhances the Company's competitiveness, drives higher growth rates and maximizes profits.

Achievements of the Board of Directors during the year.

The main achievements of the Board of Directors for the year 2024 are as follows:

01 Adopted the auditor's report and annual financial statements for 2023 and interim financial statements for 2024.

02 Approved the company's estimated budget.

03 Approved the agenda of the Ordinary General Assembly and calling for the Annual Ordinary General Assembly Meeting of the shareholders.

04 Reviewed and approved the Board of Directors' charter.

05 Reviewed and approved the policies and procedures manual for the company's departments.

06 Approved the charter of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee.

07 Approved the Board of Directors' report on the company's activities and financial position for the financial year ending on 31/12/2023.

08 Adopted the Corporate Governance Report and the Audit Committee Report for the financial year ending on 31/12/2023.

09 Approved the company's integrated report for the financial year ending on 31/12/2023.

10 Reviewed and approved the Risk Management Policies and Procedures Manual.

11 Adopted the risk register report, assessing and approving the company's risk appetite.

12 Adopted internal audit reports.

13 Adopted the ICR Internal Control Systems Review Report for the year ending on 31/12/2023.

14 Approved the report of the remuneration and benefits for the members of the Board of Directors, its committees and the executive management for the financial year ending on 31/12/2023.

15 Approved the report of related parties transactions for the financial year ended on 31/12/2023, and the transactions that will take place during the year 2024.

16 Re-appointment of the external auditor for the year 2024.

17 Approved the sustainability report for the financial year ending on 31/12/2023.

18 Approved the appointment of consultants to carry out the following tasks:

- Internal Audit
- Risk Management
- Evaluating internal control systems
- Preparing the internal audit quality assurance report
- Providing Tax Services
- Preparing a sustainability report for the year 2023

19 Reviewed and approved the corporate governance policies.

20 Reviewed and approved the company's business continuity plan.

21 Adopted the company's sustainability policy statement.

22 Adopted the Compliance Department's work plan for 2024.

23 Reviewed and approved the Authority Matrix and determined its duration.

24 Approved the distribution of semi-annual cash dividends to shareholders.

25 Approved the payment of annual remuneration to the board members and the secretary.

26 Approved the payment of annual bonuses to the executive management and employees of the company.

27 Approved the performance evaluation of the Board of Directors as a whole and each member of the Board and its committees, and the evaluation of the executive management for the year 2023.

28 Approved the performance evaluation of the consulting firms in charge of external audit, internal audit and risk management for the year 2023.

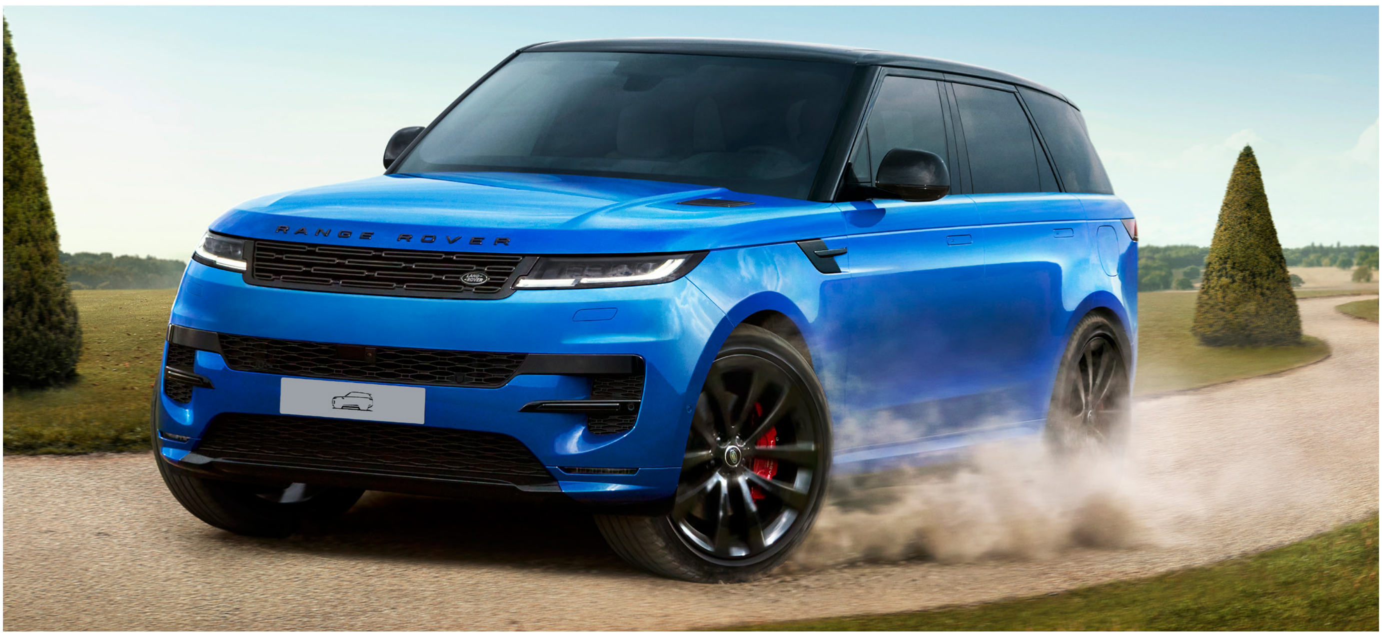
29 Approved the job description of the board members and the secretary.

30 Reviewed the nomination letters and biographies of the candidates for membership of the Board of Directors for the next three years.

31 Elected the Chairman and Vice Chairman of the Board of Directors, reconstituting the Board of Directors and its committees for the next three years, and reappointing the Secretary of the Board of Directors.

32 Approved the training plan for board members and executive management for the year 2024.

33 Monitoring the work of the committees formed by the Board of Directors and approving their recommendations.



Brief about the application of the formation requirements of independent specialized committees by the Board of Directors.

Audit Committee

Tasks and Achievements of the Committee during the year

01 Approved the auditor's report and the annual financial statements for 2023 and the interim financial statements for 2024.

02 Reviewed the Executive Management's undertaking for the integrity of the financial statements for the financial year ended 31/12/2023.

03 Reviewed and approved the Internal Audit Charter.

04 Approved the Audit Committee Charter.

05 Reviewed and approved the governance policies.

06 Approved the internal audit reports

07 Adopted the internal control systems review report for 2023.

08 Adopted the Audit Committee's report for 2023.

09 Adopted the Compliance Department's plan for 2024.

10 Adopted the internal audit plan for 2025-2026.

11 Approved the non-confirmation services of the external auditor and ensure their independence.

12 Evaluated the performance of the company's external auditor for 2023.

13 Evaluated the performance of the consulting firm assigned to the internal audit function for 2023.

14 Elected the Chairman of the Committee and appointed the committee Secretary for the next three years.

15 Recommended the reappointment of the external auditor for 2024, setting their fees and reviewing their appointment letter.

16 Recommended the re-appointment of a consulting firm to perform the internal audit function for 2025-2026.

17 Recommended the appointment of a consulting firm to prepare the internal audit quality assurance report for the three-year period (2022-2023-2024).

18 Recommended the appointment of a consulting firm to prepare the Internal Control Systems Assessment and Review Report (ICSAR) for the financial year ending in 2024.

19 Recommend the appointment of a consulting firm to provide tax services.

20 Recommended the appointment of a consulting firm to perform the actuarial valuation of the end-of-service benefits.

Committee Members

- Mr. Jehad Mohammad Al-Qabandi - Committee Chairman - Independent
- Mr. Ali Abduljaleel Bahbahani - Committee Member - Non-Executive
- Mr. Ali Marzouq Ali Alghanim - Committee Member - Non-Executive

Number of Committee Meetings during the year

9 Meetings

Committee Formation Date

The Board of Directors re-formed the committee on 28/03/2024

Committee Term

Three years, provided that it does not exceed the remaining duration of the Board of Directors membership.

Nomination and Remuneration Committee

Tasks and Achievements of the Committee during the year

01 Reviewed and approved the charter of the Nomination and Remuneration Committee.

02 Approved the performance evaluation of the Board of Directors as a whole and each member of the Board of Directors, its committees and executive management for the financial year ending 2023

03 Approved the payment of the annual remuneration to the Board members and the Board Secretary for the financial year ending in 2023.

04 Approved the disbursement of the annual bonus for the executive management and employees of the company for the year ending in 2023.

05 Approved the remuneration and benefits report for the members of the Board of Directors, its committees and executive management who received the highest remuneration for the financial year ending in 2023.

06 Approved the training plan for the Board of Directors and Executive Management for 2024.

07 Approved the independent directors' letters of undertaking and confirm the conditions of their independence.

08 Approved the job description of the board members and the board secretary.

09 Reviewed the nomination letters and biographies of the candidates for the Board of Directors for the next three years.

10 Elected the Chairman of the Committee and appointing the Committee Secretary for the next three years.

Committee Members

- Mr. Ahmed Meshari Al Fares - Chairman of the Committee – Independent
- Mr. Fahad Ali Alghanim - Committee Member - Non-Executive
- Mr. Yousef Abdullah Al Qatami - Committee Member - Executive

Number of Committee Meetings during the year

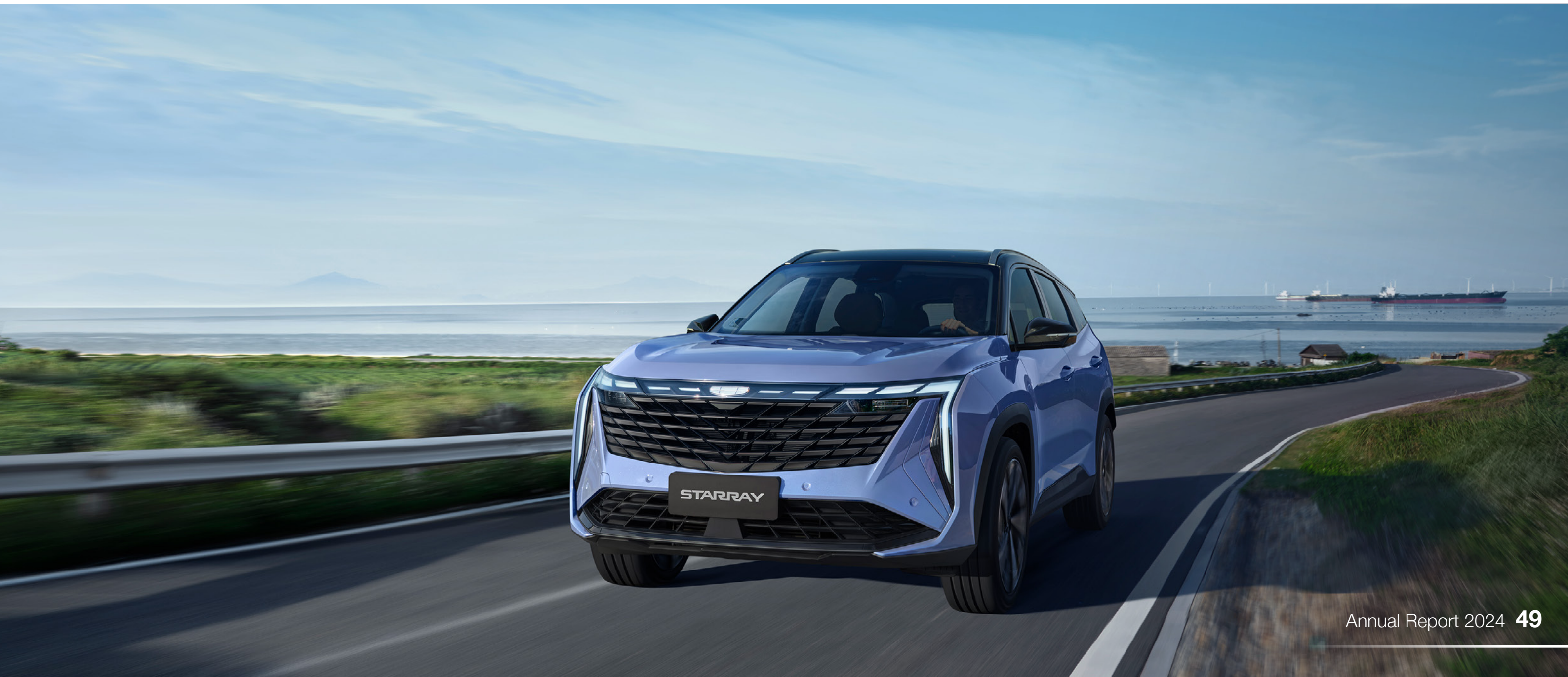
3 meetings

Committee Formation Date

The Board of Directors re-formed the committee on 28/03/2024

Committee Term

Three years, not to exceed the remaining term of the Board of Directors



Risk Management Committee

Tasks and Achievements of the Committee during the year

01 Reviewed and approved the Risk Management Committee Charter.

02 Reviewed and approved the Risk Management Policies and Procedures Manual.

03 Reviewed and approved the company's business continuity plan.

04 Approved the risk management register and report.

05 Approved of the company's acceptable risk level (risk appetite).

06 Elected the Committee Chairman and appointed of the Committee Secretary.

07 Recommended the appointment of a consultant to undertake the tasks of preparing the sustainability report for the financial year ending in 2023.

08 Approved the related party transactions report for the fiscal year ended 12/31/2023, and the transactions that will take place during the year 2024.

09 Evaluated the performance of the risk management consultant for the year 2023.

10 Recommended the reappointment of the Risk Management Consultant for the year 2024.

11 Adopted the company's sustainability policy statement.

12 Approved the sustainability report for the year 2023.

Committee Members

- Mr. Ali Abduljaleel Bahbahani - Chairman of the Committee - Non-Executive
- Mr. Ali Marzouq Ali Alghanim - Committee Member - Non-Executive
- Mr. Mohammad Khalid Alghanim - Committee Member - Non-Executive

Number of Committee Meetings during the year

7 Meetings

Committee Formation Date

The Board of Directors re-formed the committee on 28/03/2024

Committee Term

Three years, not to exceed the remaining term of the Board of Directors

A summary of how to apply the requirements that allow the Members of the Board of Directors to obtain accurate and timely information and data.

One of the duties of the Executive management is to provide complete, accurate and timely information and data to all members of the Board of Directors. The Board of Directors has adopted a Policy and Procedures Manual outlining the process for Board members to access accurate, timely and complete information. It also delineates the responsibility of Board members to maintain the confidentiality of such information. The Company has developed its IT infrastructure, particularly its reporting systems, to ensure that all reports are prepared with a high degree of quality and accuracy.

The company has developed the presentation mechanism for Board of Directors' meeting documents to ensure that all reports are prepared with the highest level of quality and accuracy. This initiative aims to streamline the decision-making process while also reducing paper-based transactions.

Rule Three

Recruit Highly Qualified Candidates for Members of a Board of Directors and the Executive Management

Brief about the application of the formation requirements of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (BNRC) has developed a charter that has been approved by the Board of Directors of the Company. The Nomination and Remuneration Committee's charter includes a clear policy for determining the remuneration of the Board Members and Executive Management. The Nominations and Remuneration Committee consists of three members, headed by an independent member.

Summary of the company's policy of compensations and incentives specifically related to Members of a Board of Directors, the Executive Management and Managers.

The performance of the Board of Directors as a whole and the contribution of each Board Member and Board Committees are assessed annually based on approved objective performance indicators (KPIs).

