الشركة العملية للطاقة (ش.م.ك.م)
Action Energy Company (K.S.C.C)

(A Closed Shareholding Company Incorporated in the State of Kuwait)

Private Offering Memorandum in Relation to the Primary Offering of up to 16.68% and the Secondary Offering of up to 29.21% after the capital increase of the Issued Share Capital of Action Energy Company K.S.C.C.

12 November 2025

Listing Advisor & Subscription Agent

شركة الاستثمارات الوطنية
National Investments Company

Joint Global Coordinators

EFG Hermes
An EFG Holding Company

شركة الاستثمارات الوطنية
National Investments Company

Joint Bookrunners

EFG Hermes
An EFG Holding Company

شركة الاستثمارات الوطنية
National Investments Company

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CAPITAL

Private Offering Memorandum in Relation to the Primary Offering of up to 16.68% and the Secondary Offering of up to 29.21% after the capital increase of the Issued Share Capital of Action Energy Company K.S.C.C.

This private offering memorandum (the "**Offering Memorandum**") constitutes a private offering of ordinary shares of Action Energy Company K.S.C.C. ("**Action**", "**AEC**", "**Issuer**", "**Group**", or "**Company**"). The Company is a leading local company in the oil and gas services sector. The offering, comprising: (i) a primary offering of new ordinary shares issued by the Company (the "**Primary Offering**"), and (ii) a secondary offering of existing ordinary shares by certain current shareholders of the Company (the "**Secondary Offering**". Together, the Primary Offering and Secondary Offering constitute the "**Offering**").

Offering Price Per Ordinary Shares: 212 Fils.

The Offering Memorandum is being provided on a confidential basis to a limited number of Eligible Investors (as defined below) and/or any such other persons which may be considered as such from time to time by the Kuwait Capital Markets Authority (the "**CMA**") for the sole purpose of evaluating an opportunity to subscribe to this Primary Offering of up to 16.68% Issue Shares to be issued by the Company and the Secondary Offering of up to 29.21% ordinary existing shares after the capital increase to be sold by the Selling Shareholders to new Potential Investors (the "Existing Shares").

An "**Eligible Investor**" includes all individuals and entities, including companies, institutions, banks, and funds, as defined in Module 1 of the CMA Executive bylaws as Sophisticated Investors or Qualified Investors, who accept the terms of subscription in the Subscription Application as well as this Offering Memorandum, except those prohibited from owning the Shares.

The Offering Memorandum is furnished on a confidential basis solely for the information of the person to whom it has been delivered on behalf of the Company and may not be reproduced or distributed, whether in whole or in part, nor its contents disclosed or used for any purpose without the prior written consent of the Company.

The Company has appointed National Investments Company K.S.C.P. ("**NIC**") and EFG-Hermes UAE Limited ("**EFG Ltd.**") (acting in conjunction with EFG-Hermes UAE LLC ("**EFG LLC**")) (EFG Ltd. and EFG LLC being, collectively, "**EFG Hermes**") as the joint global coordinators (the "**Joint Global Coordinators"**). The Company has appointed (1) NIC, (2) EFG Hermes, and (3) Arqaam Capital Limited as bookrunners and collectively referred to as "**Joint Bookrunners**". The Company has also appointed NIC as a subscription agent (**"Subscription Agent")**.

As at the date of this Offering Memorandum, the issued and paid-up share capital of the Company is KD 47,200,000 comprised of 472,000,000 ordinary shares, each with a nominal value of 100 Fils.

Primary Offering

The Primary Offering consists of a share capital increase offered for subscription through the issuance of up to 94,500,000 new ordinary shares (the "**Issue Shares**") by the Company. The capital increase will raise the Company's share capital from 472,000,000 shares to - 566,500,000 shares, representing a 16.68% increase in the Company's issued share capital post the capital increase. The value of the capital increase is KD 20,034,000 of which 100 Fils (One Hundred Fils) is the nominal value and 112 Fils (one hundred and twelve Fils) is the share premium, with total proceeds expected to reach KD 20,034,000. On 05 October 2025, the Extraordinary General Assembly of the Company approved, among other things, (i) the increase of the Company's authorized share capital to KD 100,000,000, (ii) authorized the Board of Directors of the Company to call for an increase of the issued and paid share capital and to specify the conditions and controls of the share capital increase, in whole or in part, in one or more installments within the limits of the issued capital. All the Shareholders of the Company have expressly waived their preemptive right to subscribe to the primary offering. The Board of Directors, on 12 November 2025, resolved to increase the Company's issued and paid-up capital from KD 47,200,000 to KD 56,650,000 through the issuance and allocation of 94,500,000 offering shares at the offering price 212 Kuwaiti Fils.

Secondary Offering

Concurrently with the Primary Offering, certain existing shareholders (the "**Selling Shareholders**") will offer for sale up to 165,500,000 of the existing shares to new investors, representing 29.21% after the capital increase of Existing Shares to new investors. The Existing Shares and the Issue Shares offered in the Offering shall hereinafter be referred to collectively as the ("**Shares**").

The Offering will commence on 23 November 2025 and will remain open up to and including 7 December 2025 and may be extended at the sole discretion of the Joint Global Coordinators for a period not exceeding 3 months from the subscription opening date (referred to interchangeably as the "**Offering Period**" or "**Subscription Period**"). The Joint Global Coordinators are entitled to close the subscription before the Closing Date (as defined below) in the event that the Shares are fully subscribed for prior to the Closing Date.

Prospective Investors interested in acquiring the Shares (the "**Investors**" or "**Potential Investors**" or "**Prospective Investors**" or "**Eligible Investors**") should complete and sign a binding and irrevocable subscription application form (the "**Subscription Application**"), available with the Joint Bookrunners including terms and conditions thereto. All signed and fully completed Subscription Applications along with all the required documentation must be submitted to one of the Joint Bookrunners, and the full subscription amount (the "**Subscription Amount**") must be received into the subscription account (the "**Subscription Account**") and confirmed to one of the Joint Bookrunners before the end of the Offering Period.

Allocation of the Shares upon closing the Offering will be determined by the Company and the Selling Shareholders in consultation with the Subscription Agent. Furthermore, the Selling

Shareholders and the Company reserve the right at their absolute discretion and in consultation with the Joint Global Coordinators to reject Subscription Applications in whole or in part without having to provide reasons and without any liability whatsoever and for whatever reason (whether in contract, tort, by law, or otherwise) and to allocate the Shares at their full and absolute discretion without any obligation to apply any pro-rata allocation or any unified allocation rules whatsoever. See *"Subscription and Sale Terms"* of this Offering Memorandum for details.

Prospective Investors should carefully consider all the information in this Offering Memorandum. See the "*Key Risk Factors and Considerations*" Section of this Offering Memorandum to read about material risk factors that Prospective Investors should consider prior to subscribing for the Shares.

The Company currently has 472,000,000 ordinary shares. The Offering will consist only of one class of Shares: ordinary Existing Shares and ordinary Issue Shares. Each ordinary Share entitles its holder (a "**Shareholder**") to attend and vote at a general assembly meeting (the "**General Assembly**"), and each ordinary Share will give its holder one vote. No Shareholder benefits from any preferential voting rights. The Shares will be entitled to receive any dividends declared by the Company in the future.

The Shares are currently not listed or traded on any stock exchange or market. On 05 October 2025, the Extraordinary General Assembly of the Company approved (i) the increase of the Company's authorized share capital to KD 100,000,000, and, (ii) authorized the Board of Directors of the Company to call for an increase of the issued and paid share capital and to specify the conditions and controls of the share capital increase, in whole or in part, in one or more installments within the limits of the issued capital. All the Shareholders of the Company have expressly waived their preemptive right to subscribe to the primary offering. On **19 August 2025**, the Company approved the listing of the Company and the Shares for trading on Boursa Kuwait and authorized the Board of Directors of the Company to initiate actions to list the Company on Boursa Kuwait. The Board of Directors of the Company by virtue of the written resolution dated 4 November 2025 resolved to call for the capital increase and subscription in the Issue Shares and to increase the Company's issued and paid-up share capital from KD 47,200,000 to KD 56,650,000 by the issue and allotment of up to 94,500,000 Issue Shares at an Offering Price at 212 Kuwaiti Fils. On 29 September 2025, the Company obtained a positive recommendation from Boursa Kuwait and a conditional approval on 30 October 2025 from the CMA to list the Company and the Shares for trading on Boursa Kuwait, subject to successful completion of the Offering to satisfy the minimum float and number of Shareholders required for listing and remaining procedures for listing and trading of the Shares. At this stage, no public market exists for the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the future or before the listing. The CMA has approved the initial Offering Memorandum on 06 October 2025, the supplementary Offering Memorandum on 12 November 2025.

The Company and Selling Shareholders accept full responsibility for any inaccuracy of all information and statements contained in this Offering Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts and information omitted, and that the Offering Memorandum has been drafted according to the information and data that correspond to reality. The Company, the Selling Shareholders, Joint Global Coordinators, and the Joint Bookrunners acknowledge that all required procedures and formalities have been duly completed, and all necessary documents have been submitted as set out in the offering prospectus, in accordance with the CMA law and its executive bylaws.

The legal advisor to the Company confirms that they have reviewed the Offering memorandum and documents related thereto as provided to them by the Company, and that, to the best of their knowledge and belief, the Offering Memorandum complies with the relevant legal requirements and that the Company has obtained the required approvals necessary in order for its obligations to be valid and enforceable.

Notice to Prospective Investors

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, SUCH SECURITIES BY ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

THIS OFFERING MEMORANDUM CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS OFFERING MEMORANDUM ALONE, BUT ONLY ON THE BASIS OF THIS OFFERING MEMORANDUM AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

FOR THE PURPOSE OF REVIEWING THIS OFFERING MEMORANDUM, THE SELLING SHAREHOLDERS, THE COMPANY, THE JOINT GLOBAL COORDINATORS, AND THE JOINT BOOKRUNNERS RECOMMEND THAT ANY RECIPIENT HEREOF, AND PRIOR TO MAKING ANY INVESTMENT DECISION, OBTAIN PRIOR ADVICE FROM AN ADVISOR LICENSED BY THE KUWAIT CAPITAL MARKETS AUTHORITY AND SPECIALIZED IN ADVISING ON INVESTMENTS IN SECURITIES.

THE CAPITAL MARKETS AUTHORITY IN KUWAIT IS THE REGULATING AUTHORITY IN CHARGE OF ISSUING THE REQUIRED LICENSES AND APPROVALS FOR THE ISSUANCE OF SECURITIES IN KUWAIT. THIS OFFERING MEMORANDUM HAS BEEN PREPARED IN ACCORDANCE WITH THE KUWAIT CAPITAL MARKETS LAW NO. 7 OF 2010 AND ITS EXECUTIVE REGULATIONS, EACH AS AMENDED. THIS OFFERING MEMORANDUM HAS BEEN APPROVED BY THE CMA. THE PERSONS, WHOSE NAMES APPEAR IN THE RESPONSIBILITY STATEMENT SECTION OF THIS OFFERING MEMORANDUM, COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM RELATING TO THE COMPANY AND THE SHARES, AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

TO THE FULLEST EXTENT REQUIRED BY APPLICABLE LAW, THE COMPANY ACCEPTS FULL RESPONSIBILITY FOR ANY INACCURACY OF ALL INFORMATION AND DATA CONTAINED IN THIS OFFERING MEMORANDUM AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THERE ARE NO OTHER MATERIAL FACTS AND INFORMATION OMITTED, AND THAT THE OFFERING MEMORANDUM HAS BEEN DRAFTED ACCORDING TO THE INFORMATION AND DATA THAT CORRESPOND TO REALITY.

THE JOINT BOOKRUNNERS ARE ACTING EXCLUSIVELY FOR THE COMPANY AND THE SELLING SHAREHOLDERS AND NO ONE ELSE IN CONNECTION WITH THE OFFERING. THEY WILL NOT REGARD ANY OTHER PERSON (WHETHER OR NOT A RECIPIENT OF THIS OFFERING MEMORANDUM) AS THEIR RESPECTIVE CLIENTS IN RELATION TO THE OFFERING AND WILL NOT BE RESPONSIBLE TO ANYONE OTHER THAN THE COMPANY AND THE SELLING SHAREHOLDERS FOR PROVIDING THE PROTECTIONS AFFORDED TO THEIR RESPECTIVE CLIENTS, NOR FOR GIVING ADVICE IN RELATION TO THE OFFERING OR ANY TRANSACTION OR ARRANGEMENT REFERRED TO IN THIS OFFERING MEMORANDUM. THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES MAY HAVE ENGAGED IN TRANSACTIONS WITH, AND PROVIDED VARIOUS INVESTMENT BANKING, FINANCIAL ADVISORY, AND OTHER SERVICES FOR THE COMPANY AND THE SELLING SHAREHOLDERS FOR WHICH THEY WOULD HAVE RECEIVED CUSTOMARY FEES.

IN CONNECTION WITH THE OFFERING, THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES MAY TAKE UP A PORTION OF THE SHARES IN THE OFFERING AS A PRINCIPAL POSITION AND IN THAT CAPACITY, MAY SUBSCRIBE FOR AND/OR ACQUIRE SHARES, AND IN THAT CAPACITY MAY RETAIN, PURCHASE, SELL, OFFER TO SELL OR OTHERWISE DEAL FOR THEIR OWN ACCOUNTS IN SUCH SHARES AND OTHER SECURITIES OF THE COMPANY OR RELATED INVESTMENTS IN CONNECTION WITH THE OFFERING OR OTHERWISE. ACCORDINGLY, REFERENCES IN THIS OFFERING MEMORANDUM TO THE SHARES BEING OFFERED, SUBSCRIBED, ACQUIRED, PLACED OR OTHERWISE DEALT IN SHOULD BE READ AS INCLUDING ANY OFFER TO, OR SUBSCRIPTION, ACQUISITION, DEALING OR PLACING BY, THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES IN SUCH CAPACITY. IN ADDITION, CERTAIN OF THE JOINT BOOKRUNNERS OR THEIR AFFILIATES MAY ENTER INTO FINANCING OR HEDGING ARRANGEMENTS WITH INVESTORS IN CONNECTION WITH WHICH SUCH JOINT BOOKRUNNERS (OR THEIR AFFILIATES) MAY FROM TIME TO TIME ACQUIRE, HOLD, OR DISPOSE OF SHARES. MOREOVER, IN THE COURSE OF THEIR BUSINESS WITH THE COMPANY AND WITH PARTIES AFFILIATED WITH THE COMPANY (INCLUDING THE SELLING SHAREHOLDERS), THE JOINT BOOKRUNNERS (AND/OR THEIR RESPECTIVE AFFILIATES) HAVE FROM TIME TO TIME BEEN ENGAGED, AND MAY IN THE FUTURE ENGAGE, IN COMMERCIAL BANKING, FINANCING, TRADING, HEDGING, INVESTMENT BANKING AND FINANCIAL ADVISORY AND ANCILLARY ACTIVITIES, FOR WHICH THEY HAVE RECEIVED, AND MAY IN THE FUTURE RECEIVE, CUSTOMARY COMPENSATION. IN RESPECT OF THE AFOREMENTIONED, THE SHARING OF INFORMATION IS GENERALLY RESTRICTED FOR REASONS OF CONFIDENTIALITY, BY INTERNAL PROCEDURES, OR BY RULES AND REGULATIONS. AS A RESULT OF ANY SUCH TRANSACTIONS, ANY JOINT BOOKRUNNER MAY HAVE INTERESTS THAT MAY NOT BE ALIGNED, OR COULD POTENTIALLY CONFLICT, WITH THE INTERESTS OF HOLDERS OF SHARES OR WITH THE INTERESTS OF THE COMPANY OR THE SELLING SHAREHOLDERS. NONE OF THE

JOINT BOOKRUNNERS INTENDS TO DISCLOSE THE EXTENT OF ANY SUCH INVESTMENTS OR TRANSACTIONS OTHERWISE THAN IN ACCORDANCE WITH ANY LEGAL OR REGULATORY OBLIGATIONS TO DO SO.

NONE OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES THEIR AND THEIR AFFILIATES' DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, ACCEPTS ANY RESPONSIBILITY OR LIABILITY WHATSOEVER FOR THE CONTENTS OF THIS OFFERING MEMORANDUM, INCLUDING ITS ACCURACY, COMPLETENESS OR VERIFICATION AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONTENTS OF THIS OFFERING MEMORANDUM OR FOR ANY STATEMENT MADE OR PURPORTED TO BE MADE BY IT, OR ON ITS BEHALF, IN CONNECTION WITH THE COMPANY OR THE OFFERING. THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES, THEIR AND THEIR AFFILIATES' DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS ACCORDINGLY DISCLAIM, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL AND ANY LIABILITY WHETHER ARISING IN TORT, CONTRACT, OR OTHERWISE WHICH THEY MIGHT OTHERWISE HAVE IN RESPECT OF THIS OFFERING MEMORANDUM OR ANY SUCH STATEMENT. NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES, THEIR AND THEIR AFFILIATES' DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS AS TO THE ACCURACY, COMPLETENESS, REASONABLENESS, VERIFICATION OR SUFFICIENCY OF THE INFORMATION SET OUT IN THIS OFFERING MEMORANDUM, AND NOTHING CONTAINED IN THIS OFFERING MEMORANDUM, IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION IN THIS RESPECT, WHETHER AS TO THE PAST OR THE FUTURE.

NOTICE TO POTENTIAL INVESTOR

YOU ARE HEREBY ADVISED TO SEEK THE ADVICE OF A DULY QUALIFIED "CMA LICENSED PERSON" TO ADVISE ON THE CONTENTS OF THIS OFFERING MEMORANDUM PRIOR TO MAKING A DECISION AS TO WHETHER OR NOT TO INVEST IN THIS SUBSCRIPTION. THIS IS A NOTICE TO COMPLY WITH ARTICLE 5-11(14) OF MODULE 11 OF THE EXECUTIVE BYLAWS OF LAW NO. 7 OF 2010 (EACH AS AMENDED).

THIS OFFERING MEMORANDUM HAS BEEN APPROVED BY THE KUWAIT CAPITAL MARKETS AUTHORITY ON 12 NOVEMBER 2025. IT HAS BEEN PREPARED IN ACCORDANCE WITH THE PROVISIONS OF LAW NO. 7 OF 2010 ON THE ESTABLISHMENT OF THE CAPITAL MARKETS AUTHORITY AND REGULATING SECURITIES ACTIVITIES AND ITS EXECUTIVE REGULATIONS (EACH AS AMENDED). THE DIRECTORS, WHOSE NAME APPEAR IN THE MANAGEMENT SECTION OF THIS OFFERING MEMORANDUM, COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM RELATING TO THE ISSUER AND THE SHARES, AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

THE KUWAIT CAPITAL MARKETS AUTHORITY ASSUMES NO LIABILITY IN RESPECT OF THE CONTENTS OF THIS OFFERING MEMORANDUM, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS OFFERING MEMORANDUM.

Disclaimers About Financial Projections

EXCEPT AS SPECIFICALLY MADE IN THIS OFFERING MEMORANDUM, THE SELLING SHAREHOLDERS AND THE COMPANY MAKE NO REPRESENTATION OR WARRANTY TO INVESTORS OR INVESTOR'S PARENT WITH RESPECT TO (A) ANY INFORMATION PRESENTED AT ANY MANAGEMENT PRESENTATION CONDUCTED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, OR (B) ANY FINANCIAL PROJECTION OR FORECAST, WRITTEN OR ORAL, RELATING TO THE COMPANY WITH RESPECT TO ANY SUCH PROJECTION OR FORECAST DELIVERED BY OR ON BEHALF OF THE SELLING SHAREHOLDER AND/OR THE COMPANY, EACH INVESTOR AND INVESTOR'S PARENT ACKNOWLEDGES THAT (I) THERE ARE UNCERTAINTIES INHERENT IN ATTEMPTING TO MAKE SUCH PROJECTIONS AND FORECASTS, (II) IT IS FAMILIAR WITH SUCH UNCERTAINTIES, (III) IS TAKING FULL RESPONSIBILITY FOR MAKING ITS OWN EVALUATION OF THE ADEQUACY AND ACCURACY OF ALL SUCH PROJECTIONS AND FORECASTS SO FURNISHED TO IT AND (IV) IT SHALL HAVE NO CLAIM AGAINST THE SELLING SHAREHOLDERS OR THE COMPANY WITH RESPECT THERETO.

THIS OFFERING MEMORANDUM HAS BEEN APPROVED BY THE CMA AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE KUWAIT CAPITAL MARKETS LAW NUMBER 7 ISSUED IN 2010 AND THE EXECUTIVE REGULATIONS THERETO ISSUED BY VIRTUE OF CMA RESOLUTION NUMBER 72 OF 2015 (EACH AS AMENDED), AS WELL AS THE KUWAIT COMPANIES LAW NUMBER 1 ISSUED IN 2016 AND ITS EXECUTIVE REGULATIONS. THE CMA DOES NOT TAKE ANY RESPONSIBILITY FOR THE CONTENTS OF THIS OFFERING MEMORANDUM, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS OFFERING MEMORANDUM.

Disclaimers for Marketing Outside of Kuwait

THE SELLING SHAREHOLDERS AND THE COMPANY HAVE AGREED THAT THEY WILL OBSERVE ALL APPLICABLE LAWS AND REGULATIONS OF THE STATE OF KUWAIT WHERE THEY MAY OFFER THIS OFFERING MEMORANDUM. THE SELLING SHAREHOLDERS AND THE COMPANY WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND REGULATIONS IN FORCE IN ANY FOREIGN JURISDICTION WHICH THEY MAY WISH TO MARKET, OFFER, DISTRIBUTE, OR SELL THIS OFFERING MEMORANDUM. NEITHER THE COMPANY NOR THE JOINT BOOKRUNNERS REPRESENT THAT THE SHARES MAY AT ANYTIME LAWFULLY BE SOLD IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY FOREIGN JURISDICTION OR PURSUANT TO ANY EXEMPTION AVAILABLE THEREUNDER OR ASSUME ANY RESPONSIBILITY FOR FACILITATING SUCH SALE.