Accordingly, the annual remuneration of the Board of Directors is determined in accordance with Law No. (1) of 2016 stipulating the Companies Law and its Executive Regulations and its amendments. This remuneration is ratified by the Ordinary General Assembly based on the recommendation of the Board and the recommendation of the Nomination and Remuneration Committee. An independent member of the Board of Directors may be exempted from the above-mentioned maximum remuneration based on the approval of the Ordinary General Assembly.

The fixed and variable remuneration categories for Executive Management are determined as follows:

- Fixed remuneration (salaries, benefits, etc.).
- Variable remuneration (annual bonus based on performance evaluation criteria and short- and long-term performance targets).

Report on the remunerations to the Members of the Board of Directors, the Executive Management and Managers:

Remunerations and benefits for Board of Directors members

Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through subsidiaries			
	Fixed Remuneration and benefits (KWD)	Variable Remuneration and benefits (KWD)		Fixed Remuneration & benefits (KWD)		Variable Remuneration and benefits (KWD)	
	Health Insurance	Annual Remuneration	Committees' Remuneration	Health Insurance	Monthly salaries (total of the year)	Annual Remuneration	Committee Remuneration
7	-	85,000	-	2,135	118,753	75,002	-

Total remunerations and benefits granted to five senior executives who have received the highest remunerations, in addition to the Chief Executive Officer and the financial manager or their deputy, if not included

Total number of executive positions	Remunerations and benefits through the parent company							Remunerations and benefits through subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (KWD)	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (KWD)
	Monthly salaries (total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual remuneration	Monthly salaries (total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual remuneration
5	37,680	1,220	951	-	-	-	9,970	224,112	2,745	-	-	-	-	929,086

Any substantial deviations from remuneration policy approved by Board of Directors.

There are no deviations from the approved Board remuneration policy.

Rule Four

Safeguard the Integrity of Financial Reporting

Written undertakings by both the Board of Directors and the Executive Management of the soundness and integrity of the prepared financial reports

The integrity and fairness of the Company's financial statements are important indicators of the company integrity and credibility in presenting its financial position. The Executive Management pledges to the Board of Directors that all financial reports are presented in a sound and fair manner, that they review all financial aspects of the Company's data and business results, and that they are prepared in accordance with the International Accounting Standards that approved by the Capital Markets Authority. In turn, the Board pledges the same to the Company's shareholders, strengthening accountability through Executive Management, the Audit Committee, and the Board.

Brief about the application of the formation requirements of the audit committee.

The Audit Committee has developed a charter approved by the Company's Board of Directors, in accordance with the requirements of Chapter 5 of Book 15 of the Executive Regulations of Law No. (7) of 2010 on the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments. Comprising three members, including an independent member, the committee was reconstituted in the Board of Directors meeting dated 28/03/2024, ensuring that neither the Chairman of the Board nor the executive members of the Board of Directors hold its membership. The term of the Committee is three years, and at least one member must have a scientific qualification or practical experience among the members of the Committee in accounting and finance fields.

The committee ensures the safety and integrity of the company's financial reports and ensures the adequacy and effectiveness of the company's internal control systems, and it meets regularly with the external auditor and internal auditors. During the year, the Committee held four meetings with the Internal Auditor.

In case of any conflicts between the recommendations of the audit committee and the resolutions of the Board of Directors, a statement shall be included detailing and clarifying the recommendations and the reason(s) of the Board of Directors non-compliance therewith.

During the year 2024, there were no conflicts between the recommendations of the Audit Committee and the decisions of the Board.

Verification of the independence and neutrality of the external Auditor.

The Ordinary General Assembly for the financial year ended on 31 December 2023 reappointed Mr. Badr Adel Abdul Jader - Ernst & Young (Al Aiban, Al Osaimi & Partners) as the independent external auditor for the year 2024, based on the recommendation of the Board of Directors and the Audit Committee, as he is on the approved list of auditors with the Capital Markets Authority. The Audit Committee ensures that the external auditor is independent of the Company and its Board of Directors and does not perform additional work conflicting with the services required by the audit and review profession.

Rule Five

Apply Sound Systems of Risk Management and Internal Audit

A brief statement on the application of the formation requirements of a department/ an office/ an independent unit of risk management.

In accordance with the organizational structure approved by the Board of Directors, Ali Alghanim Sons Automotive Company has established an independent risk management unit reporting to the Risk Committee and the Board of Directors. Based on the recommendation of the Risk Management Committee, the Board re-appointed an independent external consultant with qualified human resources to perform risk management functions. The Risk Management Policies and Procedures Manual has been approved by the Board based on the recommendation of the Committee. Internal control systems and effective risk management procedures have been established to measure and monitor the risks to which the Company is exposed, and the Board has approved the acceptable risk level for the Company (risk appetite).

A brief about the application of the formation requirements of the risk management committee.

The Board of Directors, during its meeting held on 28/03/2024, restructured the Risk Management Committee and approved its charter. The Committee consists of three non-executive directors, taking into consideration that the Chairman of the Board is not a member of the Committee. The term of the Committee is three years.

The role of the Committee is to ensure that the strategies and policies approved by the Board are implemented and commensurate with the nature and size of the Company's activities, and to assist the Board in determining and assessing the acceptable level of risk for the Company, and to monitor and review key risk on a regular basis.

Summary clarifying the control and internal audit systems.

The company has a set of control systems and regulatory rules that cover all its activities and departments. These systems and rules ensure the soundness of the company's financial position, the accuracy of its data, and the efficiency of its operations. The company's organizational structure reflects the four eyes principles, and the Board of Directors has approved a clear authorities matrix, which has been reviewed and updated to align with the company's activities. The Board of Directors is committed to reviewing periodic reports issued by the Audit Committee on the results of internal control activities.

Based on the recommendation of the Audit Committee, the Board of Directors engaged an independent external consulting firm to review the company's internal control systems and issue a report evaluating and reviewing these systems for the financial year ended December 31, 2023. Additionally, during 2024, the Board approved the mentioned report based on the recommendation of the Audit Committee.

A brief statement on the application of the formation requirements the internal audit department/office/unit.

The company has established an independent Internal Audit Department that reports to the Audit Committee and, subsequently, to the Board of Directors. The department's work is performed by an independent external consulting office, which has been reappointed by the Board based on the recommendation of the Audit Committee. The Board has reviewed and approved the Internal Audit Charter.

The independence of the Internal Audit Department is essential for the effectiveness and success of internal audit tasks. The role of the Internal Audit Department is to identify and evaluate the internal control systems implemented in the company, identify weaknesses in procedures and processes, provide necessary recommendations and guidance, and ensure the company's compliance with laws and regulatory frameworks. The department, through the external office, issues periodic reports to the Audit Committee and the Board of Directors, based on the internal audit plan approved by the committee and the board.

Rule Six

Promote Code of Conduct and Ethical Standards

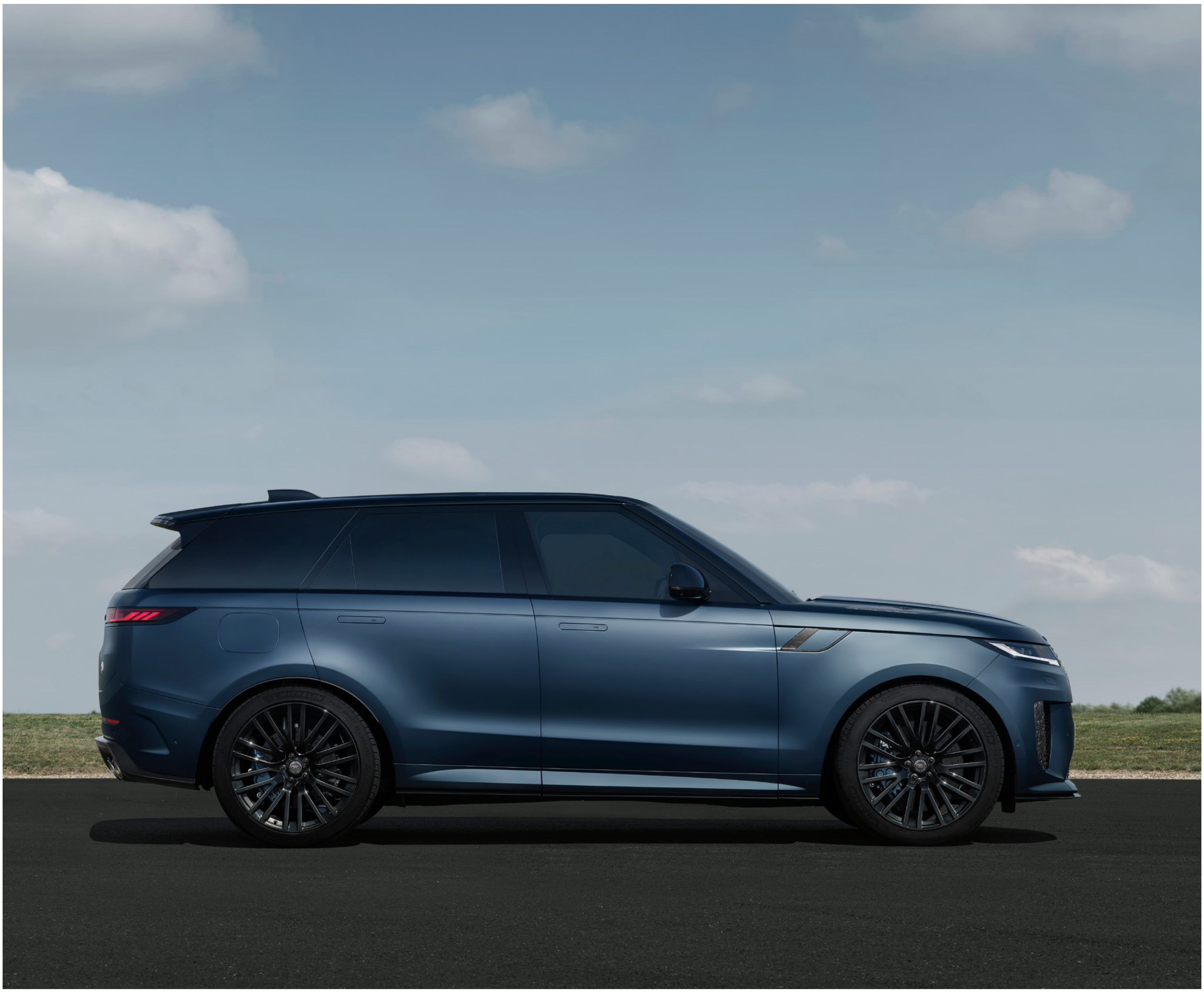
A summary of the business charter including standards and determinants of code of conduct and ethical standards.

Alghanim believes that professional conduct standards and ethical values are an integral part of the company's core values. The Board of Directors has adopted a Code of Conduct, whereby Board Members and the Executive Management are committed to not exploiting their positions or using the company's assets and resources for personal gain. The Board of Directors, executive management, and all company employees are dedicated to adhering to this code in the daily operations of the company.

The Code also regulates the whistleblowing policy, which allows employees and stakeholders to report any improper practices that contradict the laws, policies and internal regulations of the Company, while ensuring that the whistleblower is granted confidentiality to protect him/her from any negative reaction or damage that may be caused to him/her as a result of reporting such misconduct practices.

Summary of the policies and mechanisms on reducing the conflicts of interest.

The code of conduct approved by the Board of Directors includes a set of policies and procedures to minimize conflicts of interest that aim to preserve the rights of shareholders and stakeholders. One of the most important components of this policy is the availability of effective procedures and measures to identify and deal with any conflict of interest, in accordance with the requirements of the Capital Markets Authority and Companies Law No. (1) of 2016 and its amendments, as well as the role of the Board, Executive Management and the General Assembly in the event of a conflict of interest.



Rule Seven

Ensure Timely and High Quality Disclosure and Transparency

Summary of the application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas and characteristics of disclosure.

Alghanim is committed to providing accurate and timely information to shareholders, investors and stakeholders. The Board of Directors has adopted policies and procedures in terms of disclosures and transparency through which it determines the mechanism for disclosing financial and non-financial information and data related to the Company.

Access to accurate and credible information helps shareholders and investors to analyze and compare data and evaluate the Company's performance. This contributes to attracting capital and improving shareholders' and investors' understanding of the Company's operations and activities. Additionally, it improves relationships, fostering the highest levels of trust with all related parties. The Company emphasizes maintaining a balance between the confidentiality of customers' information and the disclosure required for shareholders, investors, and stakeholders. The Compliance Department is responsible for overseeing the disclosure process and liaising with the Executive Management and all departments of the Company to ensure that it complies with the requirements of the Capital Markets Authority, Boursa Kuwait and other regulatory authorities.

Brief about the application of the requirements of the Board of Directors disclosure and executive management disclosures, and the managers' disclosures.

The Company maintains a special register for the disclosures of the Board of Directors, Executive Management and Managers on their dealings in the Company's shares on Boursa Kuwait, as well as the remuneration, salaries, incentives and other financial benefits granted directly or indirectly by the Company or its subsidiaries. All shareholders of the Company can access this register without any fees or charges.

A brief statement on the application of the formation requirements of a unit of investors affairs.

The Company has established an independent Investor Relations Unit reporting to the Chief Executive Officer and the Board of Directors has approved the Investor Relations Policies and Procedures.

The unit works to provide the necessary data, information and reports to shareholders and potential investors in an accurate and timely manner through the usual means of disclosure, including the Company's website. The unit also promotes credibility and trust between the Company and shareholders and maintains equality between all shareholders by responding to any questions or inquiries through the usual means of communication.

Brief on how to develop the infrastructure for the information technology on which it shall significantly rely on in the disclosure processes.

The Company has a well-developed and effective website that meets the requirements of shareholders and other related parties. The Company's website contains a corporate governance and investor relations section that includes all Company disclosures, data and information that helps shareholders and investors to access information and data easily and conveniently, exercise their rights and evaluate the company performance. The company's website has also been updated with a dedicated sustainability section, enabling shareholders to track the Company's achievements and performance in Environment, Society and Governance (ESG).

Rule Eight

Respect The Rights of Shareholders

A summary of the application of the requirements for the identification and protection of the general rights of shareholders, in order to ensure fairness and equality amongst all shareholders.

Alghanim's Articles of Association guarantee the rights and obligations of shareholders, in particular the right to receive a share of the profits that the Company decides to distribute, the right to participate in the Company's management through membership in the Board of Directors, attending the General Assembly meetings, participating in its deliberations and voting on its decisions and other rights contained in the Company's Articles of Association. In accordance with the corporate governance rules issued by the Capital Markets Authority and the Companies Law, the Company has developed a policy "General Assembly and Shareholders' Rights" and has been approved by the Company's Board. The company is committed to protecting shareholders and ensuring the exercise of their fundamental rights with a high degree of justice and equality, ensuring equal treatment for all shareholders owning the same type of shares without discrimination. Additionally, the company provides shareholders with sufficient opportunities to disclose the minutes of general assembly meetings.

A summary of the creation of a special record at the Clearing Agency as part of the requirements for on-going monitoring of shareholders' data.

The Company has contracted with Kuwait Clearing Company for the purpose of establishing a special register kept by the Kuwait Clearing Company in which the names of the shareholders, their nationalities, citizenship and the number of shares owned by each of them are recorded, and Kuwait Clearing Company provides the Company with daily updates to the data and information included in the shareholders' register. Shareholders and any interested parties have the right to request data from this register in accordance with the laws and instructions issued by the regulatory authorities.

Brief on how to encourage shareholders to participate and vote in the company's general assembly meetings.

The Company's Articles of Association and the General Assembly and Shareholders' Rights Manual stipulate the provisions relating to the General Assembly of Shareholders, which include the procedures and precautions necessary to ensure that all shareholders exercise their rights to participate and vote in the General Assembly meetings.

The Company is committed to implementing the requirements of the Capital Markets Authority (CMA) to hold its General Assemblies in accordance with the electronic voting system and facilitate the exercise of shareholders' right to vote if they are unable to attend in person. The Company encourages its shareholders to attend the General Assembly meetings or authorize their representatives to attend and vote if they are unable to attend such meetings. The Company discloses all Assembly notices and explanatory attachments to its shareholders well in advance of the Assembly through the electronic system at the Clearing Company and the Company's website and through the website of the Boursa Kuwait. The invitation to attend the general assembly meeting, including the agenda, time, and method of participation, is issued by advertising twice in two local newspapers, allowing shareholders to actively participate in general assembly meetings, discuss the listed topics, and ask questions. The company also ensures that all shareholders exercise their voting rights without any obstacles.

Rule Nine

Recognize the Roles of Stakeholders

Brief about conditions and policies that ensure protection and recognition of the rights of stakeholders.

Alghanim believes that the rights of its stakeholders - shareholders, investors, employees, creditors, customers, and suppliers - are protected and recognized. Stakeholder input is a critical resource for building a Company's competitiveness and profitability, and as part of the Company's corporate governance framework, the Board of Directors has established a policy to ensure that the rights of stakeholders are protected and respected. The Board, Executive Management and employees all have a role to play in protecting the rights of the Group's stakeholders.

Brief on how to encourage stakeholders to keep track of the company's various activities.

The following are the key responsibilities towards stakeholders that encourage them to participate in the Company's various activities:

- Provide timely and appropriate information to help stakeholders make sound decisions based on correct and complete information through recognized means of communication, within the framework of the law.

- Supervise the Company's activities efficiently and impartially, respecting the values and culture of each stakeholder.

- Respect the laws and regulations issued by the Capital Markets Authority, the Ministry of Commerce and Industry and any other relevant regulatory bodies.

- Commitment to the banks and financial institutions with which the Company deals to ensure that commitments and conditions are not breached.

- Create sustainable added value for shareholders with the aim of maximizing their investments and achieving reasonable financial returns, always working for their benefit, and protecting their rights as stipulated in the Company's Articles of Association.

- Deal with stakeholders on the same terms that the Company applies to all stakeholders without any discrimination.

- Build good relationships with customers and suppliers and maintain the confidentiality of information related to them.

- Ensure that the contracts concluded between stakeholders and the Company include a detailed explanation in case of any disagreement or dispute.

- Compensate stakeholders in case of violation of their rights recognized and protected by their contracts.

- Provide mechanisms for reporting and resolving complaints or disputes that may arise between the Company and stakeholders.

- Select members of the Executive Management who are capable of efficiently handling these tasks.

- Establish mechanisms to develop the performance of employees to ensure in turn their contribution to management and effective decision-making.

- Contribute to economic and social development.

Rule Ten

Encourage and Enhance Performance

A summary of the application of the requirements for the development of mechanisms that allow members of the Board of Directors and Executive Management to attend training programs and courses regularly.

The Company is keen to develop the expertise of the Board of Directors and Executive Management by keeping them up to date with the latest developments in various related fields. Accordingly, the Board and Executive Management attended a training course on sustainability in 2024.

Brief on how to evaluate the performance of the Board as a whole, the performance of each Member of the Board and each member of the Executive Management.

The Board of Directors, through the Nomination and Remuneration Committee, has adopted a set of indicators to measure and evaluate the performance of the Board as a whole and the performance of each member of the Board and the Executive Management, which are mainly related to the duties and responsibilities of the aforementioned and the achievement of the Company's strategic objectives. The Company has worked to assess the performance of the Board, committees, and the Executive Management in order to measure the efficiency and effectiveness of the Board, identify and evaluate weaknesses, and identify necessary training needs.

An overview of the Board of Director's efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators.

The Board of Directors recognizes the importance of promoting and instilling value creation in order to achieve the Company's strategic objectives, enhance performance, and bolster stakeholder confidence. This proactive approach effectively fosters value creation among employees, inspiring them to innovate and appreciate initiatives. Motivation is fueled by aligning remunerations and promotions with performance, communicated through transparent evaluation criteria. Additionally, the provision of teamwork opportunities and a positive environment empowers employees to strive for excellence in achieving the Company's strategic goals while adhering to internal and external regulations and codes of conduct, and during the year 2024, the board also prepared and approved the integrated report for the year ended in 31/12/2023.

Rule Eleven

Focus on the importance of Corporate Social Responsibility

A summary of the development of a policy to ensure a balance between each of the company goals and society goals.

Alghanim has developed Sustainability and Corporate Social Responsibility (CSR) policies that balances both corporate and societal objectives and has been approved by the Company's Board of Directors.

Brief about the programs and mechanisms helping to highlight the company's efforts in the field of social work.

Alghanim is committed to aligning its strategies with community well-being and enhancing its sustainability goals. our corporate social responsibility initiatives reflect our dedication to making a positive impact on society by organizing events and sponsoring major community activities, especially those that promote positive trends and encourage individuals to participate in sports, educational, and entertainment activities.

Below is a summary of the most important social activities that took place during 2024:

Fantasy Premier League:

The group organized the "Fantasy" English Premier League tournament in 2024, with over 5,800 participants. Given the immense popularity of football in Kuwait, which represents a significant part of the local culture.

Sponsorship of the LEAGOO League:

The group organized the LEAGOO League, a sports event that spanned seven weeks, featuring 32 teams from various age groups. The group's sponsorship of this league was part of its corporate social responsibility initiatives, aimed at promoting a sports culture, encouraging a healthy lifestyle, and fostering teamwork and community spirit.

The group remains committed to empowering youth and contributing to community development, reinforcing its mission to support young individuals. It firmly believes in the importance of building a healthier, more active society and creating more opportunities for youth participation and growth.

Sponsorship of the Premier Padel Tournament:

Alghanim is proud to sponsor the "Premier Padel P1 Kuwait" tournament, a major stop in the unified 25-tournament season. The event attracted some of the world's top players, including Arturo Coello, Agustín Tapia, Ariana Sánchez, and Juan Lebrón, further solidifying Kuwait's position on the global sports map.

Through this sponsorship, Alghanim reaffirms its strong commitment to supporting sports as a catalyst for community development, inspiring youth, promoting a healthier lifestyle, and positioning Kuwait as a global sports hub.

Beyond the thrilling competitions, the event featured unique interactive experiences for fans, offering family-friendly activities, entertainment, and community engagement opportunities. The tournament concluded with a spectacular celebration, complete with live entertainment, making it a truly unforgettable experience for all attendees.

Sponsorship of Al Amiri Hospital:

Alghanim Group sponsored Al Amiri Hospital in recognition of the exceptional achievements of its employees and doctors. This initiative reflects the company's commitment to supporting key sectors that contribute to the health and well-being of the Kuwaiti community.

Believing in the role of medical staff in improving the quality of healthcare, the group made sure to honor the efforts of healthcare professionals in elevating service standards and enhancing patient experiences. This initiative is part of strengthening collaboration between the public and private sectors and serves as an expression of gratitude and acknowledgment of the vital role played by doctors, nurses, and hospital staff in building a healthier community.

The Padel Championship hosted by Ali Alghanim and Sons Automotive:

Alghanim Group reaffirmed its commitment to sustainability and social responsibility by organizing one of the largest padel tournaments in Kuwait. This special sporting event brought together participants from various demographics, including both men and women of all ages, creating an environment of collaboration and competitive spirit.

As part of the company's strategy to focus on key sustainability pillars, the initiative aimed to enhance community participation by encouraging the community to engage in sports activities, promoting physical health, and fostering a spirit of competition across all societal groups. Through these initiatives, the group continues to provide innovative solutions to support community needs, focusing on sustainability, health, and inclusivity to leave a positive impact on society.

Sponsorship of the ABS School Charity Spring Carnival:

Alghanim Group participated in supporting the Charity Spring Carnival, a prominent community event that attracted over 1,250 participants, reflects the spirit of giving and solidarity within the Kuwaiti community. Donations, contributions, and volunteer efforts helped raise funds to support local charitable organizations, reflecting the group's commitment to supporting humanitarian and developmental initiatives.

The carnival aims to promote a culture of community service, teaching students the importance of giving back to society, while providing a safe and enjoyable environment for children to acquire valuable skills and engage in social participation.

This year's carnival focused on supporting the Palestinian people by addressing basic needs, such as providing food, clean water, and rebuilding infrastructure. Donations were allocated to the Kuwait Red Crescent Society, which plays a pivotal role in delivering humanitarian aid. Alghanim Group's contribution to such a significant cause is a source of pride and honor, supporting these vital efforts for positive change in society.

Can Bank Machines:

One of Alghanim Group's companies in Egypt contributed to providing and installing Can Bank machines in multiple facilities to raise awareness and educate guests and employees about the importance of recycling. These machines aim to promote eco-friendly behaviors, encourage the adoption of sustainable practices, and contribute to the broader circular economy strategy, which seeks to reduce waste and maximize resource efficiency.

Sponsorship of the Shark Tank Program:

One of Alghanim Group's companies, BMW Egypt, renewed its partnership with the Shark Tank program for 2024 to support young entrepreneurs focused on sustainable and eco-friendly innovations, in line with BMW's global sustainability goals. The program promotes BMW's fully electric i models through television and digital campaigns on CBC and WatchIT channels. Additionally, Global Auto is collaborating with Masafat to build a sustainable waste management system by collecting recyclable scrap from BMW service centers and other local operational facilities.

13

Financial Statements

Independent Auditors’ Report to the Shareholders
of Ali Al-Ghanim Sons Automotive Company K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to 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 for our audit opinion on the accompanying consolidated financial statements.

Existence and valuation of inventories

Key audit matter	How the key audit matter was addressed in the audit
As at 31 December 2024, the Group held inventories of KD 92,898,376 net of an allowance of KD 2,729,743, representing 35% of total assets. Inventories mainly consist of motor vehicles and spare parts on-hand and in-transit at year-end and are valued at the lower of cost and net realisable value. Management determines the level of obsolescence of inventories by considering their nature, aging profile and sales expectations using historic trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost. Judgment is required to identify obsolete and slow-moving inventories and assess the appropriate level of allowance for such inventories, which may be sold below cost as a result of a reduction in consumer demand. Such judgments include management's expectations for future sales and inventory liquidation plans. Estimation process of the allowance is disclosed in Note 2.6.2 to the consolidated financial statements. We considered the existence and valuation of inventories as a key audit matter given the relative size of the balance in the consolidated statement of financial position and the significant judgments and key assumptions applied by management in determining the allowance and the level of inventories write down required based on Net Realisable Value (NRV) assessment.	Our audit procedures included, among others, the following: ❑ We attended the physical inventory count at year-end for all significant locations, observed the count procedures and, for a sample of inventory, performed test counts to assess the existence and condition of inventory on-hand. ❑ For Goods in Transit ("GIT"), we tested a sample of the cost incurred to supporting evidence such as external purchase invoices, shipping documents and receipt of inventory after the cut-off date. ❑ We reviewed the basis for the allowance by understanding and challenging the key assumptions used. In doing so, we understood the aging profile of the inventory, identification of obsolete and slow-moving inventories and the process for identifying specific specific problem inventory. Furthermore, we recalculated the expected allowance based on the above key assumptions to assess the mathematical accuracy of the calculation. ❑ We assessed the appropriateness of management estimation of NRV by tracing inventory items in the listing, on a sample basis, to sales during and subsequent to the reporting period. ❑ We also considered the adequacy of the Group's accounting policies and disclosures relating to inventory and related allowances in Notes 2 and 12 to the consolidated financial statements.

Other information included in the Group's 2024 Annual Report

Management is responsible for the other information. The 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. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation, and Articles of Association that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, 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, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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

20 February 2025
Kuwait

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
CONTINUING OPERATIONS			
Revenue from contracts with customers	3	259,023,657	260,375,668
Vehicle lease income		5,996,033	4,158,347
Revenue		265,019,690	264,534,015
Cost of sales and services rendered		(200,124,339)	(198,691,552)
GROSS PROFIT		64,895,351	65,842,463
Other operating income		993,608	904,107
Selling and distribution expenses		(17,414,581)	(19,518,581)
Administrative expenses		(12,208,768)	(13,124,612)
OPERATING PROFIT		36,265,610	34,103,377
Finance costs		(3,181,400)	(2,014,962)
Share of results of equity-accounted investees	10	3,649,050	3,510,835
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION	4	36,733,260	35,599,250
Taxation	5	(2,159,333)	(2,270,506)
Directors' remuneration	20	(85,000)	(85,000)
PROFIT FOR THE YEAR		34,488,927	33,243,744
Attributable to:			
Equity holders of the Parent Company		29,260,282	28,481,450
Non-controlling interests		5,228,645	4,762,294
		34,488,927	33,243,744
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)	6	106.81	103.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
PROFIT FOR THE YEAR		**34,488,927**	33,243,744
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges – effective portion of changes in fair value		-	539,674
Cost of hedging reserve – changes in fair value		-	(117,382)
Cost of hedging reserve – amortised to profit or loss		-	228,239
Net gain on cash flow hedges		-	650,531
Net exchange differences on translation of foreign operations		(7,054,637)	(1,581,087)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(7,054,637)**	(930,556)
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss) gain on equity instruments designated at fair value through other comprehensive income	11	(59,500)	143,500
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods		**(59,500)**	143,500
Other comprehensive loss for the year		**(7,114,137)**	(787,056)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,374,790**	32,456,688
Attributable to:			
Equity holders of the Parent Company		25,601,792	28,481,294
Non-controlling interests		1,772,998	3,975,394
		27,374,790	32,456,688

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Non-current assets			
Property, plant and equipment	7	119,347,817	109,949,266
Intangible assets	8	131,661	75,989
Medium-term receivables	9	414,460	972,529
Investment in equity-accounted investees	10	13,425,748	12,262,937
Investment securities	11	2,060,426	609,000
		135,380,112	123,869,721
Current assets			
Inventories	12	92,898,376	63,292,109
Accounts receivable and prepayments	13	11,283,962	8,851,965
Receivables from related parties	20	6,783,871	6,688,528
Cash and short-term deposits	14	16,860,471	20,480,145
		127,826,680	99,312,747
TOTAL ASSETS		263,206,792	223,182,468
EQUITY AND LIABILITIES			
Equity			
Share capital	15	27,750,000	27,750,000
Statutory reserve	15	10,747,874	7,676,188
Treasury shares	16	(3,135,248)	(3,011,204)
Treasury shares reserve	16	5,139	5,139
Asset revaluation surplus	15	31,508,181	31,508,181
Fair value reserve	15	74,783	134,283
Foreign currency translation reserve	15	(4,758,984)	(1,159,994)
Other reserves		1,196,343	1,196,343
Retained earnings		25,443,559	18,432,439
Equity attributable to equity holders of the Parent Company		88,831,647	82,531,375
Non-controlling interests		10,566,645	9,897,447
Total equity		99,398,292	92,428,822
Non-current liabilities			
Islamic finance payables	17	31,641,223	29,048,163
Employees' end of service benefits	18	6,245,422	5,845,787
Trade payables, accruals and other provisions	19	20,501,249	16,383,512
		58,387,894	51,277,462
Current liabilities			
Islamic finance payables	17	9,252,428	4,459,073
Trade payables, accruals and other provisions	19	84,176,775	65,336,472
Payables to related parties	20	11,991,403	9,680,639
		105,420,606	79,476,184
Total liabilities		163,808,500	130,753,646
TOTAL EQUITY AND LIABILITIES		263,206,792	223, 182,468