THE SHARES ARE SUBJECT TO TRANSFER RESTRICTIONS IN CERTAIN JURISDICTIONS. PROSPECTIVE SUBSCRIBERS SHOULD READ THE NOTICES AND RESTRICTIONS DESCRIBED IN THE PROSPECTUS. EACH SUBSCRIBER OF THE SHARES WILL BE DEEMED TO HAVE MADE THE RELEVANT REPRESENTATIONS DESCRIBED THEREIN.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFER OF THE SHARES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO ACTION HAS BEEN OR WILL BE TAKEN BY THE COMPANY, THE SELLING SHAREHOLDERS, OR THE JOINT BOOKRUNNERS TO PERMIT A PUBLIC OFFERING OF THE SHARES OR TO PERMIT THE POSSESSION OR DISTRIBUTION OF THIS OFFERING MEMORANDUM (OR ANY OTHER OFFERING OR PUBLICITY MATERIALS RELATING TO THE SHARES) IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE MAY BE REQUIRED. ACCORDINGLY, NEITHER THIS OFFERING MEMORANDUM NOR ANY ADVERTISEMENT OR ANY OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS OFFERING MEMORANDUM COMES SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH RESTRICTIONS. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF ANY SUCH JURISDICTION. FOR FURTHER INFORMATION ON THE MANNER OF DISTRIBUTION OF THE SHARES, SEE NOTICES RELATED TO “SELLING RESTRICTIONS” AS INCLUDED IN THE PROSPECTUS.

IN PARTICULAR, NO ACTIONS HAVE BEEN TAKEN TO ALLOW FOR A PUBLIC OFFERING OF THE SHARES UNDER THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING AUSTRALIA, CANADA, OR JAPAN. SUBJECT TO CERTAIN EXCEPTIONS, THE SHARES MAY NOT BE OFFERED OR SOLD IN, OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY NATIONAL, RESIDENT OR CITIZEN OF AUSTRALIA, CANADA OR JAPAN.

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY ANY OF THE SHARES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

NOTICE TO PROSPECTIVE INVESTORS IN KUWAIT

THE SUBSCRIPTION TO THE SHARES IS RESTRICTED TO ELIGIBLE INVESTORS. AN “**ELIGIBLE INVESTOR**” IS A SOPHISTICATED INVESTOR (AS DEFINED HEREIN) OR A QUALIFIED INVESTOR (AS DEFINED HEREIN).

A “**SOPHISTICATED INVESTOR**” IS: A) A GOVERNMENT, A PUBLIC AUTHORITY, A CENTRAL BANK, OR AN INTERNATIONAL INSTITUTE (SUCH AS THE WORLD BANK OR THE INTERNATIONAL MONETARY FUND), OR B) PERSONS LICENSED BY THE CMA AND OTHER FINANCIAL INSTITUTIONS THAT ARE SUBJECT TO THE SUPERVISION OF A REGULATORY AUTHORITY LOCATED IN OR OUTSIDE OF KUWAIT, OR C) A LEGAL ENTITY WITH A PAID UP CAPITAL OF AT LEAST KWD 1 MILLION (OR ITS EQUIVALENT THERETO).

A "**QUALIFIED INVESTOR**" IS: A) AN INVESTOR THAT HAS CONCLUDED SECURITIES TRANSACTIONS WITH AN AVERAGE VALUE OF NO LESS THAN KWD 250,000 (OR ITS EQUIVALENT) EACH QUARTER FOR THE PAST TWO YEARS, OR B) AN INVESTOR WHICH HAS AN AMOUNT OF NO LESS THAN KWD 100,000 (OR ITS EQUIVALENT) IN ASSETS (INCLUDING CASH) CURRENTLY BEING MANAGED BY ANY ONE OR MORE PERSONS WHO HAVE BEEN DULY LICENSED BY THE CMA, OR C) AN INVESTOR THAT WORKS, OR WHO HAS PREVIOUSLY WORKED, IN THE FINANCIAL SERVICES INDUSTRY FOR AT LEAST ONE YEAR IN A PROFESSIONAL POSITION THAT REQUIRES KNOWLEDGE IN TRANSACTIONS OR SERVICES OF THE NATURE DESCRIBED HEREIN.

Notice to Prospective Investors in the United States

THE SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES. THE SHARES OFFERED BY THIS OFFERING MEMORANDUM MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED IN THE UNITED STATES, EXCEPT IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THE OFFERING IS BEING MADE IN OFFSHORE TRANSACTIONS AS DEFINED IN AND IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT.

THE SHARES AND THIS OFFERING MEMORANDUM HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS OFFERING MEMORANDUM OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE SHARES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS AND MAY NOT BE OFFERED, SOLD, OR DELIVERED WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO UNITED STATES PERSONS, SUBJECT TO CERTAIN EXCEPTIONS.

Notice to Prospective Investors in the European Economic Area

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION (EACH, A "**RELEVANT STATE**"), WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS REGULATION IS IMPLEMENTED IN THAT RELEVANT STATE, NO SHARES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED HEREIN HAVE BEEN OFFERED OF WILL BE OFFERED TO THE PUBLIC IN THAT RELEVANT STATE, EXCEPT THAT AN OFFER OF SHARES MAY BE MADE TO THE PUBLIC IN THAT RELEVANT STATE AT ANY TIME UNDER THE FOLLOWING EXEMPTIONS UNDER THE PROSPECTUS REGULATION, IF THEY ARE IMPLEMENTED IN THAT RELEVANT STATE:

I. TO ANY LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR AS DEFINED UNDER ARTICLE 2 OF THE PROSPECTUS REGULATION; OR

II. TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED UNDER ARTICLE 2 OF THE PROSPECTUS REGULATION) PER RELEVANT STATE,

SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE JOINT BOOKRUNNERS FOR ANY SUCH OFFER; OR

III. IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION,

PROVIDED THAT NO SUCH OFFER OF SHARES REFERRED TO IN (I) TO (III) SHALL RESULT IN A REQUIREMENT FOR THE PUBLICATION BY THE COMPANY OR ANY JOINT BOOKRUNNER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION OR ANY MEASURE IMPLEMENTING THE PROSPECTUS REGULATION IN A RELEVANT STATE, AND EACH PERSON WHO INITIALLY ACQUIRES ANY SHARES OR TO WHOM ANY OFFER IS MADE UNDER THE OFFERING WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF ANY SHARES TO THE PUBLIC" IN RELATION TO ANY SHARES IN ANY RELEVANT STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION OF THE TERMS OF THE OFFER AND ANY SHARES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE ANY SHARES, AS THE SAME MAY BE VARIED IN THAT RELEVANT STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS REGULATION IN THAT RELEVANT STATE; THE EXPRESSION "PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129 AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN EACH RELEVANT STATE.

IN THE CASE OF ANY SHARES BEING OFFERED TO A FINANCIAL INTERMEDIARY, AS THAT TERM IS USED IN ARTICLE 5(1) OF THE PROSPECTUS REGULATION, SUCH FINANCIAL INTERMEDIARY WILL ALSO BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT THE SHARES ACQUIRED BY IT HAVE NOT BEEN ACQUIRED ON A NON-DISCRETIONARY BASIS ON BEHALF OF, NOR HAVE THEY BEEN ACQUIRED WITH A VIEW TO THEIR OFFER OR RESALE TO, PERSONS IN CIRCUMSTANCES WHICH MAY GIVE RISE TO AN OFFER OF ANY SHARES TO THE PUBLIC OTHER THAN THEIR OFFER OR RESALE IN A RELEVANT STATE TO QUALIFIED INVESTORS AS SO DEFINED OR IN CIRCUMSTANCES IN WHICH THE PRIOR CONSENT OF THE JOINT BOOKRUNNERS HAS BEEN OBTAINED TO EACH SUCH PROPOSED OFFER OR RESALE.

THE COMPANY, THE SELLING SHAREHOLDER, THE JOINT BOOKRUNNERS AND THEIR RESPECTIVE AFFILIATES, AND OTHERS WILL RELY (AND THE COMPANY AND THE SELLING SHAREHOLDER EACH ACKNOWLEDGE THAT THE JOINT BOOKRUNNERS AND THEIR RESPECTIVE AFFILIATES AND OTHERS WILL RELY) UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, ACKNOWLEDGEMENTS AND AGREEMENTS AND WILL NOT BE RESPONSIBLE FOR ANY LOSS OCCASIONED BY SUCH RELIANCE. NOTWITHSTANDING THE ABOVE, A PERSON WHO IS NOT A QUALIFIED INVESTOR AND WHO HAS NOTIFIED THE JOINT BOOKRUNNERS OF SUCH FACT IN WRITING MAY, WITH THE CONSENT OF THE JOINT BOOKRUNNERS, BE PERMITTED TO SUBSCRIBE FOR OR PURCHASE SHARES.

Notice to Prospective Investors in the United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

THIS OFFERING MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL AND IS BEING DISTRIBUTED TO A LIMITED NUMBER OF INVESTORS AND MUST NOT BE PROVIDED TO ANY PERSON OTHER THAN THE ORIGINAL RECIPIENT, AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

BY RECEIVING THIS OFFERING MEMORANDUM, THE PERSON OR ENTITY TO WHOM IT HAS BEEN ISSUED UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT THIS OFFERING MEMORANDUM HAS NOT BEEN APPROVED BY OR FILED WITH THE UAE CENTRAL BANK, THE SECURITIES AND COMMODITIES AUTHORITY UAE (THE "**SCA**") OR ANY OTHER AUTHORITIES IN THE UAE, NOR HAVE THE JOINT BOOKRUNNERS RECEIVED AUTHORISATION OR LICENSING FROM THE UAE CENTRAL BANK, THE SCA OR ANY OTHER AUTHORITIES IN THE UAE TO MARKET OR SELL SECURITIES OR OTHER INVESTMENTS WITHIN THE UAE. NO MARKETING OF ANY FINANCIAL PRODUCTS OR SERVICES HAS BEEN OR WILL BE MADE FROM WITHIN THE UAE OTHER THAN IN COMPLIANCE WITH THE LAWS OF THE UAE, AND NO SUBSCRIPTION TO ANY SECURITIES OR OTHER INVESTMENTS MAY OR WILL BE CONSUMMATED WITHIN THE UAE. IT SHOULD NOT BE ASSUMED THAT ANY OF THE JOINT BOOKRUNNERS IS A LICENSED BROKER, DEALER, OR INVESTMENT ADVISOR UNDER THE LAWS APPLICABLE IN THE UAE, OR THAT ANY OF THEM ADVISE INDIVIDUALS RESIDENT IN THE UAE AS TO THE APPROPRIATENESS OF INVESTING IN OR PURCHASING OR SELLING SECURITIES OR OTHER FINANCIAL PRODUCTS. THE SHARES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE UAE. THIS DOES NOT CONSTITUTE A PUBLIC OFFER OF SECURITIES IN THE UAE IN ACCORDANCE WITH THE COMMERCIAL COMPANIES LAW, FEDERAL LAW NO. 32 OF 2021 (AS AMENDED) OR OTHERWISE.