Eng. Fahad Ali Mohammed Thunayan Alghanim
Chairman

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	Treasury shares KD	Treasury shares reserve KD	Asset revaluation surplus KD	Cash flow hedge reserve KD	Cost of hedging reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Other reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2024	**27,750,000**	**7,676,188**	**(3,011,204)**	**5,139**	**31,508,181**	**-**	**-**	**134,283**	**(1,159,994)**	**1,196,343**	**18,432,439**	**82,531,375**	**9,897,447**	**92,428,822**
Profit for the year	-	-	-	-	-	-	-	-	-	-	29,260,282	29,260,282	5,228,645	34,488,927
Other comprehensive loss for the year	-	-	-	-	-	-	-	(59,500)	(3,598,990)	-	-	(3,658,490)	(3,455,647)	(7,114,137)
Total comprehensive (loss) income for the year		-	-	-	-	-	-	(59,500)	(3,598,990)	-	29,260,282	25,601,792	1,772,998	27,374,790
Transfer to reserves (Note 15)	-	3,071,686	-	-	-	-	-	-	-	-	(3,071,686)	-	-	-
Dividends to equity holders of the Parent Company (Note 21)	-	-	-	-	-	-	-	-	-	-	(19,177,476)	(19,177,476)	-	(19,177,476)
Net purchase of treasury shares (Note 16)	-	-	(124,044)	-	-	-	-	-	-	-	-	(124,044)	-	(124,044)
Dividends to non- controlling interests	-		-	-	-	-	-	-	-	-	-	-	(1,103,800)	(1,103,800)
At 31 December 2024	**27,750,000**	**10,747,874**	**(3,135,248)**	**5,139**	**31,508,181**	**-**	**-**	**74,783**	**(4,758,984)**	**1,196,343**	**25,443,559**	**88,831,647**	**10,566,645**	**99,398,292**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company													
	Share Capital KD	*Statutory reserve KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Asset revaluation surplus KD*	*Cash flow hedge reserve KD*	*Cost of hedging reserve KD*	*Fair value reserve KD*	*Foreign currency translation reserve KD*	*Other reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interests KD*	*Total equity KD*
As at 1 January 2023	27,750,000	4,676,367	(2,954,654)	5,139	31,508,181	(591,721)	(110,857)	(9,217)	(365,807)	1,196,343	11,860,187	72,963,961	6,702,293	79,666,254
Profit for the year	-	-	-	-	-	-	-	-	-	-	28,481,450	28,481,450	4,762,294	33,243,744
Other comprehensive income (loss) for the year	-	-	-	-	-	539,674	110,857	143,500	(794,187)	-	-	(156)	(786,900)	(787,056)
Total comprehensive income (loss) for the year	-	-	-	-	-	539,674	110,857	143,500	(794,187)	-	28,481,450	28,481,294	3,975,394	32,456,688
Transfer of cash flow hedge reserve to inventories	-	-	-	-	-	52,047	-	-	-	-	-	52,047	-	52,047
Transfer to reserves (Note 15)	-	2,999,821	-	-	-	-	-	-	-	-	(2,999,821)	-	-	-
Dividends to equity holders of the Parent Company (Note 21)	-	-	-	-	-	-	-	-	-	-	(18,909,377)	(18,909,377)	-	(18,909,377)
Net purchase of treasury shares (Note 16)	-	-	(56,550)	-	-	-	-	-	-	-	-	(56,550)	-	(56,550)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(780,240)	(780,240)
At 31 December 2023	27,750,000	7,676,188	(3,011,204)	5,139	31,508,181	-	-	134,283	(1,159,994)	1,196,343	18,432,439	82,531,375	9,897,447	92,428,822

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before tax and directors' remuneration		36,733,260	35,599,250
Adjustments to reconcile profit before tax and directors' renumeration to net cash flows:			
Gain on disposal of property, plant and equipment		(76,760)	(44,295)
Gain on derecognition of right-of-use assets		(23,294)	(1,333)
Depreciation of property, plant and equipment and right-of-use assets	7	6,419,270	7,676,067
Amortisation of intangible assets	8	32,089	180,566
Share of results of equity-accounted investees	10	(3,649,050)	(3,510,835)
Other movements in equity-accounted investees	10	-	944,194
Charge of provision for obsolete and slow-moving inventories	12	652,932	824,928
Allowance for expected credit losses on trade receivables	13	125,426	526,307
Provision for employees' end of service benefits	18	791,083	726,227
Unrealised gain on investment securities	11	(10,926)	-
Finance costs on loans and borrowings		2,896,696	1,788,968
Dividend income		(26,250)	(26,250)
Finance costs on lease liabilities	19	284,704	225,994
		44,149,180	44,909,788
Working capital changes:			
Inventories		(26,547,258)	(12,775,808)
Medium-term receivables		558,069	(19,709)
Accounts receivable and prepayments		(2,553,074)	1,156,706
Receivables from related parties		(95,344)	(290,029)
Payables to related parties		(79,077)	65,927
Accounts payable and accruals		21,752,685	(3,413,944)
Cash flows from operations		37,185,181	29,632,931
Employees' end of service benefits paid	18	(391,448)	(332,076)
Taxes paid		(1,836,879)	(1,022,693)
Net cash flows from operating activities		34,956,854	28,278,162
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(16,438,561)	(11,430,430)
Proceeds from disposal of property, plant and equipment		179,137	379,781
Additions to intangible assets	8	(52,958)	(33,144)
Net movement in term deposits	14	(195,000)	1,000,000
Net payments made towards investment in equity accounted investees		(4,605,375)	(4,605,000)
Net movement in receivables from related parties		-	(6,303,385)
Purchase of investment securities		(1,500,000)	-
Dividend income received		26,250	26,250
Net cash flows used in investing activities		(22,586,507)	(20,965,928)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
FINANCING ACTIVITIES			
Proceeds from Islamic finance payables	17	30,250,000	37,030,000
Repayment of Islamic finance payables	17	(22,863,585)	(20,127,083)
Dividends paid to non-controlling interests		(1,103,800)	(780,240)
Net movement in payables to related parties		2,304,840	5,305,132
Purchase of treasury shares	16	(124,044)	(56,550)
Dividends paid to equity holders of the Parent Company		(19,155,225)	(18,934,222)
Finance costs paid		(2,896,696)	(1,788,968)
Payment of lease liabilities	19	(2,631,051)	(2,522,768)
Net cash flows used in financing activities		(16,219,561)	(1,874,699)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVA-LENTS		(3,849,214)	5,437,535
Cash and cash equivalents at 1 January		20,480,145	14,908,263
Net foreign exchange difference		34,540	134,347
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	16,665,471	20,480,145
Non-cash items excluded from the consolidated statement of cash flows:			
Additions to lease liabilities (adjusted with accounts payables and accruals)	19	3,902,858	4,403,202
Additions to right-of-use assets (adjusted with additions to property, plant and equipment)	7	(3,902,858)	(4,403,202)
Transfer of property, plant and equipment from inventories (net) - (adjusted with property, plant and equipment)	7	(3,715,432)	1,055,865
Transfer of property, plant and equipment to inventories (net) - (adjusted with inventories)	7	3,715,432	(1,055,865)
Derecognition of right-of-use assets (adjusted with property, plant and equipment)	7	687,324	216,127
Derecognition of lease liabilities (adjusted with accounts payable and accruals)	19	(710,618)	(217,460)
Additions to investment in equity accounted investees (adjusted with receivables from related parties)		-	(3,751,256)
Net movement in receivables from related parties (adjusted with investment in equity-accounted investees)	10	-	3,751,256
Transfer of property, plant and equipment to finance lease receivable - (adjusted with property, plant and equipment)	7	9,692	440,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

1 CORPORATE INFORMATION

The consolidated financial statements of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 20 February 2025 and are subject to the approval of the shareholders of the Parent Company in the annual general assembly meeting (AGM). The shareholders of the Parent Company have the power to amend these consolidated financial statements at AGM.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the shareholders of the Parent Company at the AGM held on 28 March 2024. Dividends declared and proposed are disclosed in Note 21.

The Parent Company was a closed Kuwaiti shareholding Company registered and incorporated in the State of Kuwait on 24 July 2018. The Parent Company's shares were listed in the Premier Market of Boursa Kuwait on 7 June 2022, therefore the name of the Parent Company was changed to Ali Al-Ghanim Sons Automotive Company K.S.C.P. The changes in the articles and memorandum of association were authenticated in the commercial register on 25 July 2022 under registration number 399347.

The Parent Company is a subsidiary of Ali Alghanim Sons Holding Company K.S.C. (Closed) (the "Ultimate Parent Company").

The registered head office of the Parent Company is located at P.O. Box 21540, Safat 13076, Kuwait City. The Parent Company's primary objectives are, as follows:

- Selling and purchasing cars and its spare parts.
- Renting cars
- Importing and exporting light and heavy vehicles and cars.
- Maintaining and renting light and heavy vehicles and cars.
- Trading of auto spare parts, renting equipment and their maintenance.
- The Parent Company may have interest or participate, in any respect, with the entities which embark on businesses similar to its businesses and which may help it to achieve its objects in Kuwait or abroad; and it shall have the right to purchase these entities.
- Possessing movables and real estate necessary for undertaking its activity within the limitation allowed by the law.
- Utilising the financial surpluses available with the Parent Company by means of investing them in financial portfolios to be managed by specialised companies and authorities.
- Selling and purchasing the shares and bonds only for its account.

Information on the Group's structure is provided in Note 2.2. below. Information on other related party relationships of the Group is provided in Note 20.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The consolidated financial statements have been prepared on a historical cost basis except for certain leasehold and freehold lands (classified as property, plant and equipment), derivative financial instruments, and equity financial assets that have been measured at fair value.

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

Certain prior period amounts have been reclassified and regrouped to conform to the current year presentation. There is no effect of these reclassifications and regroupings on the previously reported equity as at 31 December 2023 and profit for the year then ended. Such reclassification and regrouping have been made to improve the quality of information presented.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of the Parent Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights 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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non- controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Group information

Subsidiaries

The consolidated financial statements of the Group include:

Name	Country of incorporation	Principal activities	% equity interest	
Directly held:			**2024**	2023
Al Ahlia Heavy Vehicle Selling and Import Company K.S.C. (Closed)	Kuwait	Official dealership of renowned heavy truck brands	**55%**	55%
Ali Mohammed Thunayan Alghanim and Sons Automotive Company W.L.L.*	Kuwait	Official dealership of re-nowned brands	**100%**	100%
MAKFM Automotive Company W.L.L.*	Kuwait	Official dealership of renowned brands	**100%**	100%
Alghanim Group Motery General Trading Company W.L.L.	Kuwait	Spare parts and maintenance services	**75%**	75%
Rove Car Rental and Leasing Company W.L.L.	Kuwait	Car rental and leasing	**40%**	40%
Ali Alghanim International General Trading Company S.P.C.	Kuwait	Holding company	**100%**	100%
Dwaliya Technical Inspection Company (Ali Alghanim & Sons and Partners) W.L.L.	Kuwait	Vehicle inspection	**51%**	51%
ALG Insurance Broker Company W.L.L.**	Kuwait	Insurance brokerage	**100%**	100%
ALG Real Estate Company S.P.C**	Kuwait	Real Estate	**100%**	100%
Held through Ali Alghanim International Company for General Trading S.P.C.:				
Al Uroush for Automotive Trading Company Limited	Iraq	Official dealership of renowned automobile brands	**50%**	50%
Tareeq Al-Alf Meel Company for Car Trading Limited	Iraq	Official dealership of renowned automobile brands	**100%**	100%
German Automotive Holding Limited	UAE	Holding Company	**51%**	51%

* The remaining equity interest in these subsidiaries is held by nominees on behalf of the Parent Company. Therefore, the effective holding of the Group in these subsidiaries is 100% and there are letters of renunciation in favor of the Group confirming that it is ultimate beneficiary of the remaining equity interest.

** On 16 January 2023, ALG Real Estate Company S.P.C was incorporated in the State of Kuwait. The subsidiary has not commenced its commercial operations as at the authorisation date of these consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures 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.

These amendments had no impact on the consolidated financial statements as the Group does not have any supplier finance arrangements with its customers.

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

The amendments in IFRS 16 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 recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to IAS 1 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, an entity is required to 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.

The amendments had no impact on the Group's consolidated financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, 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.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

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

IFRS 18, and the amendments to the other standards, is 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 consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.5 MATERIAL ACCOUNTING POLICIES

2.5.1 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 related costs incurred are expensed and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Any contingent consideration to be transferred by the acquirer will be recognised 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 profit or loss 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 profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re- assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Accounting for business combinations involving entities or businesses under common control

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3 Business Combinations. In the case of an absence of specific guidance in IFRS, management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or Interpretation.

Several such bodies have issued guidance, and some allow the pooling of interest method in accounting for business combinations involving entities under common control.

Management have adopted the pooling of interest method to account for the business combinations involving entities under common control. This method involves the following:

- The assets, liabilities and equity reserves of the combining entities are reflected at their carrying amounts (no fair valuation exercise is required).

- No new goodwill is recognised as a result of combination. Any difference between the consideration paid and the equity acquired is reflected directly in the equity.

2.5.2 Revenue recognition

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

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods - vehicles and spare parts

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised at the point in time when the control of the related services is transferred to the customer, generally on completion of the underlying service.

Bundled sale of vehicles and maintenance services

The Group provides vehicle maintenance services that are either sold separately or bundled together with the sale of vehicles to a customer.

When sold separately, revenue from sale of maintenance services is recognised at the point in time when the maintenance services are provided to the customer.

Contracts for bundled sale of vehicles and maintenance services comprise two performance obligations because the promises to transfer the vehicle and to provide maintenance service are capable of being distinct and are separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the vehicle and maintenance service. The transaction price allocated towards such maintenance service is recognised as a contract liability until the service obligation has been met. Contract liabilities pertaining to obligations that are due to be performed within twelve months from the reporting period are presented under current liabilities.

Sale of motor vehicles with re-purchase obligations (put options)

The contracts where the Group has an obligation to repurchase its sold motor vehicles at the customer's request (a put option) at a price that is lower than the original selling price of those motor vehicles. The Group considers at the inception of the contract whether the customer has a significant economic incentive to exercise that right. The customer's exercising of that right results in the customer effectively paying the Group consideration for the right to use a motor vehicle for a period of time.

Therefore, if the customer has a significant economic incentive to exercise that right, the Group accounts for the agreement as a lease in accordance with the requirements under IFRS 16. Refer to accounting policies on 'Leases' in section 2.5.3.