NOTHING CONTAINED IN THIS OFFERING MEMORANDUM IS INTENDED TO CONSTITUTE INVESTMENT, LEGAL, TAX, ACCOUNTING, OR OTHER PROFESSIONAL ADVICE. THIS OFFERING MEMORANDUM IS FOR INFORMATION PURPOSES ONLY AND NOTHING IN THIS OFFERING MEMORANDUM IS INTENDED TO ENDORSE OR RECOMMEND A PARTICULAR COURSE OF ACTION. ANY PERSON CONSIDERING ACQUIRING SECURITIES SHOULD CONSULT WITH AN APPROPRIATE PROFESSIONAL FOR SPECIFIC ADVICE RENDERED BASED ON THEIR RESPECTIVE SITUATION.

Notice to Prospective Investors in the UK

THE SHARES HAVE NOT BEEN OFFERED OR WILL NOT BE OFFERED PURSUANT TO THE OFFERING IN THE UK, EXCEPT THAT AN OFFER TO THE PUBLIC IN THE UK OF ANY SHARES MAY BE MADE AT ANY TIME UNDER THE FOLLOWING EXEMPTIONS UNDER THE UK PROSPECTUS REGULATION:

I. TO ANY LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR AS DEFINED UNDER ARTICLE 2 OF THE UK PROSPECTUS REGULATION;

II. TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED UNDER ARTICLE 2 OF THE UK PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE JOINT BOOKRUNNERS FOR ANY SUCH OFFER, OR

III. IN ANY OTHER CIRCUMSTANCES FALLING UNDER THE SCOPE OF SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “**FSMA**”),

PROVIDED THAT NO SUCH OFFER OF SHARES SHALL REQUIRE THE COMPANY OR THE JOINT BOOKRUNNERS TO PUBLISH A PROSPECTUS PURSUANT TO SECTION 85 OF THE FSMA OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE UK PROSPECTUS REGULATION.

EACH PERSON IN THE UNITED KINGDOM WHO INITIALLY ACQUIRES ANY SHARES OR TO WHOM ANY OFFER IS MADE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED, AND AGREED TO AND WITH THE JOINT BOOKRUNNERS THAT IT IS A QUALIFIED INVESTOR WITHIN THE MEANING OF THE UK PROSPECTUS REGULATION.

IN THE CASE OF ANY SHARES BEING OFFERED TO A FINANCIAL INTERMEDIARY AS THAT TERM IS USED IN ARTICLE 5(1) OF THE UK PROSPECTUS REGULATION, EACH SUCH FINANCIAL INTERMEDIARY WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT THE SHARES ACQUIRED BY IT IN THE OFFERING HAVE NOT BEEN ACQUIRED ON A NON-DISCRETIONARY BASIS ON BEHALF OF, NOR HAVE THEY BEEN ACQUIRED WITH A VIEW TO THEIR OFFER OR RESALE TO, PERSONS IN CIRCUMSTANCES WHICH MAY GIVE RISE TO AN OFFER TO THE PUBLIC OTHER THAN THEIR OFFER OR RESALE IN THE UNITED KINGDOM TO QUALIFIED INVESTORS, IN CIRCUMSTANCES IN WHICH THE PRIOR CONSENT OF THE JOINT BOOKRUNNERS HAS BEEN OBTAINED TO EACH SUCH PROPOSED OFFER OR RESALE.

THE COMPANY, THE SELLING SHAREHOLDER, THE JOINT BOOKRUNNERS AND THEIR RESPECTIVE AFFILIATES WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, ACKNOWLEDGEMENTS AND AGREEMENTS.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION OF AN “OFFER OF ANY SHARES TO THE PUBLIC” IN RELATION TO ANY SHARES IN THE UK MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND ANY SHARES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE, OR SUBSCRIBE FOR, ANY SHARES, AND THE EXPRESSION “UK PROSPECTUS REGULATION” MEANS REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “**EUWA**”).

THIS OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO, AND IS ONLY DIRECTED AT, AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO, AND WILL BE ENGAGED IN ONLY WITH (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”), (II) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (2D) OF THE ORDER AND/OR (III) OTHER PERSONS TO WHOM IT MAY BE LAWFULLY COMMUNICATED (ALL BEING “**RELEVANT PERSONS**”). THE SHARES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER, OR AGREEMENT TO SUBSCRIBE, PURCHASE, OR OTHERWISE ACQUIRE SUCH SHARES WILL BE ENGAGED ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFERING MEMORANDUM OR ANY OF ITS CONTENTS.

THE SHARES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UK. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE **FSMA** AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "**UK PROSPECTUS REGULATION**").

Notice to Prospective Investors in the Abu Dhabi Global Market

THE SHARES HAVE NOT BEEN OFFERED AND WILL NOT BE OFFERED TO ANY PERSONS IN THE ABU DHABI GLOBAL MARKET EXCEPT ON THE BASIS THAT AN OFFER IS:

(I) AN "**EXEMPT OFFER**" IN ACCORDANCE WITH THE MARKET RULES OF THE ADGM FINANCIAL SERVICES REGULATORY AUTHORITY; AND

(II) MADE ONLY TO PERSONS WHO ARE AUTHORISED PERSONS OR RECOGNISED BODIES (AS SUCH TERMS ARE DEFINED IN THE FINANCIAL SERVICES AND MARKETS REGULATIONS ("FSMR")) OR PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 18 OF FSMR) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED.

Notice to Prospective Investors in the Dubai International Financial Centre

THIS OFFERING MEMORANDUM RELATES TO A COMPANY WHICH IS NOT SUBJECT TO ANY FORM OF REGULATION OR APPROVAL BY THE DUBAI FINANCIAL SERVICES AUTHORITY (THE "**DFSA**").

THE DFSA HAS NOT APPROVED THIS OFFERING MEMORANDUM AND DOES NOT HAVE ANY RESPONSIBILITY FOR REVIEWING OR VERIFYING THIS OFFERING MEMORANDUM OR OTHER DOCUMENTS IN CONNECTION WITH THE COMPANY. ACCORDINGLY, THE DFSA HAS NOT APPROVED THIS OFFERING MEMORANDUM OR ANY OTHER ASSOCIATED DOCUMENTS NOR TAKEN ANY STEPS TO VERIFY THE INFORMATION SET OUT IN THIS OFFERING MEMORANDUM, AND HAS NO RESPONSIBILITY FOR IT.

THE SHARES HAVE NOT BEEN OFFERED AND WILL NOT BE OFFERED TO ANY PERSONS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE EXCEPT ON THE BASIS THAT AN OFFER IS:

(I) AN "**EXEMPT OFFER**" IN ACCORDANCE WITH THE MARKETS RULES (MKT) MODULE OF THE DFSA; AND

(II) MADE ONLY TO PERSONS WHO MEET THE DEEMED PROFESSIONAL CLIENT CRITERIA SET OUT IN RULE 2.3.4 OF THE DFSA CONDUCT OF BUSINESS MODULE AND WHO ARE NOT NATURAL PERSONS.

THIS OFFERING MEMORANDUM MUST NOT, THEREFORE, BE DELIVERED TO, OR RELIED ON BY, ANY OTHER TYPE OF PERSON.

THE SHARES TO WHICH THIS OFFERING MEMORANDUM RELATES MAY BE ILLIQUID AND/OR SUBJECT TO RESTRICTIONS ON THEIR RESALE. PROSPECTIVE PURCHASERS OF THE SHARES SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE COMPANY AND THE SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

Notice to Prospective Investors in the Kingdom of Saudi Arabia

THIS OFFERING MEMORANDUM MAY NOT BE DISTRIBUTED IN THE KINGDOM EXCEPT TO SUCH PERSONS AS ARE PERMITTED UNDER THE RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS ISSUED BY THE CAPITAL MARKET AUTHORITY (“**SAUDI REGULATIONS**”).

THE CAPITAL MARKET AUTHORITY DOES NOT MAKE ANY REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS OFFERING MEMORANDUM, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS OFFERING MEMORANDUM. PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE ACCURACY OF THE INFORMATION RELATING TO THE SECURITIES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

THE SHARES MUST NOT BE ADVERTISED, OFFERED OR SOLD AND NO MEMORANDUM, INFORMATION CIRCULAR, BROCHURE OR ANY SIMILAR DOCUMENT HAS OR WILL BE DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO ANY PERSON IN SAUDI ARABIA OTHER THAN TO INSTITUTIONAL OR QUALIFIED CLIENTS UNDER ARTICLE 8(A)(1) OF THE SAUDI REGULATIONS AS SUCH TERM IS DEFINED IN THE GLOSSARY OF DEFINED TERMS USED IN REGULATIONS AND RULES OF THE SAUDI CMA (ISSUED BY THE BOARD OF THE SAUDI CMA PURSUANT TO RESOLUTION NUMBER 4-11-2004 DATED 4 OCTOBER 2004G, AS AMENDED PURSUANT TO RESOLUTION OF THE BOARD OF THE SAUDI CMA NUMBER 1-54-2025 DATED 21 MAY 2025 OR BY WAY OF A LIMITED OFFER UNDER ARTICLE 9 OF THE SAUDI REGULATIONS.

THE OFFERING OF THE SHARES IN SAUDI ARABIA SHALL NOT, THEREFORE, CONSTITUTE A “PUBLIC OFFER” PURSUANT TO THE SAUDI REGULATIONS. PROSPECTIVE INVESTORS ARE INFORMED THAT ARTICLE 14 OF THE SAUDI REGULATIONS PLACES RESTRICTIONS ON SECONDARY MARKET ACTIVITY WITH RESPECT TO THE SHARES. ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER TRANSFER, MADE OTHER THAN IN COMPLIANCE WITH THE SAUDI REGULATIONS SHALL NOT BE RECOGNISED BY US.

Notice to Prospective Investors in Qatar and the Qatar Financial Centre

THIS OFFERING MEMORANDUM IS BEING PROVIDED BY THE JOINT BOOKRUNNERS ON AN EXCLUSIVE BASIS TO THE SPECIFICALLY INTENDED RECIPIENT (BEING A QUALIFIED INVESTOR FOR

THE PURPOSES OF THE QATAR FINANCIAL MARKETS AUTHORITY OR THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY) IN THE STATE OF QATAR, INCLUDING THE QATAR FINANCIAL CENTRE, UPON THAT PERSON 'S REQUEST AND INITIATIVE, AND FOR THE RECIPIENT'S PERSONAL USE ONLY.

NOTHING IN THIS OFFERING MEMORANDUM CONSTITUTES, IS INTENDED TO CONSTITUTE, SHALL BE TREATED AS CONSTITUTING OR SHALL BE DEEMED TO CONSTITUTE, ANY OFFER OR SALE OF SHARES IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE OR THE MARKETING OR PROMOTION IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE OF THE SHARES OR AN ATTEMPT TO DO BUSINESS, AS A BANK, A FINANCIAL SERVICES COMPANY, AN INVESTMENT COMPANY OR OTHERWISE IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE OTHER THAN IN COMPLIANCE WITH ANY LAWS APPLICABLE IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE GOVERNING OFFERING, MARKETING OR SALE OF THE SHARES.

THIS OFFERING MEMORANDUM AND/OR THE SHARES HAVE NOT BEEN APPROVED, REGISTERED, OR LICENSED BY THE QATAR CENTRAL BANK, THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY, THE QATAR FINANCIAL MARKETS AUTHORITY, OR ANY OTHER REGULATOR IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE.

RECOURSE AGAINST THE COMPANY, THE SELLING SHAREHOLDERS AND/OR THE JOINT BOOKRUNNERS MAY BE LIMITED OR DIFFICULT AND MAY HAVE TO BE PURSUED IN A JURISDICTION OUTSIDE THE STATE OF QATAR (INCLUDING THE QATAR FINANCIAL CENTRE). THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS CONFIDENTIAL AND MUST NOT BE REPRODUCED IN WHOLE OR IN PART (WHETHER IN ELECTRONIC OR HARD COPY FORM). ANY DISTRIBUTION OF THIS OFFERING MEMORANDUM BY THE RECIPIENT TO THIRD PARTIES IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE BEYOND THE TERMS SET OUT ABOVE IS NOT AUTHORISED AND SHALL BE AT THE LIABILITY OF SUCH RECIPIENT.

Joint Global Coordinators	
شركة الاستثمارات الوطنية National Investments Company	**National Investments Company K.S.C.P.** Al Khaleejia Complex, Jaber Al Mubarak Street P.O. Box 25667, Safat 13117 Sharq, Kuwait Tel: +965 2226 6712
EFG Hermes An EFG Holding Company	**EFG-Hermes UAE Limited** *(acting in conjunction with EFG-Hermes UAE LLC)* **EFG-Hermes UAE Limited** The Exchange, 3rd Floor, Office 301 Dubai International Financial Centre Dubai, United Arab Emirates Tel: +971 (04) 3634000 Regulated by the Dubai Financial Services Authority **EFG-Hermes UAE LLC** 106, The offices 3, One Central, Dubai World Trade Centre Dubai, United Arab Emirates Regulated by the Securities and Commodities Authority (SCA)
Joint Bookrunners	
شركة الاستثمارات الوطنية National Investments Company	**National Investments Company K.S.C.P.** Al Khaleejia Complex, Jaber Al Mubarak Street P.O. Box 25667, Safat 13117 Sharq, Kuwait Tel: +965 2226 6712
EFG Hermes An EFG Holding Company	**EFG-Hermes UAE Limited** *(acting in conjunction with EFG-Hermes UAE LLC)* **EFG-Hermes UAE Limited** The Exchange, 3rd Floor, Office 301 Dubai International Financial Centre Dubai, United Arab Emirates Tel: +971 (04) 3634000 Regulated by the Dubai Financial Services Authority

	EFG-Hermes UAE LLC 106, The offices 3, One Central, Dubai World Trade Centre Dubai, United Arab Emirates Regulated by the Securities and Commodities Authority (SCA)
	Arqaam Capital Limited Level 27, Index Tower Dubai International Financial Centre P.O. Box 506687 Dubai - United Arab Emirates
Legal Advisors	
	Meysan Lawyers and Legal Consultants Company W.L.L. Al Hamra Tower, 59th Floor, Al Shuhada Street P.O. Box 298, Safat 13003 Sharq, Kuwait Tel: +965 2205 1000
	International Counsel Bureau – Lawyers and Legal Consultants Al Hamra Tower, 58th Floor, Al Shuhada Street P.O. Box 20941, Safat 13070 Sharq, Kuwait Tel: +965 2220 5344
External Auditor	
	Ernst & Young, Al Aiban, Al Osaimi & Partners Burj Alshaya, 16th & 17th Floor, Al Soor Street Mirqab, Safat 13001, Kuwait Tel: +965 2245 2880
Listing Advisor and Subscription Agent	
	National Investments Company K.S.C.P. Al Khaleejia Complex, Jaber Al Mubarak Street P.O. Box 25667, Safat 13117 Sharq, Kuwait Tel: +965 2226 6712

Clearing Agent	
	Kuwait Clearing Company K.S.C. Al-Ahmad Tower, Arab Gulf Road P.O. Box 22077, Safat 13081 Kuwait Tel: +965 1841 111
Asset Valuator and Financial Due Diligence Advisor	
	KPMG Advisory W.L.L. Al Hamra Tower, 55th Floor, Al Shuhada Street Sharq, Kuwait Tel: +965 2228 7000

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Responsibility Statement

Individuals responsible for this Offering Memorandum

This Offering Memorandum has been prepared by:

Name	Title	Address
Mr. Ahmad M. Al Ajlan	CEO and Board Member	Waves Business Center, Building 4, Floor 1, Kuwait Free Trade Zone, Al Assimah Area, State of Kuwait
Mr. Jainuddin Jhabuawala	General Manager - Finance	Waves Business Center, Building 4, Floor 1, Kuwait Free Trade Zone, Al Assimah Area, State of Kuwait

EACH OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR HEREIN, ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. TO THE BEST OF KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE AND CONDUCTED A FULL AND DETAILED DUE DILIGENCE TO ENSURE THAT SUCH IS THE CASE, (i) THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE, COMPLETENESS AND CONTENT OF THE OFFERING MEMORANDUM WHICH WAS PREPARED IN ACCORDANCE WITH THE LAW (ii) THE INFORMATION RELATING TO THE SHARES HAVE BEEN DISCLOSED TO PROSPECTIVE INVESTORS TO ASSIST THEM IN MAKING THEIR DECISION REGARDING THE OFFERING AND (iii) THE PROVISIONS UNDER LAW NO. 7 OF 2010 REGARDING THE ESTABLISHMENT OF THE KUWAIT CAPITAL MARKETS AUTHORITY AND REGULATING SECURITIES ACTIVITIES AND ITS EXECUTIVE REGULATIONS ISSUED PURSUANT TO CMA RESOLUTION NO. 72 OF 2015 AND ITS AMENDMENTS AND THE REGULATIONS AND INSTRUCTIONS ISSUED BY THE CMA HAVE BEEN COMPLIED WITH, ALONG WITH THE COMPANIES LAW, ITS BYLAWS, AND THEIR AMENDMENTS.

ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY:

Name	Title	Signature
Eng. Rawaf Bourisli	Vice Chairman	

Important Notice and Disclaimer

The Selling Shareholders and the Company, having made all reasonable inquiries, confirm that this Offering Memorandum contains all material and legal information with respect to the business of the Company, its subsidiaries, and the Shares which are material in the context of the Offering. The statements contained herein are, in every material respect, true and accurate and not misleading; the opinions and intentions expressed herein are honestly held, have been reached after considering all relevant material circumstances, and are based on the reasonable assumptions of the Company and the Selling Shareholders. Furthermore, there are no other material facts or opinions that have been omitted which would, in the context of the Offering, make any statement in this Offering Memorandum misleading in any material respect, and all reasonable inquiries have been made by the Company to ascertain such material facts and to verify the accuracy of all such material information contained in this Offering Memorandum.

The information contained in this Offering Memorandum as of the date hereof is subject to change. In particular, the actual financial state of the Company and the value of the Shares may be adversely affected by future developments in inflation, financing charges, taxation, or other economic, political, and other factors, over which the Company has no control. Neither the delivery of this Offering Memorandum nor any oral, written, or printed interaction in relation to the Shares is intended to be or should be construed as or relied upon in any way as a promise or representation as to future earnings, results, or events. Neither the delivery of this Offering Memorandum nor the Offering, sale or delivery of any Shares shall in any circumstances imply that the information contained herein concerning the Company is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issuance of the Shares is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Company any time after the date of this Offering Memorandum or to advise any investor in the Shares of any information coming to their attention, or that there has been no change in the affairs of any party mentioned herein since that date.

No person is authorized to give any information or to make any representation not contained in this Offering Memorandum, and any information or representation not contained in this Offering Memorandum must not be relied upon as having been authorized by the Company or its Joint Global Coordinators or Joint Bookrunners or any affiliate or representative thereof. The delivery of this Offering Memorandum at any time does not imply that the information set forth herein is correct as of any time subsequent to its date. Any reproduction or distribution of this Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Shares offered hereby is prohibited, except to the extent such information is otherwise publicly available. Each

Prospective Investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing.

This Offering Memorandum is provided solely for the use of Prospective Investors invited by the Joint Global Coordinators or Joint Bookrunners on behalf of the Selling Shareholders and the Company to consider an investment in the Shares. Prospective Investors interested in the Offering should read this Offering Memorandum in its entirety. This Offering Memorandum should be read in conjunction with the Memorandum and Articles of Association of the Company. This Offering Memorandum is not intended to be the sole document upon which Prospective Investors should rely in reaching an investment decision. In making an investment decision, Prospective Investors should rely on their own due diligence examination of the Company and the terms of the Offering, including the risks involved. No part of this Offering Memorandum constitutes or is intended to constitute financial, tax, or legal advice to any Prospective Investor.

This Offering Memorandum is not to be regarded as a recommendation on the part of the Company, the Selling Shareholders, the Joint Bookrunners, or any of their advisers or affiliates to participate in the Offering of the Shares. Information provided herein is of a general nature and has been prepared without taking into account any Potential Investor's investment objectives, financial situation or particular investment needs. Neither this Offering Memorandum nor any other information supplied in connection with the issuance of the Shares: (i) is intended to provide the basis of any credit or other evaluation, or (ii) constitutes an offer or invitation by or on behalf of the Company, the Selling Shareholders, any of the Joint Bookrunners to any person to subscribe for or to purchase any Shares. Prior to making an investment decision, each recipient of this Offering Memorandum is responsible for obtaining his, her or its own independent professional advice in relation to the Company or the offering of the Shares and for making his, her or its own independent evaluation of the Company, an investment in the Shares and of the information and assumptions contained herein, using such advice, analysis and projections as he, she or it deems necessary in making any investment decision. Prospective Investors are not to construe the contents of this Offering Memorandum as constituting tax, investment, or legal advice. Shares may not be an appropriate investment for all Potential Investors. Therefore, each Potential Investor in the Shares must determine the appropriateness of that investment, in light of his, her, or its own circumstances. In particular, each Potential Investor should:

- have sufficient knowledge and experience to carry out a meaningful evaluation of the Shares and the risks of investing in the Shares, and the information contained in this Offering Memorandum.
- be able to access and be familiar with the appropriate analytical tools, in order to evaluate any investment in stocks in the context of his, her, or its own financial position, as well as assess the impact of the Shares on his, her, or its investment portfolio in general.
- have sufficient financial resources and liquidity to bear all the risks of investing in the Shares.

- have a full understanding of the terms of the Shares, and be familiar with the conduct of business in the relevant financial market.

Prior to purchasing any Shares, a Prospective Investor should consult a financial adviser who has been duly licensed by the CMA and, with his, her, its own legal, business and tax advisers determine the appropriateness and consequences of an investment in the Shares for such Investor and arrive at an independent evaluation of such investment. The sole purpose of this Offering Memorandum is to provide background information about the Company to assist each recipient in making an independent evaluation of the Offering and any investment in the Shares.