To determine whether a customer has a significant economic incentive to exercise its right, the Group considers various factors, including the relationship of the repurchase price to the expected market value of the motor vehicle at the date of the repurchase and the amount of time until the right expires. For example, if the repurchase price is expected to significantly exceed the market value of the motor vehicle, this may indicate that the customer has a significant economic incentive to exercise the put option.

If the customer does not have a significant economic incentive to exercise its right at a price that is lower than the original selling price of the vehicle, the Group accounts for the agreement as if it were the sale of a product with a right of return.

To account for the transfer of motor vehicle with a right of return, the Group recognises all of the following:

- revenue for the transferred vehicles in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the vehicles expected to be returned);

- a refund liability (included in other payables); and

- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2.5.10 Financial instruments – initial recognition and subsequent measurement.

Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in 2.5.10 Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.5.3 Leases

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

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

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are presented under 'property, plant and equipment' in the consolidated statement of financial position and are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

- Leased premises 3-10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policy in section 'Impairment of non- financial assets'.

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in 'accounts payables and accruals' in the consolidated statement of financial position.

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

Group as a lessor
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

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

ii) Finance lease model
At commencement, the Group derecognises the underlying asset and recognises a finance lease receivable at an amount equal to its net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value accruing to the Group. The present value is calculated by discounting the lease payments and any unguaranteed residual value, at the interest rate implicit in the lease. Initial direct costs are included in the measurement of the finance lease receivable, because the interest rate implicit in the lease takes initial direct costs incurred into consideration.

The Group deducts any lease incentive payable from the lease payments included in the measurement of the net investment in the lease.

The Group recognises the difference between the carrying amount of the underlying asset and the finance lease receivable in profit or loss when recognising the finance lease receivable. This gain or loss is presented in profit or loss in the same line item as that in which the Group presents gains or losses from sales of similar assets.

Over the lease term, the Group accrues interest income on the net investment. The receipts under the lease are allocated between reducing the net investment and recognising finance income, to produce a constant rate of return on the net investment

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease and recognises any loss allowance on the finance lease receivable, applying IFRS 9. The Group regularly reviews estimated unguaranteed residual values used in computing the gross investment in the lease. If there is a reduction in the estimated unguaranteed residual value, then the Group revises the income allocation over the lease term without changing the discount rate and immediately recognises any reduction in respect of amounts accrued.

2.5.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Land is measured at fair value less impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.
A revaluation surplus is recognised in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss.
A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

☐ Buildings	20- 25 years
☐ Machinery and equipment	5-8 years
☐ Furniture and office equipment	2-10 years
☐ Motor vehicles	5 years
☐ Rental vehicle fleet	Over the period of lease contract

For accounting policy relating to recognition and depreciation of right-of-use assets, refer to Note 2.5.3 'Leases' accounting policy.

When the rental vehicle fleet are subsequently held for sale, typically after the end of the rental contract, they are transferred to inventories at the net realisable value as on the date of transfer.

Capital work-in-progress is stated at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Following completion, capital work-in-progress is transferred into the relevant classification of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.5.5 Intangible assets

Intangible assets include brand value, computer software and key money paid for securing operating leases for the Group's service centers. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method is reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group made payments to incumbent tenants to take over operating leases of prime locations. Amortisation of key money is calculated on a straight-line basis over the expected minimum term of the initial lease period (i.e. 5-10 years).

Amortisation of intangible assets which comprise of computer software is calculated on a straight-line basis over the expected useful lives (i.e. 2 years).

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or the cash-generating unit level. The assessment of indefinite useful life is renewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Group identified the brand to have an indefinite useful life. Therefore, the brand is carried at cost without amortisation, but is tested for impairment. Refer to the accounting policy on impairment of non-financi al assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

2.5.6 Taxes

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

Zakat

Zakat is calculated at 1% of the profit of the year attributable to the Parent Company in accordance with the Ministry of Finance Resolution No. 58/2007 effective from 10 December 2007.

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Taxation on overseas subsidiaries

Taxation on overseas subsidiaries is calculated on the basis of the tax rates applicable and prescribed according to the prevailing laws, regulations and instructions of the countries where these subsidiaries operate. Income tax payable on taxable profit ('current tax') is recognised as an expense in the period in which the profits arise in accordance with the fiscal regulations of the respective countries in which the Group operates.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured using tax rates and applicable legislation at the reporting date.

International Tax reform- Pillar Two Model Rules
Income taxes arising from tax law enacted or substantively enacted to implement the Pillar II (Minimum tax) model rules published by the OECD Base Erosion and Profit Shifting sets out a top-up tax liability calculation based on the principles in the Pillar II model rules which describes tax law that implements qualified domestic minimum top-up taxes. IASB have issued a series of amendments to IAS 12 'Income Taxes'. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group shall disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation. In accordance with the provisions of these amendments, the Group applies the mandatory and temporary exception not to recognise deferred taxes associated with this additional taxation (Refer to Note 5 for further details).

2.5.7 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5.8 Cash and cash equivalents

Cash and short term deposits in the consolidated statement of financial position comprise cash on hand, non- restricted cash at banks, cash held in investment portfolios and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, portfolio cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

2.5.9 Term deposits

Term deposits represent deposits with banks maturing more than three months from the placement date and earn returns at the respective short term deposit rates.

2.5.10 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and initial measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since the Group's financial assets (trade and other receivables, including receivables from related parties, and cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

b) Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group does not have any financial assets classified under this category.

c) Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

d) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes certain investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

This includes investment in an open-ended fund that does not satisfy the Solely Payments of Principal and Interest (SPPI) criterion.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

ii) Financial liabilities
Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts. Refer to 2.5.3 'Leases' accounting policy for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.

- Financial liabilities at amortised cost (including loans and borrowings).

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

Financial liabilities at amortised cost
Islamic finance payables
Islamic finance payables are agreements which represents amounts payable on a deferred settlement basis for commodities purchased under the arrangement. Islamic payables are stated at the gross amount of the payable, less deferred finance cost payable.

After initial recognition, Islamic finance payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss.

Accounts payable and accruals
Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5.11 Investment in equity-accounted investees

The Group holds an interest in a joint venture and an interest in associates.

The financial statements of the investees are prepared for the same reporting period as the Group. The accounting policies of the investees are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

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

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of results of equity-accounted investees' in the consolidated statement of profit or loss.

2.5.12 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such foreign exchange forward contracts to hedge its risk associated with foreign currency fluctuations on forecast transactions and firm commitments relating to purchase of inventories from foreign suppliers. Such derivative instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses foreign exchange forward contracts to hedge its risk associated with foreign currency fluctuations on forecast transactions and firm commitments relating to purchase of inventories from foreign suppliers. The ineffective portion relating to foreign currency contracts is recognised within administrative expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the year. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied. If the hedged item is time-period related, the amount accumulated in the cost of hedging reserve is amortised to profit or loss on straight-line basis over the period of the contract.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

For derivative contracts that do not qualify for hedge accounting, any gains or losses arising from changes in fair value of the derivative contract are taken directly to the consolidated statement of profit or loss.

Fair value derivatives

The Group enters into foreign exchange forward contracts. Derivatives are stated at fair value. The fair value of a derivative includes unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the consolidated statement of financial position.

The resultant gains and losses from derivatives are included in the consolidated statement of profit or loss.

2.5.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition are accounted for as follows:

- Vehicles — Purchase cost on a specific identification basis.
- Equipment — Purchase cost on a specific identification basis.
- Spare parts — Purchase cost on a weighted average basis.
- Goods in transit — Purchase cost incurred up to the reporting date.
- Work in progress — Costs of direct materials and labour plus attributable overheads based on a normal level of activity.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of vehicles.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.5.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.5.15 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

2.5.16 Treasury shares

Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Parent Company and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under this method, the weighted average cost of the shares reacquired is charged to a contra account in the shareholders' equity. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity ("treasury shares reserve"), which is not distributable. Any realised 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 to the voluntary reserve and statutory reserve. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are 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.

Part of the reserves created or appropriated and retained earnings equivalent to the cost of treasury shares is not available for distribution throughout the holding period.

2.5.17 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date

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

2.5.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.19 Contingencies

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

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

2.5.20 Foreign currencies

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

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.5.21 Cash dividends

The Parent Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the Companies Law, a distribution is authorised when it is approved by the shareholders at the annual general assembly meeting ("AGM"). A corresponding amount is recognised directly in equity.

Interim dividends to equity holders of the Parent Company during the course of the financial year are recognised when its approved by the Board of directors to the extent approved by the shareholders in the AGM.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.5.22 Other reserve

Other reserve is used to record the effect of changes in ownership interest in subsidiaries, without loss of control.

2.5.23 Fair value measurement

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

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

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

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

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

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

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

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

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

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the Level of the fair value hierarchy as explained above.

2.5.24 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.5.25 Segment information

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

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

2.6.1 Significant judgements

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

Revenue recognition
The process of recognising revenue requires the following judgements and estimates:

☐ Determining the transaction price of contracts requires estimating the amount or revenue which the Group expects to be entitled to for delivering the performance obligations within a contract; and

☐ Determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations.

i.) Determining the transaction price
The transaction price is the amount of consideration that is enforceable and to which management expects to be entitled in exchange for goods and services promised to the customer. Management determines the transaction price by considering the terms of the contract and business practices that are customary. Discounts, refunds, incentives, and other similar items are reflected in the transaction price at contract inception.

ii.) Determining stand-alone selling price and the allocation of transaction price
The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, the Group estimates the stand-alone selling price taking into account the reasonably available information relating to the market conditions, entity-specific factors and class of customer.

In determining the stand-alone selling price, the Group allocates revenue between performance obligations based on expected minimum enforceable amounts to which the Group is entitled.

iii.) Distinct goods and services
Management makes judgement in determining whether a promise to deliver goods or services is considered distinct. Management accounts for individual products and services separately if they are distinct (i.e., if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-along selling prices.

For items that are not sold separately, management estimates the stand-alone selling prices using the adjusted market assessment approach.

iv.) Sale of motor vehicles with re-purchase obligations
When the Group enters into sales transactions of motor vehicles with re-purchase obligations, the judgement whether control has been transferred from the Group to the customer and at what point in time revenue shall be recognised is critical.

The criterion of transferring control is based on if the customer has a significant economic incentive to exercise the right or not. If the re-purchase price is higher than the estimated fair market value i.e. net realisable value at the date of re-purchase, or if the average historical return rates indicate that it is probable that the customer will return the vehicle at the end of the contractual period, a significant economic incentive exist and thus, the control has not been transferred. The assessment of transfer of control is performed at the inception of the contract and requires judgments. Other critical judgements relate to estimating the fair market value at the end of the contract.

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

The Group has some lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of properties with shorter non-cancellable period (i.e., three to five years), due to the significance of these assets to its operations and there will be a significant negative effect on operations if a replacement is not readily available.

Assessment of common control transactions
Management has concluded that pooling of interest method in accounting of business combinations involving entities under common control is most appropriate method considering no specific guidance under IFRS for same. In making this judgement, management considers the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or Interpretation.

Consolidation of entities in which the Group holds de facto control
When determining control, management considers whether the Group has the practical ability to direct the relevant activities of an investee on its own to generate returns for itself. The assessment of relevant activities and ability to use its power to affect variable return requires considerable judgment.

The Group considers that it controls Rove Car Rental and Leasing Company W.L.L. even though it owns 40% of the voting rights. This is because the Group is the single largest shareholder of this entity. The remaining 60% of the equity shares in the entity are widely held by many other shareholders, for which there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments; however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets at amortised cost
The Group assesses, on a forward-looking basis, the ECLs associated with its debt instruments carried at amortised cost. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

Impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Revaluation of land

The Group carries certain properties (i.e. land) at revalued amounts, with changes in fair value being recognised in OCI. The properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged independent valuers to assess fair values. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 7.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

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

	2024 KD	2023 KD
Type of goods or service		
Sales of vehicles and spare parts	244,119,650	246,682,817
Vehicle inspection, repair and maintenance services	13,073,046	11,944,192
Insurance brokerage income	1,830,961	1,748,659
Total revenue from contracts with customers	259,023,657	260,375,668
Geographical markets:		
Kuwait	234,609,811	240,006,886
Iraq	24,413,846	20,368,782
Total revenue from contracts with customers	259,023,657	260,375,668
Timing of revenue recognition:		
Goods transferred at a point in time	242,036,282	245,012,170
Goods transferred over a period of time	2,083,368	1,670,647
Services rendered at a point in time	13,492,866	12,520,206
Services rendered over a period of time	1,411,141	1,172,645
Total revenue from contracts with customers	259,023,657	260,375,668

4 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2024 KD	2023 KD
Staff costs included in:		
Cost of sales and services rendered	5,619,732	4,595,787
Selling and distribution expenses	3,019,210	2,718,500
Administrative expenses	6,909,879	7,400,217
	15,548,821	14,714,504
Expense relating to short-term leases included in:		
Cost of sales and services rendered	60,113	23,625
Selling and distribution expenses	-	-
Administrative expenses	46,205	34,625
	106,318	58,250
Costs of inventories recognised as an expense (included in cost of sales and services rendered)	188,090,354	184,553,360
Rental vehicle fleet insurance charges (included in cost of sales and services rendered)	648,038	325,554
Charge of provision for obsolete and slow-moving inventories (included in cost of sales and services rendered)	652,932	824,928
Allowance for ECL on trade receivables and installment credit receivables included in:		
Selling and distribution expenses (Note 13)	10,708	5,063
Administrative expenses (Note 13)	114,718	521,244
	125,426	526,307
Depreciation expense recognised included in:		
Cost of sales and services rendered (Note 7)	2,273,009	2,508,443
Selling and distribution expenses (Note 7)	2,957,864	3,573,903
Administrative expenses (Note 7)	1,188,397	1,593,721
	6,419,270	7,676,067

5 TAXATION

	2024 KD	2023 KD
National Labour Support Tax (“NLST”)	774,269	804,571
Zakat	315,379	321,828
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	281,934	305,365
Taxation on overseas subsidiary	787,751	838,742
	2,159,333	2,270,506

Pillar 2 Income Taxes

In 2021, the OECD’s Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) with annual revenues exceeding EUR 750 million are subject to a minimum effective corporate income tax rate of 15% in each jurisdiction they operate. The jurisdictions in which the Group operates, including the State of Kuwait, have joined the IF. The Group’s earnings in certain jurisdictions, primarily in Kuwait are currently subject to a lower effective tax rate compared to the proposed global minimum tax.

The State of Kuwait enacted Law Number 157 of 2024 on 31 December 2024 (the “Law”), introducing domestic minimum top-up Tax (DMTT) effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and the effective tax rate shall be computed in accordance with the Executive regulations which will be issued within six months from the date of enactment of the law. The law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law. Similar DMTT laws are enacted or announced in other low-tax jurisdictions, such as the United Arab Emirates.

The Group has engaged an independent tax advisor to evaluate the potential impact of Pillar 2 top-up tax and has determined that there is no significant exposure for 2024, as no Pillar Two legislation is currently in effect in jurisdictions where the Group operates. Additionally, due to the absence of Executive Regulations in Kuwait, the potential impact for 2025 cannot be reasonably estimated at this time. The Group will continue to monitor developments in Pillar 2 tax regulations and assess their implications on its future financial performance.