The distribution of this Offering Memorandum and the Offering or sale of the Shares in certain jurisdictions is restricted by law. Persons into whose possession this Offering Memorandum may come are required by the Joint Bookrunners and the Company to inform themselves about and to observe such restrictions.

Notwithstanding the foregoing, this Offering Memorandum does not constitute and shall not be construed as being an offer or solicitation, nor shall it be used for those purposes by any person in any jurisdiction in which such an offer or solicitation is not authorized, the person making such an offer or solicitation is not qualified to do so, or to any person to whom it is unlawful or unauthorized to make such an offer or solicitation.

The Joint Bookrunners, their respective subsidiaries, affiliates, officers, directors, Shareholders, partners, agents, employees, accountants, attorneys, and advisers make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. The Joint Bookrunners, their subsidiaries, affiliates, officers, directors, shareholders, partners, agents, employees, accountants, attorneys and advisers expressly disclaim any and all liability for, or based on, or relating to any information, including, without limitation, any information contained in, or errors in or omissions from the Offering Memorandum, or based on or relating to the use of this Offering Memorandum by Prospective Investors. This Offering Memorandum does not constitute an offer to purchase or subscribe to the Shares, nor shall it, or any part of it, be relied upon in any way in connection with any contract for the acquisition of Shares, nor shall it be taken as a form of commitment by the Shareholders or the Company to proceed with the Offering.

This Offering Memorandum contains industry and market data that has been obtained from market research, publicly available information and industry publications, or other sources considered to be generally reliable. Potential Investors should bear in mind that the Selling Shareholders and the Company have not independently verified information obtained from market research, publicly available information, and industry publications, and there is no representation or warranty, express or implied, as to the accuracy, adequacy, or completeness of any of such information used in this Offering Memorandum by any of them. In making an investment decision, Potential Investors must rely upon their own due diligence examination of the Company and the terms of the Offering being made in this Offering Memorandum, including the merits and risks involved. The Shares have not been recommended by any Kuwaiti authorities or any regulatory authorities. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum.

This Offering involves certain risks, as discussed in the section on "Key Risk Factors and Considerations" herein. This Offering Memorandum is provided for information only and is not intended to be, and must not be taken as, the basis for an investment decision. Prospective Investors are not to construe the contents of this Offering Memorandum as constituting tax, investment, or legal advice. Prior to subscribing to the Shares, each Prospective Investor should consult with his, her or its own legal, business and tax advisors to determine the appropriateness and consequences of an investment in the Company for such potential Investor and arrive at an independent evaluation of such investment.

This Offering Memorandum contains material information relating to the Company and its subsidiaries and is based on the reasonable beliefs of the management of the Company and expectations based upon certain assumptions regarding trends in Kuwait, the Middle East, and global economies, and other factors.

The financial information of the Company for the period ending on 30 June 2025 has been reviewed by the auditors of the Issuer and was authorized for issue in accordance with a resolution of the board of directors. Otherwise, the financial information contained in this Offering Memorandum for any period ending after 30 June 2025 has not been subject to review or audit.

Some statements in this Offering Memorandum, including, without being limited to, the expected revenue, forecasted net profit, and dividend targets, may be deemed to be forward-looking statements and not binding on the Company and the Selling Shareholders.

In this Offering Memorandum, all references to **"KWD"**, **"KD"**, **"Kuwaiti Dinars"** and **"Dinars"** are to **Kuwaiti Dinars**, the lawful currency of the State of Kuwait, and "**USD**", "**US$**", "**$**" and "**Dollars**" are to United States Dollars.

Forward-looking statements include statements concerning the Company's plans, objectives, goals, strategies, future operations, and financial performance and the assumptions underlying these forward-looking statements. When used in this Offering Memorandum, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should", "target", "forecasts", and any of its derived expressions or any similar expressions generally identify forward-looking statements. The Company has based these forward-looking statements on the current view of the Company's management with respect to future events and financial performance. Although the Company believes that the expectations, estimates and projections reflected in the Company's forward-looking statements are reasonable as of the date of this Offering Memorandum, if one or more of the risks or uncertainties materialize, including those which the Company has identified in this Offering Memorandum and those which the Company could not reasonably identify, or if any of the Company's underlying assumptions prove to be incomplete or inaccurate, the Company's actual results of operation may vary from those expected, estimated or predicted without any liability on the Company. These forward-looking statements speak only as of the date of this Offering Memorandum. Without prejudice to any requirements under applicable laws and regulations, the Company expressly disclaims any binding obligation or undertaking to achieve or fulfil any of the objectives or results contained in any of the expectations, estimations, forecasts, or predictions and to disseminate after the date of this Offering Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations, estimations, forecasts, or predictions thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

All forward-looking statements are subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in Kuwait, the Middle East, and other countries.
- The Company's ability to successfully implement its strategy, its growth and expansion, technological changes, and its exposure to market risks that have an impact on its business activities or investments.
- The changes in monetary and fiscal policies of Kuwait, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices, or other rates or prices, the performance of the financial markets in Kuwait and globally, changes in domestic and foreign laws, regulations, and taxes, and changes in competition in our industry.
- Changes in the value of the KWD and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political and social conditions in the State of Kuwait.
- The loss or shutdown of operations of the Company at any time due to strike or labor unrest.
- The loss of key employees and staff of the Company.
- The Company's ability to respond to technological changes.

For further discussion of factors that could cause the Company's actual results to differ, Prospective Investors should review the section titled "Key Risk Factors and Considerations" of this Offering Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Joint Global Coordinators, the Joint Bookrunners, nor any of their respective subsidiaries has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of the CMA, the Company and the Joint Bookrunners will ensure that Prospective Investors are informed of material developments until such time as the grant of listing and trading permission by Boursa Kuwait, as per the CMA's requirements.

The Company is a closed shareholding company (KSCC) established and registered pursuant to the Companies Law of Kuwait Law No. 1 of 2016, and its amendments.

This Offering Memorandum is approved for distribution on a private placement basis in Kuwait by the Kuwait Capital Markets Authority on 12 November 2025 pursuant to the Capital Markets Law No. 7 of 2010, as amended, and its Executive Regulation, and its amendments.

The distribution of this Offering Memorandum and the offer and sale of the Shares in certain jurisdictions may be restricted by law. Prospective Investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile, and place of business with respect to the acquisition, holding, or disposal of Shares, and any foreign exchange restrictions that may be relevant thereto.

Certain figures and percentages included in this Offering Memorandum have been subject to rounding adjustments. For the purposes of calculating certain figures and percentages, the underlying numbers used have been extracted from the relevant financial statements rather than the rounded numbers contained in this Offering Memorandum. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

ALL POTENTIAL INVESTORS SHOULD CAREFULLY REVIEW THE INFORMATION PRESENTED IN THE OFFERING MEMORANDUM AND ESPECIALLY IN THE "KEY RISK FACTORS AND CONSIDERATIONS" SECTION SET OUT BELOW FOR A DESCRIPTION OF CERTAIN RISKS ASSOCIATED WITH AN INVESTMENT IN THE COMPANY (INCLUDING THE RISK OF A COMPLETE LOSS OF THEIR INVESTMENT). IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS OFFERING MEMORANDUM, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL FINANCIAL ADVICE. REMEMBER THAT ALL INVESTMENTS CARRY VARYING LEVELS OF RISK AND THAT THE VALUE OF YOUR INVESTMENT MAY DECREASE AS WELL AS INCREASE.

Glossary

Notation	Description
“**Articles**”	The Memorandum and Articles of Association of the Company
“**Board**” or “**Board of Directors**”	Board of Directors of the Company
“**Bookrunner**” or “**Joint Bookrunners**”	National Investments Company K.S.C.P. EFG-Hermes UAE Limited (acting in conjunction with EFG-Hermes UAE LLC) Arqaam Capital Limited
“**Boursa Kuwait**”	Boursa Kuwait Securities Company K.P.S.C.
“**Business Day**”	A day (other than a Friday or a Saturday) which is not a public holiday and on which the banks are open for business in Kuwait
“**CEO**”	Chief Executive Officer
“**Clearing Agent**” or “**KCC**”	Kuwait Clearing Company K.S.C.
“**Closing Date**” or “**Offering Closing Date**”	The date determined by the Joint Global Coordinators as the closing date for receiving applications, documentation, and Subscription Amounts for the subscriptions of the Shares
“**CMA**”	Kuwait’s Capital Markets Authority
“**CMA Law**”	CMA Law No. 7 of 2010 and its Executive Regulation issued by Resolution No. 72 of 2015, as amended
“**Demand Form**”	Conditional form to subscribe by Eligible Investors as accepted by the Joint Bookrunners
“**DFSA**”	Dubai Financial Services Authority
“**Directors**”	Members of the Board of Directors
“**DIT**”	Department of Income Tax
“**EEA**”	European Economic Area
“**EBITDA**”	Earnings Before Interest, Tax, Depreciation, and Amortization

"**Eligible Investors**" or "**Prospective Investors**"	All individuals and entities, including companies, institutions, banks, and funds, as defined in the CMA regulations, who accept the terms of subscription in the Subscription Application as well as this Offering Memorandum
"**Fils**"	Subdivision of the Kuwaiti Dinar
"**FSMA**"	Financial Services and Markets Act 2000
"**GCC**"	Gulf Cooperation Council
"**Group**"	Action Energy Company K.S.C.C., its parent company, affiliates, and subsidiaries
"**Joint Global Coordinators**"	National Investments Company K.S.C.P. EFG-Hermes UAE Limited (acting in conjunction with EFG-Hermes UAE LLC)
"**K.S.C.**"	Kuwait Shareholding Company
"**K.S.C.C.**"	Kuwait Shareholding Company (Closed)
"**K.S.C.P.**"	Kuwait Public Shareholding Company
"**KWD**" or "**KD**"	Kuwait Dinar, the lawful currency of the State of Kuwait
"**Listing Advisor**"	National Investments Company K.S.C.P.
"**NIC**"	National Investments Company K.S.C.P.
"**Offering Memorandum**"	This Offering Memorandum
"**Offering**"	Primary Offering of up to 94,500,000 ordinary shares and Secondary Offering after the capital increase of up to 165,500,000 ordinary shares in the Company with a fully paid nominal value of 100 Fils per share, representing 45.9% of the Company's capital and at an Offering Price of 212 Fils per Issue Share. The Final Offering Price, number of Shares to be sold, and the percentage that the Shares to be sold represent of the outstanding total shares of the Company will be determined at the end of the Book Building Period
"**Placement Fee**"	The Placement fee per subscribed Share, which is included in the Offering Price and is payable by the Selling Shareholders

“**Premier Market**”	The market segment that includes the stocks characterized by high market capitalization and liquidity, which meet the requirements set by Boursa Kuwait
“**Private Placement**” or “**Placement**”	Irrevocable offer by the Investors to subscribe to the Shares in the Company on the terms set out in this Offering and the Subscription Application
“**Provisional Allocation Notice**”	The provisional allocation notice issued by the Joint Global Coordinators, as further set forth in Section “*Subscription and Sale Terms*” of this Offering Memorandum
“**Required Documents**”	Documents to be submitted with the Subscription Application as set out in Section *“Subscription Process”* of this Offering Memorandum
“**Saudi CMA**”	Capital Market Authority of Saudi Arabia
“**SEC**”	Securities and Exchange Commission
“**Subscriber(s)**”	An Eligible Investor interested in subscribing to the Company Shares, and filling and submitting the Subscription Application
“**Selling Shareholder(s)**”	The current Shareholders of the Company who will offer their Existing Shares for sale
“**Shareholder(s)**”	A holder of Share(s) from time to time
“**Subscription Agent**”	National Investments Company K.S.C.P.
“**Subscription Application**” or “**Subscription Application Form**”	Irrevocable and unconditional binding agreement to subscribe for Shares as accepted by the Subscription Agent

Introduction to the Transaction

As a next step in achieving its goal of institutionalization, the Company will conduct a Primary Offering and a Secondary Offering of ordinary shares by way of a private placement with Prospective Investors and list the Company on Boursa Kuwait through this Offering.