6 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to 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 profit 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 EPS are identical.

	2024 KD	2023 KD
Profit attributable to ordinary equity holders of the Parent Company (KD)	**29,260,281**	28,481,450
Weighted average number of shares outstanding during the year (shares)*	**273,948,489**	274,045,790
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	**106.81**	103.93

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

7 PROPERTY, PLANT AND EQUIPMENT

	Lands KD	Buildings KD	Machinery & equipment KD	Furniture and office equipment KD	Motor vehicles KD	Rental vehicle fleet KD	Right-of-use assets KD	Capital work-in-progress KD	Total KD
Cost or valuation:									
At 1 January 2023	72,639,687	27,067,200	2,406,595	9,947,038	7,826,264	6,550,260	10,182,592	630,883	137,250,519
Additions	-	-	210,480	435,817	280,437	10,476,637	4,403,202	27,059	15,833,632
Transfer from inventories	-	-	-	-	3,804,940	1,866,570	-	-	5,671,510
Transfer to inventories	-	-	-	-	(4,710,476)	(4,130,559)	-	-	(8,841,035)
Transfer from capital work-in-progress	-	-	29,465	589,064	-	-	-	(618,529)	-
Transfer to finance lease	-	-	-	-	-	(829,820)	-	-	(829,820)
Disposals and derecognition	-	-	(3,258)	(38,819)	(91,730)	(492,893)	(1,972,263)	-	(2,598,963)
Exchange differences	981	1,677	888	776	652		10,124	-	15,098
At 31 December 2023	72,640,668	27,068,877	2,644,170	10,933,876	7,110,087	13,440,195	12,623,655	39,413	146,500,941
Additions	-	10,550	206,830	1,152,929	137,090	11,926,971	3,902,858	3,004,191	20,341,419
Transfer from inventories	-	-	-	-	4,357,367	2,253,514	-	-	6,610,881
Transfer to inventories	-	-	-	-	(5,069,832)	(8,155,194)	-	-	(13,225,026)
Transfer to finance lease	-	-	-	-	-	(21,500)	-	-	(21,500)
Remeasurement of right of use asset	-	-	-	-	-	-	-	-	-
Disposals and derecognition	-	-	(16,965)	(38,971)	(90,318)	(165,759)	(1,240,755)	-	(1,552,768)
Reclassification (Note 8)	-	-	-	-	-	-	-	(34,800)	(34,800)
Exchange differences	3,886	6,645	3,926	3,104	3,235	-	78,771	369	99,936
At 31 December 2024	**72,644,554**	**27,086,072**	**2,837,961**	**12,050,938**	**6,447,629**	**19,278,227**	**15,364,529**	**3,009,173**	**158,719,083**

	Lands KD	Buildings KD	Machinery & equipment KD	Furniture and office equipment KD	Motor vehicles KD	Rental vehicle fleet KD	Right-of-use assets KD	Capital work-in-progress KD	Total KD
Depreciation and impairment:									
At 1 January 2023	-	15,853,458	1,938,832	7,379,120	3,706,268	1,591,626	5,065,588	-	35,534,892
Depreciation charge for the year	-	1,354,278	161,293	1,108,754	1,544,760	1,232,320	2,274,662	-	7,676,067
Transfer to inventories	-	-	-	-	(2,485,688)	(1,739,702)	-	-	(4,225,390)
Transfer to finance lease	-	-	-	-	-	(389,333)	-	-	(389,333)
Relating to disposals and derecognition	-	-	(1,002)	-	(26,819)	(263,393)	(1,756,136)	-	(2,047,350)
Exchange differences	-	915	604	422	251	-	597	-	2,789
As at 31 December 2023	-	17,208,651	2,099,727	8,488,296	2,738,772	431,518	5,584,711	-	36,551,675
Depreciation charge for the year	-	771,101	133,879	606,182	1,321,912	1,146,911	2,439,285	-	6,419,270
Transfer to inventories	-	-	-	-	(2,236,365)	(662,348)	-	-	(2,898,713)
Transfer to finance lease	-	-	-	-	-	(11,808)	-	-	(11,808)
Relating to disposals and derecognition	-	-	(15,915)	(37,069)	(66,052)	(90,599)	(553,431)	-	(763,066)
Exchange differences	-	5,061	2,812	2,061	1,542	-	62,432	-	73,908
At 31 December 2024	**-**	**17,984,813**	**2,220,503**	**9,059,470**	**1,759,809**	**813,674**	**7,532,997**	**-**	**39,371,266**
Net book value:									
At 31 December 2024	**72,644,554**	**9,101,259**	**617,458**	**2,991,468**	**4,687,820**	**18,464,553**	**7,831,532**	**3,009,173**	**119,347,817**
At 31 December 2023	72,640,668	9,860,226	544,443	2,445,580	4,371,315	13,008,677	7,038,944	39,413	109,949,266

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2024 KD	2023 KD
Cost of sales and services rendered	**2,273,009**	2,508,443
Selling and distribution expenses	**2,957,864**	3,573,903
Administrative expenses	**1,188,397**	1,593,721
	6,419,270	7,676,067

Lands include leasehold lands carried at KD 59,724,000 (2023: KD 59,724,000) in Kuwait. Notwithstanding the contractual terms of the leases, management considers that, based on market experience, the leases are renewable indefinitely at similar nominal rates of ground rent and with no premium payable for renewal of the leases and, consequently, as is common practice in the State of Kuwait, these leases have been accounted for as freehold land. Further, the useful lives of buildings are also not adjusted in line with the expiry of the lease period.

Fair value disclosure

The Parent Company is listed on Boursa Kuwait and is subject to the real estate valuation procedures set out in Module 11 “Dealing in Securities” of the CMA Executive Bylaws, which requires valuations of local real estate properties classified as PPE to be determined by at least two independent, registered and accredited real estate appraisers provided that one of them is a local bank and that the lower value is taken into account. The fair value of the leasehold land was determined based on valuations carried out by real estate valuers with recent experience in the locations and categories of the property being valued.

The lands are valued using the market comparable approach, due to a high volume of transactions involving comparable property in the area during the year. Under the market comparable approach, a property’s fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm).

The fair value measurement of revalued properties has been categorised as Level 2, based on inputs to the valuation technique used.

Significant unobservable valuation input:	**Range**
Price per square metre	**KD 800- KD 2,100**

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

If lands were measured using the cost model, the carrying amounts would be KD 40,474,873 (2023: KD 40,470,987) as at 31 December 2024.

8 INTANGIBLE ASSETS

	Key money* KD	Brand** KD	Computer Software KD	Application under development KD	Total KD
Cost:					
At 1 January 2023	493,294	80,000	46,246	-	619,540
Additions	-	-	7,223	25,921	33,144
Exchange differences	-	-	144	-	144
At 31 December 2023	**493,294**	**80,000**	**53,613**	**25,921**	**652,828**
Additions	-	-	14,260	38,698	52,958
Reclassification(Note 7)	-	-	34,800	-	34,800
Exchange differences	-	-	3	-	3
At 31 December 2024	**493,294**	**-**	**102,676**	**64,619**	**660,589**
Amortisation and impairment:					
At 1 January 2023	293,367	80,000	22,882	-	396,249
Amortisation charge for the year	155,392	-	25,174	-	180,566
Exchange differences	-	-	24	-	24
At 31 December 2023	448,759	80,000	48,080	-	576,839
Amortisation charge for the year	21,167	-	10,922	-	32,089
At 31 December 2024	**469,926**	**-**	**59,002**	**-**	**528,928**
Net book value:					
At 31 December 2024	**23,368**	**-**	**43,674**	**64,619**	**131,661**
At 31 December 2023	44,535	-	5,533	25,921	75,989

* The Group makes payments to incumbent tenants in order to obtain the leases for prime locations (referred to as 'key money'). Key money represents the difference between current rents and the fair market rent for a similar location without restrictions, plus an additional premium paid to obtain the site ahead of a competitor. The Group has the right to renew the lease in the future and expects to be able to recover the lease at the original investment from the tenant who takes over the lease when it moves out. Key money is capitalised as an intangible asset in accordance with IAS 38 'Intangible Assets' and amortised over the estimated remaining life of the premises given the right to renew the lease. Payments made directly to the landlord are generally included in the minimum lease payments of the lease arrangement and accounted for under the accounting guidance of IFRS 16 'Leases' (Refer to Note 7).

** The Group identified the brand to have an indefinite useful life. Therefore, the brand is carried at cost without amortisation, but is tested for impairment in accordance with the accounting policy in Note 2.5.7.

Based on the qualitative impairment assessment, made in previous years, the brands carrying value has been fully impaired.

Amortisation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

	2024 KD	2023 KD
Cost of sales and services rendered	10,583	13,361
Selling and distribution expenses	10,584	142,030
Administrative expenses	10,922	25,175
	32,089	180,566

9 MEDIUM-TERM RECEIVABLES

	2024 KD	2023 KD
Instalment credit receivables	**94,510**	544,234
Finance lease receivables	**71,812**	180,158
Other receivables	**248,138**	248,137
	414,460	972,529

For details of expected credit losses on medium-term receivables, refer to Note 13.

10 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

Set out below are the equity accounted investees of the Group as at 31 December. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

The Group's interest in the equity accounted investees is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the equity accounted investees based on its IFRS consolidated financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Name	Country of incorporation	% equity interest		Carrying amount	
		2024	2023	**2024 KD**	2023 KD
Global Auto S.A.E.*	Egypt	**33.33%**	33.33%	**6,347,023**	7,694,672
Auto Mobility for Import Cars LLC* ("Auto Mobility")	Egypt	**50.00%**	50.00%	**7,078,725**	4,568,265
Total equity accounted investments				**13,425,748**	12,262,937

* The equity accounted investees are private entities that are not listed on any public exchange.

Reconciliation to carrying amounts:

	2024 KD	2023 KD
As at 1 January	**12,262,937**	3,065,573
Additions	**4,605,375**	8,356,256
Share of results for the year	**3,649,050**	3,510,835
Other movements	**-**	(944,194)
Exchange differences	**(7,091,614)**	(1,725,533)
As at 31 December	**13,425,748**	12,262,937

Global Auto S.A.E

At 31 December 2023, the Group capitalised a convertible loan of KD 3,751,256 which had been previously recorded under receivables from related parties. This transaction did not involve any cash out flows at the time of the transaction .

Auto Mobility

The Group acquired 50% equity interest in Auto Mobility for Import Cars LLC, by contributing an amount of KD 4,605,000 (USD 15 million) towards the capital of the investee during the year ended 31 December 2023. The Company is not publicly listed and is the official dealership of a renowned automobile brand in the Arab Republic of Egypt.

During the year ended 31 December 2024, the Group made an additional capital contribution of KD 4,605,375 (USD 15 million) .

The following table summarises the financial information of the equity accounted investees as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies:

i.) Summarised statement of financial position

	Global Auto SAE		Auto Mobility	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Current assets	**50,194,242**	63,548,972	**11,831,050**	7,947,292
Non-current assets	**8,582,846**	18,673,458	**6,293,183**	1,519,967
Current liabilities	**(38,504,388)**	(56,052,503)	**(1,556,867)**	(426,849)
Non-current liabilities	**(1,229,727)**	(3,083,602)	**(2,506,036)**	-
Equity attributable to the holders of the equity-accounted investees	**19,042,973**	23,086,325	**14,061,330**	9,040,410
Group's share in equity	**6,347,023**	7,694,672	**7,030,665**	4,520,205
Goodwill	**-**	-	**48,060**	48,060
Carrying amount of the investment	**6,347,023**	7,694,672	**7,078,725**	4,568,265

ii) Summarised statement of profit or loss

	Global Auto SAE		Auto Mobility	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Revenue from contracts with customers	**90,977,061**	104,929,510	**9,309,947**	-
Cost of sales	**(58,295,183)**	(64,797,059)	**(6,337,929)**	-
Other income	**4,326,435**	3,579,756	**3,622,858**	174,921
Administrative expenses	**(30,996,330)**	(31,499,040)	**(2,362,133)**	(273,457)
Finance costs	**(717,090)**	(1,014,157)	**(464,219)**	-
Profit (loss) for the year	**5,294,893**	11,199,010	**3,768,524**	(98,536)
Group's share of results for the year	**1,764,788**	3,732,630	**1,884,262**	(49,268)

The equity accounted investees had contingent liabilities amounting to KD 224,220 (2023: KD 351,108) as at the reporting date.

Impairment assessment of investment in equity accounted investees

Management has assessed the carrying value of the investment in associates in accordance with IAS 36 'Impairment of Assets' ("IAS 36"). As part of this assessment, management considered the challenging macro-economic conditions in Egypt, including inflationary pressures, foreign currency fluctuations, and overall market uncertainty, which have impacted business operations across various sectors.

In evaluating whether there are indications of impairment, management considered both external and internal sources of information, as outlined in IAS 36. This included qualitative and quantitative factors such macroeconomic conditions, industry and market trends, financial performance, and the operational outlook of the associates, Based on this analysis, management concluded that no triggering events exist that would require an impairment test under IAS 36.

Management will continue to monitor economic conditions in Egypt and the performance of the associates for any future indicators of impairment.

11 INVESTMENT SECURITIES

	2024 KD	2023 KD
Financial assets at FVOCI		
Quoted equity securities	**549,500**	609,000
Financial assets at FVTPL		
Unquoted open-ended managed fund	**1,510,926**	-
	2,060,426	609,000

Amounts recognised in profit or loss and other comprehensive income related to the Group's investment securities:

	2024 KD	2023 KD
Fair value (losses)/ gains recognised in other comprehensive income:		
- Related to equity investments		
	(59,500)	143,500
Fair value gains recognised in profit or loss		
- Related to managed funds		
	10,926	-
Dividends from equity investments held at FVOCI recognised in profit or loss		
- Related to investments held at the end of the reporting period	**26,250**	26,250

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 28.

12 INVENTORIES

	2024 KD	2023 KD
Goods held for resale:		
- Vehicles	**62,293,578**	39,341,846
- Equipment	**853,012**	516,196
- Spare parts	**7,730,767**	7,981,585
Goods in transit	**24,592,651**	18,395,967
Work in progress	**158,111**	213,900
	95,628,119	66,449,494
Less: allowance for obsolete and slow-moving inventories	**(2,729,743)**	(3,157,385)
Total inventories at the lower of cost and net realisable value	**92,898,376**	63,292,109

During the current year, net loss on cash flow hedges for purchases of inventory amounting to KD Nil (2023: KD 52,047) have been adjusted in the cost of inventory, as a basis adjustment.

Set out below is the movement in the allowance for obsolete and slow-moving inventories:

	2024 KD	2023 KD
As at 1 January	**3,157,385**	2,332,212
Allowance for obsolete and slow-moving inventories	**652,932**	824,928
Utilised during the year	**(1,084,063)**	-
Exchange differences	**3,489**	245
As at 31 December	**2,729,743**	3,157,385

The write-downs are included in cost of sales and services rendered in the consolidated statement of profit or loss (Note 4).