On 19 August 2025, the Company approved the listing of the Company and the Shares for trading on Boursa Kuwait and authorized the Board of Directors of the Company to initiate actions to list the Company on Boursa Kuwait. On 05 October 2025, the Extraordinary General Assembly of the Company approved (i) the increase of the Company's authorized share capital to KD 100,000,000 and (ii) authorized the Board of Directors of the Company to call for an increase of the issued and paid share capital and to specify the conditions and controls of the share capital increase, in whole or in part, in one or more installments within the limits of the issued capital. All the Shareholders of the Company have expressly waived the preemptive right to subscribe to the primary offering. The Board of Directors, by virtue of the written resolution dated 4 November 2025, resolved to call for the capital increase and subscription in the Issue Shares and to increase the Company's issued and paid-up share capital from KD 47,200,000 to KD 56,650,000 by the issue and allotment of 94,500,000 Issue Shares at an Offering Price Range of 212 Kuwaiti Fils. Furthermore, the Selling Shareholders decided to offer 165,500,000 ordinary shares representing 29.21% of the Company's total issued capital to Potential Investors to broaden the shareholder base to meet the regulatory listing requirements at the same Offering Price.

On 29 September 2025, the Company obtained a positive recommendation from Boursa Kuwait and a conditional approval on 30 October 2025 from the CMA to list the Company and the Shares for trading on Boursa Kuwait, subject to successful completion of the Offering to satisfy the minimum float and number of Shareholders required for listing and remaining procedures for listing and trading of the Shares. At this stage, no public market exists for the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the future or before the listing. The CMA has approved and authorized this Offering Memorandum and the Offering of the shares on 12 November 2025.

Key Terms of the Offering

This summary of the Offering terms is intended to provide a brief overview of the information contained in this Offering Memorandum. As such, it does not contain all the information that may be important to Prospective Investors. Accordingly, this summary must be read as an introduction to this Offering Memorandum, and Prospective Investors should read this entire Offering Memorandum in full. Any decision to invest in the Shares by Prospective Investors should be based on consideration of this Offering Memorandum as a whole.

Notation	Description
The Company	Action Energy Company K.S.C.C.
Establishment Date	18 May 2015
Company's Address	Waves Business Center, Building 4, Floor 1, Kuwait Free Trade Zone, Al Assimah Area, State of Kuwait
The Offering	The Primary Offering of up to 94,500,000 Shares and the Secondary Offering of up to 165,500,000 Shares representing 45.9% of the issued share capital of the Company, to be sold by the Company and the Selling Shareholders, respectively, through a private placement
Total Offering Amount	KD 55,120,000 (including the nominal value of KD 26,000,000 and the Issue Shares premium value of KD 29,120,000)
Convertibility of the Shares	The Shares cannot be converted into any other form of securities
Tradability of the Shares	There are currently no restrictions on the tradability of the Shares. The Shares are currently not listed on any stock exchange or market
Offering Price	The Offering Price Range is 212 Fils per Share (including the nominal value and the issue premium)
Pricing Mechanism	The Final Offering Price 212 Fils per Share will be the price at which the Subscribers in the Offering will purchase the Shares.
Placement Fee	The Offering Price includes a Placement Fee payable by the Selling Shareholders
Minimum Subscription	Minimum Subscription of 47,170 Shares, such as each individual subscription shall be for a minimum of KD 10,000
Book Building Period	The Book Building Period opened for Eligible Investors for a period of ten (5) days shall beginning on 23 November 2025 and closing at 3:00 pm on 27 November 2025.
Offering Period	The Offering Period for subscription to the Shares will be 10 days following closure of the Book Building Period and announcement of the Final Offering Price, commencing on 23 November 2025, and expiring by 3:00 pm on 7 December 2025. All completed and signed

	Subscription Applications, documentation, and full Subscription Amount should be received no later than 3:00 pm on 7 December 2025 in accordance with the instructions mentioned in Section "*Subscription Process" below*. The Joint Global Coordinators are entitled to close subscription before the Closing Date in the event that the Shares are fully subscribed prior to the Closing Date. At their discretion, the Joint Global Coordinators may extend the Offering Period for one or more additional period(s) provided that the total Offering Period shall not exceed three (3) months from the subscription opening date
Authorized Share Capital of the Company Prior to this Offering	KD 100,000,000
Authorized Share Capital of the Company after this Offering	KD 100,000,000
Issued, Fully Paid and Outstanding Share Capital of the Company Prior to this Offering	KD 47,200,000 divided into 472,000,000 ordinary issued and allotted nominal Shares each for a nominal value of 100 Fils per Share and fully paid
Issued, Fully Paid and Outstanding Share Capital of the Company after this Offering	KD 56,650,000 divided into 566,500,000 ordinary issued and allotted nominal shares each for a nominal value of 100 Fils per Share and fully paid
Allocation (Allotment) Date	Within five (5) Business Days from the Offering Closing Date
Refunds of Subscription Monies Date	Within five (5) Business Days from the Allocation (Allotment) Date
Type of Offering	Private placement of new and secondary Shares of the Company
Selling Parties	Certain existing Shareholders of the Company have expressed their willingness to sell a portion of their Shares through the Offering.
Purpose of Offering	Converting the Company from a privately held subsidiary of the Group into a public company through the Offering of the Shares, in preparation for its listing on Boursa Kuwait.

	The listing is a step towards diversifying the shareholder base, enhancing corporate governance, and broadening the Company's network and visibility among key stakeholders.
Use of Proceeds	The proceeds will be received by the Company (with respect to the Primary Shares offered) and the Selling Shareholders, and will be split between the Company and the Selling Shareholders based on the size of the Primary and Secondary components of the Offering. Further details are set out in the section titled "Use of Proceeds" in this Prospectus.
Allocation	The number and percentage of Shares which will be allocated to the Subscribers will be determined by the Company and the Selling Shareholders in consultation with the Subscription Agent at their full and absolute discretion without any obligation to apply any pro-rata allocation or any unified allocation rules whatsoever.
Undersubscription	If the Offering has not been fully subscribed for during the Offering Period, the Joint Global Coordinators, in coordination with the Selling Shareholders and the Company, may decide to extend the Offering Period for one or more additional period(s), provided that the total Offering Period shall not exceed three (3) months. If the Offering has not been fully subscribed for during the extended Offering Period (s), the Joint Global Coordinators, in coordination with the Selling Shareholders and the Company, may decide to either (i) cancel the Offering, or (ii) limit the Offering to the amount actually subscribed
Par Value	100 Fils per Share
Issue Premium	112 Fils per Issue Share
Status of Shares	All of the Company's shares will be ranked equally in all rights and entitlements, including dividend payments, distributions on liquidation, and voting rights.
Liquidation	In the event of liquidation of the Company, each Shareholder will have a share proportionate to their shareholding in the Company of the liquidation proceeds, post repayment of liabilities.
Dividend Distribution	Registered Shareholders as of the confirmed record date for the purpose of any dividend declarations are entitled to receive the amounts due on the Shares, whether in the form of cash dividends

	or bonus shares. However, no assurances can be made that such dividends or distributions will be declared in the future.
Voting Rights	Each Share confers on the relevant Shareholder an equal right to participate in the discussions and vote on General Assembly meetings of Shareholders.
Preemptive Rights	Each share grants the shareholder an equal right of priority to participate in any future capital increase, in proportion to their ownership percentage in the Company's share capital.
Payment of Offering Price and Delivery of Subscription Application	A signed and fully completed Subscription Application, along with all Required Documents in accordance with the instructions mentioned in Section "*Subscription Process"*, should be received and the full Subscription Amount should be received into the Subscription Account and confirmed to one of the Joint Bookrunners during the Offering Period and no later than 3:00 pm on 7 December 2025
Refund of Money	If there is any surplus in the amounts transferred by an Investor in relation to the Offering following Allotment, or if there are any funds to be refunded to Investors due to rejection of subscription by the Subscription Agent, these funds shall be returned to the Investor's bank account indicated in the Subscription Application Form in KWD (and in case of transfers to accounts outside Kuwait in any other currency, the KWD amount will be exchanged to such currency in accordance with the exchange rate applicable) within five (5) Business Days of final Allotment. Any amount refunded by one of the Joint Bookrunners to Investors will not earn any interest, and will be transferred net of any foreign exchange differences and banking fees, and charges. For the avoidance of doubt, the Investor will not earn any interest and will bear all banking fees and charges relating to the transfer of subscription monies back to the Investors. Furthermore, Investors will not earn any interest for the period between the time their subscription monies are deposited in the Subscription Account and the time any amounts are to be refunded to the Investor's bank account.
Cost and Expenses	The Company shall be responsible for regulatory fees related to the listing, including Boursa Kuwait and CMA filing fees, which are estimated to be less than KD 100,000.