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2024 KD	2023 KD
Instalment credit receivables	1,551,098	2,034,002
Less: Allowance for expected credit losses	(154,547)	(137,410)
	1,396,551	1,896,592
Less: Medium-term instalment credit receivables (Note 9)	(94,510)	(544,234)
	1,302,041	1,352,358
Trade receivables	9,675,739	7,667,347
Less: Allowance for expected credit losses	(3,363,890)	(3,250,271)
	6,311,849	4,417,076
Other receivables	1,807,984	1,143,360
Finance lease receivable	157,355	280,212
Advances to suppliers	618,145	762,331
Prepaid expenses	1,086,588	896,628
	11,283,962	8,851,965

The net carrying value of trade receivables is considered a reasonable approximation of fair value. Other classes within accounts receivables do not contain impaired assets.

As at 31 December 2024, trade receivables and instalment credit receivables carried at nominal value of KD 3,518,437 (2023: 3,387,681) were impaired and fully provided for.

Set out below is the movement in the allowance for expected credit losses of trade receivables and instalment credit receivable:

	2024 KD	2023 KD
Opening provision for impairment of trade receivables and instalment credit receivables	3,387,681	3,102,808
Charge for the year	125,426	526,307
Write off during the year*	-	(242,643)
Exchange differences	5,330	1,209
As at 31 December	3,518,437	3,387,681

* The amounts represent receivables written off as the Group believes that there is no reasonable expectation of recovering the contractual cash flows.

The ECL allowance for the year is included in the consolidated statement of profit or loss as follows:

	2024 KD	2023 KD
Selling and distribution expenses	10,708	5,063
Administrative expenses	114,718	521,244
	125,426	526,307

Finance lease receivables

As of 31 December 2024, the Group has recognised finance lease receivables in accordance with IFRS 16. These receivables represent the net investment in leases where the Group, as the lessor, has transferred substantially all the risks and rewards incidental to ownership of the underlying assets to the lessees.

The Group enters into finance leasing arrangements as a lessor for vehicles. Additionally, the Group re-leases vehicles that were previously given under operating leases and presented as 'property and equipment'. The Group recognised a gain of KD 10,518 (2023: KD 211,466) on derecognition of the respective vehicles.

The average term of finance leases entered into is 3 years. Generally, these lease contracts do not include extension or early termination options. The Group's finance lease arrangements do not include variable payments.

The following table presents the amounts included consolidated statement of profit or loss:

	2024 KD	2023 KD
Selling profit for finance lease	10,518	211,466
Finance income on the net investment in finance lease	14,759	22,478
	25,277	233,944

The average effective interest rate contracted approximates 5% (2023: KD 5%) per annum.

The Group estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience, the Group consider that no finance lease receivable is impaired.

The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:

	2024 KD	2023 KD
Within one year	163,934	293,430
After one year but not more than three years	74,796	186,822
Total undiscounted lease payments receivable	238,730	480,252
Less: Unearned finance income	(9,563)	(19,882)
Net investment in lease	229,167	460,370
Classified in the consolidated statement of financial position as follows:		
- Non-current portion (included in medium-term receivables)	71,812	180,158
- Current portion (included in accounts receivable and prepayments)	157,355	280,212
	229,167	460,370

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. Information about the credit exposures is disclosed in Note 26.1.

14 CASH AND SHORT-TERM DEPOSITS

	2024 KD	2023 KD
Cash at banks and on hand	16,313,055	17,297,262
Cash held in managed portfolios	352,416	1,682,883
Short-term deposits	195,000	1,500,000
Cash and short-term deposits	16,860,471	20,480,145
Less: Term deposits with original maturity exceeding three months	(195,000)	-
Cash and cash equivalents for the purpose of consolidated statement of cash flows	16,665,471	20,480,145

Term deposits are subject to an insignificant risk of changes in value. These are placed with local Islamic financial institutions and earn profit at commercial rates.

15 EQUITY

15.1 Share capital

As at 31 December 2024, the Parent Company's authorised, issued and paid-up share capital is KD 27,750,000 (2023: KD 27,750,000) comprising of 277,500,000 (2023: 277,500,000) shares with nominal value of 100 (2023: 100) fils each.

15.2 Statutory reserve

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

During the current year, an amount of KD 3,071,686 (2023: KD 2,999,821) was transferred to the statutory reserve.

15.3 Voluntary reserve

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat, NLST and directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

During the current year, no transfer has been made to the voluntary reserve based on the recommendation of Board of Directors. This proposal is subject to approval of shareholders at the AGM.

15.4 Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the profit or loss when the net investment is disposed of.

15.5 Fair value reserve

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets at fair value through other comprehensive income (e.g. equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are not reclassified to the profit or loss when the associated assets are sold or impaired.

15.6 Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of land. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy 2.5.4 for details.

15.7 Hedging reserves

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see Note 22 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

16 TREASURY SHARES AND TREASURY SHARES RESERVE

	2024	2023
Number of treasury shares	**3,627,549**	3,506,046
Percentage of share capital	**1.31%**	1.26%
Net cost of treasury shares – KD	**3,135,248**	3,011,204
Market value – KD	**3,736,375**	3,702,385
Average market price – KD	**1.030**	1.056

- An amount equivalent to the cost of purchase of treasury shares held is not available for distribution during the holding period of such shares as per CMA guidelines.

- During the current year, the Parent Company purchased 121,503 (2023: 55,000) shares for a total consideration of KD 124,044 (2023: KD 56,550).

17 ISLAMIC FINANCE PAYABLES

	2024 KD	2023 KD
Islamic finance payables	**40,893,651**	33,507,236
Classified in the consolidated statement of financial position as follows:		
- Non-current	**31,641,223**	29,048,163
- Current	**9,252,428**	4,459,073

	31 December 2024			
	Murabaha KD	***Tawarruq KD***	***Wakala KD***	***Total KD***
Gross amount	**6,810,816**	**26,350,676**	**7,912,834**	**41,074,326**
Less: deferred finance costs payable	**(4,739)**	**(157,836)**	**(18,100)**	**(180,675)**
	6,806,077	**26,192,840**	**7,894,734**	**40,893,651**

	31 December 2023			
	Murabaha KD	*Tawarruq KD*	*Wakala KD*	*Total KD*
Gross amount	4,502,780	29,245,661	-	33,748,441
Less: deferred finance costs payable	(33,205)	(208,000)	-	(241,205)
	4,469,575	29,037,661	-	33,507,236

Islamic finance payables amounting to KD 15,807,393 (2023: KD 17,412,093) which bears finance costs at commercial rate and are secured by a corporate guarantee provided by entities under the Group (Note 20), the remaining Islamic finance payables are unsecured and bear finance costs at commercial rates.

During the current year, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

Changes in liabilities arising from financing activities

	1 January KD	***Cash inflows KD***	***Cash outflows KD***	***Foreign exchange movement KD***	***31 December KD***
2024	**33,507,236**	**30,250,000**	**(22,863,585)**	**-**	**40,893,651**
2023	16,604,319	37,030,000	(20,127,083)	-	33,507,236

18 EMPLOYEES' END OF SERVICE BENEFITS

Set out below is the movement in the provision for employees' end of service benefits:

	2024 KD	2023 KD
As at 1 January	**5,845,787**	5,451,636
Charge for the year	**791,083**	726,227
Payments	**(391,448)**	(332,076)
As at 31 December	**6,245,422**	5,845,787

19 TRADE PAYABLES, ACCRUALS AND OTHER PROVISIONS

	31 December 2024		
	Non-current KD	Current KD	Total KD
Trade payables	-	53,615,133	53,615,133
Advances from customers	-	8,752,398	8,752,398
Contract liabilities*	12,339,314	4,382,779	16,722,093
Lease liabilities	5,668,432	2,421,024	8,089,456
Accrued expenses**	-	12,798,084	12,798,084
Dividend payable	-	74,800	74,800
Other payables and provisions	2,493,503	2,132,557	4,626,060
	20,501,249	84,176,775	104,678,024

	31 December 2023		
	Non-current KD	Current KD	Total KD
Trade payables	-	30,602,018	30,602,018
Advances from customers	-	14,100,419	14,100,419
Contract liabilities*	9,287,115	4,146,019	13,433,134
Lease liabilities	5,052,960	2,175,846	7,228,806
Accrued expenses**	-	12,474,484	12,474,484
Other payables and provisions	2,043,437	1,785,137	3,828,574
Dividend payable	-	52,549	52,549
	16,383,512	65,336,472	81,719,984

* Contract liabilities represent unsatisfied performance obligations at the reporting date towards vehicle maintenance services and extended warranties.

** Accrued expenses include KFAS payables of KD 281,934 (2023: KD 305,365).

Set out below are the carrying amounts of lease liabilities (included accounts payables and accruals) and the movements during the year:

	2024 KD	2023 KD
As at 1 January	7,228,806	5,338,966
Additions	3,902,858	4,403,202
Accretion of interest	284,704	225,994
Payments	(2,631,051)	(2,522,768)
Derecognition of leases	(710,618)	(217,460)
Exchange differences	14,757	872
As at 31 December	8,089,456	7,228,806

The Group applies its weighted average incremental borrowing rate of 3.5%-5.25% (2023: 3.5%-5.25%) to discount its lease liabilities.

The maturity analysis of lease liabilities is disclosed in Note 26.2.

20 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, directors and key management personnel of the Group, and their immediate family members and other entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and outstanding balances at the end of the reporting period:

	Affiliates	
	2024 KD	*2023 KD*
Consolidated statement of profit or loss		
Sale of goods	**215,473**	533,574
Rendering of services	**34,786**	12,487
Vehicle rental income	**38,168**	-
Administrative expenses	**(37,742)**	(25,226)
Other related parties		
Sale of goods	**909,293**	1,034,977
Rendering of service	**49,192**	20,523
Consolidated statement of financial position		
Investment in a quoted equity security	**549,500**	609,000
Trade receivables	**608,556**	944,684
Receivables from related parties:		
- Affiliates	**41,045**	224,208
- Equity accounted investees**	**6,431,699**	6,452,746
- Other related parties	**311,127**	11,574
	6,783,871	6,688,528
Payables to related parties:		
Key management	**86,419**	108,717
Affiliates	**1,405**	12,598
Other related parties***	**11,903,579**	9,559,324
	11,991,403	9,680,639

** The balance mainly includes an amount of KD 6,276,519 (2023: KD 6,297,566) advanced to Global Auto S.A.E. to finance the working capital and other requirements. The amount is unsecured, interest free and callable after at least twelve months from the date of the loan agreement at the discretion of the Group.

***As at the year end this balance includes an amount payable to the non-controlling investor of German Automotive Holding Limited amounting to KD 11,381,135 (2023: KD 9,076,295).

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the year-end are unsecured, interest free and have no fixed repayment schedule. For the year ended 31 December 2024, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2023: Nil).

Other related party transactions

- Islamic finance payables include tawarruq facilities amounting to KD 15,807,393 (2023: KD 17,412,093) secured by a corporate guarantee provided by certain Group entities (Note 17).

- As at 31 December 2024, the Group has provided a corporate guarantee of KD 6,603,888 (2023: KD 7,018,824) in the ordinary course of business to be utilised by a related party (Note 24.2).

Terms and conditions of transactions with related parties

Compensation of key management personnel

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

	Transaction values for the year ended 31 December		*Balance outstanding as at 31 December*	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Salaries and short-term benefits	**1,426,815**	1,370,324	**1,194,525**	1,121,042
End of service benefits	**40,350**	30,788	**512,605**	472,255
Directors' remuneration	**85,000**	85,000	**85,000**	85,000
	1,552,165	1,486,112	**1,792,130**	1,678,297

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 85,000 for the year ended 31 December 2024 (2023: KD 85,000). This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

21 DISTRIBUTIONS MADE AND PROPOSED

	2024 KD	2023 KD
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2023: 35 fils per share (2022: 34 fils per share)	**9,589,788**	9,317,664
Interim dividend for the period ended 30 June 2024 : 35 fils per share (30 June 2023 : 35 fils per share)	**9,587,688**	9,591,713
As at 31 December	**19,177,476**	18,909,377

The Board of Directors of the Parent Company in their meeting held on 20 February 2025 proposed cash dividends at 35% of the share's nominal value (i.e. KD 9,585,536 and a bonus share distribution of 30% (2023: Nil) on outstanding shares issued as at 31 December 2024. This proposal is subject to the approval of the shareholders at the AGM and shall be payable to the shareholders after obtaining the necessary regulatory approvals.

22 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into forward foreign exchange contracts to hedge its risk associated with foreign currency fluctuations on forecast purchases and firm commitments relating to purchase of inventories from foreign suppliers.

The fair values of derivative financial instruments included in the consolidated financial statements, for derivatives classified as fair value hedging instruments, together with the notional amounts analysed by the term to maturity are summarised as follows:

	Notional amounts			
31 December 2024	***Within 3 months KD***	***3 months to 1 year KD***	***Total KD***	***Negative fair value KD***
Gross unsettled derivatives classified as Fair value hedging instruments:				
Forward foreign exchange contracts				
Euro	**18,008,837**	**-**	**18,008,837**	**(192,346)**
31 December 2023				
Forward foreign exchange contracts				
Euro	-	-	-	-

The notional amounts indicate the volume of transactions outstanding at the year-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market inputs.

23 COMMITMENTS

Operating lease commitments – Group as a lessor

The Group has entered into commercial leases for certain motor vehicles in the normal course of business. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2024 **KD**	2023 KD
Within one year	**2,446,275**	1,625,486
After one year but not more than three years	**1,458,640**	143,589
	3,904,915	1,769,075

Operating lease commitments – Group as a lessee

	2024 **KD**	2023 KD
Future minimum lease payments:		
Within one year	**-**	7,500
Total operating lease expenditure contracted for at the reporting date	**-**	7,500

Operating lease commitments as at 31 December 2024 represent commitments for short-term leases, on which the Group has elected to use the recognition exemption under IFRS 16.

Capital expenditure commitments

	2024 **KD**	2023 KD
Estimated capital expenditure contracted for at the reporting date but not provided for:		
Property, plant and equipment	**2,560,515**	530,000

24 CONTINGENCIES

24.1 Legal claim contingencies

The Group operates in the automotive industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

24.2 Other contingencies

The Group had contingent liabilities in respect of bank guarantees and letters of credit arising in the ordinary course of business amounting to KD 23,319,766 (2023: KD 19,205,172), out of which KD 6,603,888 (2023: KD 7,018,824) is utilised by related parties, from which it is anticipated that no material liability will arise (Note 20).

25 SEGMENT INFORMATION

For management purposes, the Group is divided into three main geographical segments that are: a) State of Kuwait, b) Iraq and c) United Arab Emirates where the Group performs its main activities in the sales of vehicles, spare parts and rendering of services related to vehicle inspection, repair and maintenance services and vehicle rental income.

a) Segment revenue and results

The following tables present revenue and results information of the Group's operating segments for the year ended 31 December 2024 and 2023, respectively:

	Revenue		*Results*	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Kuwait	**264,194,349**	258,322,230	**49,474,197**	50,610,126
Iraq	**24,413,846**	20,368,782	**4,450,255**	4,669,327
United Arab Emirates	**-**	-	**3,630,872**	2,817,930
Adjustments and eliminations	**(23,588,505)**	(14,156,997)	**(23,066,397)**	(24,853,639)
	265,019,690	264,534,015	**34,488,927**	33,243,744

b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 31 December 2024 and 31 December 2023, respectively:

	2024 KD	2023 KD
Segment assets		
Kuwait	**275,093,161**	236,747,456
Iraq	**18,385,890**	13,897,389
United Arab Emirates*	**20,253,526**	19,089,109
Adjustments and eliminations	**(50,525,785)**	(46,551,486)
Total consolidated segment assets	**263,206,792**	223,182,468
Segment liabilities		
Kuwait	**157,480,264**	125,146,601
Iraq	**6,052,964**	4,587,596
United Arab Emirates*	**11,392,282**	9,084,962
Adjustments and eliminations	**(11,117,010)**	(8,065,513)
Total consolidated segment liabilities	**163,808,500**	130,753,646

c) Other profit and loss disclosures

	Share of profit (loss) of equity accounted investees		*Cost of inventories recognised as an expense*	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Kuwait	**-**	(172,527)	**171,653,535**	171,193,322
Iraq	**-**	-	**16,436,819**	13,360,038
United Arab Emirates*	**3,649,050**	3,683,362	**-**	-
	3,649,050	3,510,835	**188,090,354**	184,553,360

d) Other disclosures

	Investment in equity accounted investees		*Capital expenditure***	
	2024 KD	2023 KD	**2024 KD**	2023 KD
Kuwait	**-**	-	**16,219,175**	11,396,741
Iraq	**-**	-	**272,344**	66,833
United Arab Emirates*	**13,425,748**	12,262,937	**-**	-
	13,425,748	12,262,937	**16,491,519**	11,463,574

* In presenting the geographic information, the segment has been based on the country of domicile of the legal entity; geographical location of customers and assets is based in Egypt.

** These represent addition to non-current assets other than financial instruments.

26 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

Risk is monitored through the Group's strategic planning process. No changes were made in the risk management objectives and policies during the year ended 31 December 2024 and 2023.

The Group is mainly exposed to credit risk, liquidity risk and exposure to market risk is limited to foreign currency risk, interest rate risk and equity risk.

Management of the Group reviews and agrees policies for managing each of these risks which are summarised below:

26.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions.

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

	2024 KD	2023 KD
Instalment credit receivables	**1,396,551**	1,896,592
Trade receivables	**6,311,849**	4,417,076
	7,708,400	6,313,668
Finance lease receivables	**229,167**	460,370
Receivables from related parties	**6,783,871**	6,688,528
Other receivables (excluding prepayments and advances)	**1,807,984**	1,143,360
Cash and short-term deposits (excluding cash in hand)	**16,060,430**	19,173,516
	32,589,852	33,779,442

Instalment credit receivables and trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from instalment credit receivables and trade receivables by establishing appropriate maximum payment period. More than 90% of the Group's customers have no history of default, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on shared credit risk characteristics and the days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, instalment credit receivables and trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's instalment credit receivables and trade receivable using a provision matrix:

	Instalment credit receivables and trade receivables					
	Days past due					
2024	***< 90 days KD***	***91-180 days KD***	***181-270 days KD***	***271-365 days KD***	***> 365 days KD***	***Total KD***
Estimated total gross carrying amount at default	**7,600,011**	**292,333**	**117,826**	**79,557**	**3,137,110**	**11,226,837**
Estimated credit loss	**134,529**	**104,152**	**67,359**	**75,287**	**3,137,110**	**3,518,437**
Expected credit loss rate	**2%**	**36%**	**57%**	**95%**	**100%**	

	Instalment credit receivables and trade receivables					
	Days past due					
2023	*< 90 days KD*	*91-180 days KD*	*181-270 days KD*	*271-365 days KD*	*> 365 days KD*	*Total KD*
Estimated total gross carrying amount at default	6,040,517	460,589	417,695	114,988	2,667,560	9,701,349
Estimated credit loss	85,384	129,417	394,790	110,530	2,667,560	3,387,681
Expected credit loss rate	1%	28%	95%	96%	100%	

Cash and short term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short –term maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Other receivables (including finance lease receivables and receivables from related parties)

Other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

26.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet future commitment. The Group's terms of sales require amounts to be paid within 30 days of the date of sales. Payables are normally settled within 90 days of the date of purchase. The maturity profile is monitored by the Group's management to ensure adequate liquidity is maintained.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2024	**On demand KD**	**Within 1 year KD**	**Above 1 year KD**	**Total KD**
Islamic finance payables	**-**	**9,433,103**	**31,641,223**	**41,074,326**
Accounts payable and accruals*	**-**	**71,227,753**	**8,677,199**	**79,904,952**
Payables to related parties	**11,991,403**	**-**	**-**	**11,991,403**
	11,991,403	**80,660,856**	**40,318,422**	**132,970,681**

2024	*On demand KD*	*Within 1 year KD*	*Above 1 year KD*	*Total KD*
Islamic finance payables	-	4,700,280	29,048,161	33,748,441
Accounts payable and accruals*	-	47,255,208	7,592,018	54,847,226
Payables to related parties	9,680,639	-	-	9,680,639
	9,680,639	51,955,488	36,640,179	98,276,306

** excluding advances from customers and contract liabilities*

26.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in market prices. Market risks arise for open positions in interest rate, currency and equity product, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

26.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, Investments and borrowings are denominated.

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to management of the Group is as follows.

	2024 KD Long (short)	*2023 KD Long (short)*
Euro	**(24,696,118)**	(7,104,381)
US Dollars (USD)	**(17,330,885)**	(18,765,630)
British Pound (GBP)	**(1,391,315)**	(1,172,421)
Egyptian Pound (EGP)	**13,425,748**	12,262,937
Emirates Dirhams (AED)	**(134,617)**	4,440

Sensitivity analysis

A reasonably possible strengthening (weakening) of KD against the above currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The impact on profit for the year and other comprehensive income (due to changes in fair value of monetary assets and liabilities) as a result of 5% increase in currency rate is shown below:

	Effect on profit	
	2024	2023
	KD	KD
Euro	**(1,234,806)**	(355,219)
US Dollars (USD)	**(866,544)**	(938,282)
British Pound (GBP)	**(69,566)**	(58,621)
Emirates Dirhams (AED)	**(6,731)**	222

	Effect on OCI	
	2024	2023
	KD	KD
Egyptian Pound (EGP)	**671,287**	613,147

An equal change in the opposite direction against the KD would have resulted in an equivalent but opposite impact.

26.3.2 Interest rate risk

Interest rate risk arises from the possibility that changes in floating interest rates will affect future profitability or the fair values of financial instruments.

Islamic finance payables (Note 17) are not exposed to interest rate risk as these are fixed profit-bearing Islamic financial instruments. As a result, the Group has limited exposure to interest rate risk.

Further, the Group's policy is to manage its finance cost by availing competitive credit facilities from local financial institutions and constantly monitoring profit rate fluctuations.

26.3.3 Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity investments at fair value was KD 549,500 (2023: KD 609,000). Sensitivity analyses of these investments have been provided below:

	Changes in market price	*Effect on OCI*	
		2024	2023
		KD	KD
Boursa Kuwait	± 5%	**35,443**	39,585

26.4 Hedging activities and derivatives

The primary risk managed using derivative instruments is foreign currency risk.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency. The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

	Liabilities	
	2024	2023
	KD	KD
Spot element of foreign currency forward contracts designated as hedging instruments		
Fair value	**(192,346)**	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast purchases. As a result, there is no hedge ineffectiveness to be recognised in the consolidated statement of profit or loss.

Notional amounts are provided in Note 22.

27 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The Group's policy is to keep the gearing ratio at acceptable levels. The Group includes within net debt, Islamic finance payables, trade and other payables (including payables to related parties), less cash and short-term deposits.

	2024 KD	2023 KD
Islamic finance payables	40,893,651	33,507,236
Accounts payable and accruals*	79,203,533	54,186,431
Payables to related parties	11,991,403	9,680,639
Less: Cash and short-term deposits	(16,860,471)	(20,480,145)
Net debt	115,228,116	76,894,161
Equity attributable to the equity holders of the Parent Company	88,831,647	82,531,375
Total capital and net debt	204,059,763	159,425,536
Gearing ratio	56.47%	48.23%

** excluding advances from customers and contract liabilities*

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the profit-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any profit-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

28 FAIR VALUE MEASUREMENT

28.1 Financial instruments

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
2024 **Assets measured at fair value:**	*Quoted market prices (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Financial assets at FVOCI				
Quoted equity securities	549,500	-	-	549,500
Financial assets at FVTPL				
Unquoted open-ended fund	-	1,510,926	-	1,510,926
Investment securities (at fair value)	549,500	1,510,926	-	2,060,426
Liabilities measured at fair value:				
Derivative financial liabilities				
Foreign exchange forward contracts	-	(192,346)	-	(192,346)

2023 Assets measured at fair value:	*Fair value measurement using* Quoted market prices (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD	Total KD
Financial assets at FVOCI				
Quoted equity securities	609,000	-	-	609,000

During the year, there were no transfers between the levels of fair value hierarchy.

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Investment in listed equity securities
Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unquoted mutual fund investments
The unquoted mutual fund investments are valued at the reported net asset value ("NAV") by the respective fund managers based on the underlying assets of the funds. The Group classifies the fair value of these investments as Level 2 of the hierarchy.

Other financial assets and liabilities
Fair value of other financial instruments carried at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

28.2 Non-financial assets

Lands (included in property, plant and equipment) are carried at revalued amounts. Fair value measurement disclosures for the revalued properties are provided in Note 7.

29 MATERIAL PARTLY- OWNED SUBSIDIARIES

Management of the Parent Company has concluded Al Uroush for Automotive Trading Company Limited, German Automotive Holding Limited and Al Ahlia Heavy Vehicle Selling and Import Company K.S.C. (Closed) are material partly owned subsidiaries. Summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Proportion of equity interest held by non-controlling interests:

	Country of incorporation	2024	2023
Indirectly held subsidiaries			
Al Uroush for Automotive Trading Company Limited ("Al-Uroush")*	Iraq	50%	50%
German Automotive Holding Limited ("German Automotive")*	Dubai	49%	49%
Directly held subsidiary			
Al Ahlia Heavy Vehicle Selling and Import Company K.S.C. (Closed) ("Al Ahlia")	Kuwait	45%	45%

These are indirectly held by the Group through a fully owned subsidiary Ali Alghanim International General Trading Company S.P.C.

Accumulated balances of material non-controlling interest:

	2024 KD	2023 KD
Al-Uroush	6,171,233	4,653,024
German Automotive	(1,462,370)	270,094
Al Ahlia	4,132,748	3,592,847

Total comprehensive income (loss) allocated to material non-controlling interest:

	2024 KD	2023 KD
Al-Uroush	**2,287,709**	2,391,631
German Automotive	**(1,732,464)**	539,957
Al Ahlia	**540,020**	565,687

The summarised financial information of these subsidiaries is provided below. The information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and 2023:

	Al Uroush		*German Automotive*		*Al Ahlia*		*Total*	
	2024 KD	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD
Revenue	**25,798,848**	21,595,554	**3,652,241**	2,832,308	**8,316,911**	10,343,430	**37,768,000**	34,771,292
Expenses	**(21,335,320)**	(16,920,257)	**(21,369)**	(14,378)	**(7,116,867)**	(9,086,347)	**(28,473,556)**	(26,020,982)
Net profit	**4,463,528**	4,675,297	**3,630,872**	2,817,930	**1,200,044**	1,257,083	**9,294,444**	8,750,310
Other comprehensive income (loss)	**111,890**	107,965	**(7,166,514)**	(1,715,977)	**-**	-	**(7,054,624)**	(1,608,012)
Total comprehensive income (loss)	**4,575,418**	4,783,262	**(3,535,642)**	1,101,953	**1,200,044**	1,257,083	**2,239,820**	7,142,298
Attributable to:								
Equity holders of Parent Company	**2,287,709**	2,391,631	**(1,803,178)**	561,996	**660,024**	691,396	**1,144,555**	3,645,023
Non-controlling interest	**2,287,709**	2,391,631	**(1,732,464)**	539,957	**540,020**	565,687	**1,095,265**	3,497,275
	4,575,418	4,783,262	**(3,535,642)**	1,101,953	**1,200,044**	1,257,083	**2,239,820**	7,142,298

Summarised statement of financial position as at 31 December 2024 and 2023:

	Al Uroush		*German Automotive*		*Al Ahlia*		*Total*	
	2024 KD	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD
Current assets	**15,818,844**	12,010,481	**546,589**	528,190	**8,111,790**	6,568,344	**24,477,223**	19,107,015
Non-current assets	**2,496,497**	1,816,618	**19,706,937**	18,560,918	**7,409,967**	7,968,952	**29,613,401**	28,346,488
Total assets	**18,315,341**	13,827,099	**20,253,526**	19,089,108	**15,521,757**	14,537,296	**54,090,624**	47,453,503
Current liabilities	**4,658,979**	3,679,945	**23,237,954**	18,537,896	**3,367,833**	3,100,761	**31,264,766**	25,318,602
Non-current liabilities	**1,313,896**	841,106	**-**	-	**2,970,038**	3,452,430	**4,283,934**	4,293,536
Total liabilities	**5,972,875**	4,521,051	**23,237,954**	18,537,896	**6,337,871**	6,553,191	**35,548,700**	29,612,138
Total equity	**12,342,466**	9,306,048	**(2,984,428)**	551,212	**9,183,886**	7,984,105	**18,541,924**	17,841,365
Attributable to:								
Equity holders of Parent Company	**6,171,233**	4,653,024	**(1,522,058)**	281,118	**5,051,138**	4,391,258	**9,700,313**	9,325,400
Non-controlling interest	**6,171,233**	4,653,024	**(1,462,370)**	270,094	**4,132,748**	3,592,847	**8,841,611**	8,515,965
	12,342,466	9,306,048	**(2,984,428)**	551,212	**9,183,886**	7,984,105	**18,541,924**	17,841,365

Summarised cash flow information for the year ended 31 December 2024 and 2023:

	Al Uroush		*German Automotive*		*Al Ahlia*		*Total*	
	2024 KD	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD	**2024 KD**	2023 KD
Operating activities	**863,966**	5,525,631	**19,308**	(13,024)	**911,117**	846,570	**1,794,391**	6,359,177
Investing activities	**(249,333)**	(65,540)	**(4,617,834)**	(10,852,166)	**(26,834)**	(20,703)	**(4,894,001)**	(10,938,409)
Financing activities	**(904,727)**	(1,129,867)	**4,611,375**	10,852,166	**(1,464,300)**	(804,847)	**2,242,348**	8,917,452
Net (decrease) increase in cash and cash equivalents	**(290,094)**	4,330,224	**12,849**	(13,024)	**(580,017)**	21,020	**(857,262)**	4,338,220

REMUNERATION TO EXTERNAL AUDITORS

Our external auditor of the Group is Ernst & Young (EY). In addition to the audit and review of our financial reports, EY provides other services throughout the year. This note details the total fees to our external auditors

	2024 KD	2023 KD
Audit fee for Group financials statements	**70,105**	65,000
Other assurance and non-assurance services to the Group	**134,472**	59,435
	204,577	124,435

Audit fee for Group financial statements include fees for audit and review of the consolidated financial statements of the Group.

Other assurance and non-assurance services include audit of subsidiaries, other statutory assurance and agreed upon procedures services to Group, tax services etc.

We have processes in place to maintain the independence of our external auditor, including the nature of expenditure on nonaudit services. EY also has specific internal processes and policies in place to ensure auditor independence.

Ali Alghanim Sons Automotive
Company K.S.C.P.