	The Company and the Selling Shareholders shall be responsible for all other costs relating to the listing, which, amongst others, include the fees payable to the Joint Global Coordinators, the Joint Bookrunners, legal advisors, asset valuator, brokerage fees, marketing fees, translation fees, printing fees, and any other related expenses.
Listing	The Shares are currently not listed or traded on any stock exchange or market. On 05 October 2025, the Extraordinary General Assembly of the Company approved (i) the increase of the Company's authorized share capital to KD 100,000,000, (ii) authorized the Board of Directors of the Company to call for an increase of the issued and paid share capital and to specify the conditions and controls of the share capital increase, in whole or in part, in one or more installments within the limits of the issued capital. All the Shareholders of the Company have expressly waived their preemptive right to subscribe to the primary offering. Pursuant to a resolution issued by the Board of Directors on 12 November 2025, it was resolved to increase the Company's issued and paid-up capital from 47,200,000 KD to 56,650,000 KD through the issuance and allocation of up to 94,500,000 Issued Shares at an Offering Price of 212 Kuwaiti Fils per Share. On 29 September 2025, the Company obtained a positive recommendation from Boursa Kuwait and a conditional approval on 30 October 2025 from the CMA to list the Company and the Shares for trading on the official market of Boursa Kuwait subject to successful completion of the Offering to satisfy the minimum float and number of Shareholders required for listing and remaining procedures for listing and trading of the Shares. It is the intention of the Company to reduce the period between the Closing Date and the first trading day of the Shares. However, it is reasonably expected that the first trading day of the Shares on Boursa Kuwait to be within 3 Business Days from the day of announcement of the subscription results. At this stage and prior to listing, no public market exists for and of the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the event or upon listing in the Boursa Kuwait in the future. Prospective Investors have the right to unsubscribe if the subscription did not result in meeting the conditions for listing of the Offering Shares on Boursa Kuwait within five (5) Business Days from the Offering Closing Date.
Risk Factors	Prospective Investors should consider all the information contained in this Offering Memorandum before making an

	investment in the Shares, including factors set forth herein under Section "Key Risk Factors and Considerations".
Directors of the Company	Sheikh Mubarak Al-Sabah – Chairman Eng. Rawaf Bourisli – Vice Chairman Mr. Ahmad Al-Ajlan – Board Member and CEO Mr. Vikas Arora – Board Member Mr. Talal Al-Qassar – Board Member Vacant position 1 (Independent) Vacant position 2 (Independent)
Summary of consolidated financial position and results **– June 30, 2025[1]**	Assets: KD 148,290,251 Liabilities: KD 106,011,632 Capital: KD 20,000,000 Equity: KD 42,278,619 Equity Attributable to Equity Holders of the Company: KD 42,059,806 Revenue (6 months): KD 13,428,548 Net Profit (6 months): KD 2,232,026
Summary of consolidated financial position and results **– December 31, 2024[1]**	Assets: KD 136,508,438 Liabilities: KD 96,681,845 Capital: KD 20,000,000 Equity: KD 39,826,593 Equity Attributable to Equity Holders of the Company: KD 39,826,593 Revenue (12 months): KD 20,815,110 Net Profit (12 months): KD 1,896,382
Summary of consolidated financial position and results	Assets: KD 101,593,759 Liabilities: KD 63,663,548

– December 31, 2023[1]	Capital: KD 20,000,000 Equity: KD 37,930,211 Equity Attributable to Equity Holders of the Company: KD 37,930,211 Revenue (12 months): KD 12,135,393 Net Profit (12 months): KD 2,436,420
Summary of consolidated financial position and results **– December 31, 2022**[1]	Assets: KWD 79,767,620 Liabilities: KWD 44,273,829 Capital: KWD 20,000,000 Equity: KD 35,493,791 Equity Attributable to Equity Holders of the Company: KD 35,493,791 Revenue (12 months): KD 12,993,834 Net Profit (12 months): KD 5,465,920
Short-term expected profit per Share	Earnings per share (EPS) are projected to reach approximately 20.5 Kuwaiti Fils to 22.5 Kuwaiti Fils for FY2026. The estimated EPS is based on the investment opportunities the Company is targeting.
Joint Global Coordinators	National Investments Company K.S.C.P. EFG-Hermes UAE Limited (acting in conjunction with EFG-Hermes UAE LLC)
Joint Bookrunners	National Investments Company K.S.C.P. EFG-Hermes UAE Limited (acting in conjunction with EFG-Hermes UAE LLC) Arqaam Capital Limited
Listing Advisor and Subscription Agent	National Investments Company K.S.C.P.
Legal Advisors to the Company	Meysan Lawyers and Legal Consultants Company W.L.L.

	International Counsel Bureau – Lawyers and Legal Consultants (ICB)
Legal Advisors to the Joint Global Coordinators	Meysan Lawyers and Legal Consultants Company W.L.L.
Asset Valuator	KPMG Advisory W.L.L.
Clearing Agent	Kuwait Clearing Company K.S.C.
Auditors	Ernst & Young, Al Aiban, Al Osaimi & Partners
Governing Law	Applicable Kuwaiti laws and regulations
Jurisdiction	Courts of Kuwait
Language	The Offering Memorandum is issued in Arabic and English versions. In case of any contradictions between both versions, the Arabic version shall prevail
Offering Opening Date	23 November 2025
Offering Closing Date	7 December 2025
Allotment Date	Within five 5 Business Days of the Offering Closing Date
Listing Date	Within three 3 Business Days from the date of submitting the subscription statement to the CMA

[1] *Financial information in the above section has been extracted from:*

- *a) Audited Financial statements for the year ended 31 December 2024, 2023, 2022, and*
- *b) Interim Condensed Consolidated Financial Information for the period ended 30 June 2025, reviewed by the auditors.*

Use of Proceeds

The Company's authorized capital as of 05 October 2025 was KD 100,000,000, and its issued and paid-up capital was KWD 47,200,000 distributed over 472,000,000 of ordinary shares.

The Company and the Selling Shareholders expect to offer, respectively, through the Primary Offering and the Secondary Offering up to 45.9% in aggregate of the Company's ordinary shares, which translates to 260,000,000 Shares to Prospective Investors through this Offering. The Offering is expected to generate proceeds of up to KD 55,120,000.

Amount	Kuwaiti Dinars
Primary Portion	20,034,000
Secondary Portion	35,086,000
Total Issuance Size	55,120,000
Estimated Fee	500,000
Net Issuance Size	54,620,000

The total proceeds of the Offering will be used to settle costs relating to the Offering, which, amongst others, include the Placement Fees payable to the Joint Global Coordinators, the Joint Bookrunners, legal advisor's fees, valuer's fees, brokerage fees, marketing fees, translation fees, printing fees, and any other related expenses ("Offering Expenses") payable by the Selling Shareholders and the Company proportionality. The Company shall be responsible for regulatory fees related to the Offering, including Boursa Kuwait and CMA filing fees, which are estimated to be less than KWD 100,000 ("Listing Expenses") ("Offering Expenses" and "Listing Expenses" together as "Total Offering Expenses)).

The Company intends to use its share of the Primary Portion Proceeds, less its portion of the Offering Expenses and the Listing Expenses, for the following activities:

1. Reduce part of the Group's indebtedness and fund the Group's growth strategy.
2. General corporate purposes.

The following table summarizes the expected use of the Group's share of the Net Proceeds from the Offering:

Table: Expected Use of the Primary Proceeds from the Offering

Item	Expected Use of the Company's Share of Net Proceeds from the Offering
Reduce the Company's Indebtedness and fund the Company's Growth Strategy	80% - 90%
General Corporate Purposes	10% - 20%

Fair Value per Share

KPMG Advisory W.L.L., hereinafter referred to as the "**Accredited Asset Valuator**" was appointed to evaluate the shares of AEC for the purpose of issuing the new Issue Shares with a share premium and offering the Issue Shares and part of the Existing Shares for private placement as part of the Company's listing process on the Premier Market in Boursa Kuwait in accordance with the provisions of CMA Law, valued the Company's shares and the share premium with a fair and independent valuation based on the latest financial statements as of 30 June 2025, and the independent valuation report on the fair value was submitted to Boursa Kuwait and the CMA as part of the application to list the Company's shares. The Accredited Asset Valuator agreed to incorporate their opinion into the Offering Memorandum and acknowledged the suitability of the report for use in this Offering Memorandum in accordance with the standards and specifications of the valuation report issued by NIC as of the valuation date.

The valuation report by the Accredited Investment Advisor

Valuation of AEC shares was derived using the Discounted Cash Flow (DCF) Method. Under this approach, projected cash flows are discounted to their present value, generating a net present value for the business's future cash stream. A terminal value is then estimated at the end of the explicit forecast period and likewise discounted back to the Valuation Date to determine the overall enterprise value. The discount rate applied reflects both the time value of money and the risks inherent in the Company's future operations.

Calculation of Fair Value

The Company's share was evaluated based on the DCF method, and its value was divided by the number of outstanding shares to determine the fair value per share, which is 393 Kuwaiti Fils per share as of the valuation date.

Description	
Equity value (based on total issued shares of 472,000,000)	KD 185,455,000
Fair value per share	360 Kuwaiti Fils to 430 Kuwaiti Fils
Average fair value per share	393 Kuwaiti Fils

Subscription and Sale Terms

On behalf of the Selling Shareholders and the Company, the Joint Global Coordinators and the Joint Bookrunners invite Prospective Investors to participate in the Offering in accordance with the terms and conditions set forth below.

Number of Shares and Aggregate Size of the Offering	The Primary Offering of up to 94,500,000 ordinary shares and the Secondary Offering of up to 165,500,000 existing shares representing in aggregate 45.9% of the total issued share capital of the Company to be sold by the Company (with respect to the Issue Shares) and by the Selling Shareholders (with respect to the Existing Shares) through a private placement. The Offering Price includes a Placement Fee payable by the Selling Shareholders.
Minimum Subscription	Minimum Subscription of 47,170 Shares, such that each subscription shall be for a minimum of KD 10,000.
Book Building Process	***Book Building Period*** The Joint Bookrunners shall invite a number of prospective Eligible Investors to participate in the Book Building Process during the Book Building Period starting from 23 November 2025 and ending at 3:00 pm on 7 December 2025. ***Submission of Demand Forms*** During the Book Building Period, Eligible Investors will submit a non-binding bid for a specified number of Shares they wish to subscribe in accordance with the terms and conditions as made available by the Joint Bookrunners (the "**Demand Form**"), including the prices they wish to pay, within the Offering Price of 212 Kuwaiti Fils per Share. The submission of Demand Forms does not entail an obligation to pay any Subscription Amounts at this stage, and there is no commitment by the Selling Shareholders, the Company, or the Joint Bookrunners to accept such demand from the Eligible Investors. The Demand Forms received from the Eligible Investors shall allow the Selling Shareholders, the Company, and the Joint Bookrunners to determine the Final Offering Price. ***Book Building Register*** The Subscription Agent shall maintain a register for all demands received from the Eligible Investors and procedures related to the Book Building Process, including the Offering Price determination mechanism, the allocation, and any changes thereto. ***Determination of Final Offering Price***

	The offer price at which the Subscribers will subscribe to the Shares will be the Final Offering Price. The Selling Shareholders and the Company, in consultation with the Joint Global Coordinators, will determine the Final Offering Price based on the Demand Forms submitted during the Book Building Period. The Final Offering Price shall be announced by the Joint Global Coordinators upon closing of the Book Building Period on 30 November 2025 as set forth in the Expected Offering Timetable inserted under Section "*Subscription Process"* of this Offering Memorandum. ***Provisional Allocation*** After determination and announcement of the Final Offering Price, the Selling Shareholders and the Company, in their full discretion and in consultation with the Joint Global Coordinators, will determine the provisional allocation among the Subscribers based on the Demand Forms received from the Investors ("**Provisional Allocation**"). The Joint Bookrunners shall communicate this Provisional Allocation to the Investors through the Provisional Allocation Notice on 30 November 2025 ("**Provisional Allocation Period**"). The Eligible Investors who have submitted the Demand Forms and have received Provisional Allocation Notices and wish to subscribe to Shares shall submit the completed and signed Subscription Applications along with all Required Documents listed in Section "*Subscription Process"* of this Offering Memorandum and fund the full Subscription Amount before 3:00 pm on 7 December 2025, as per the instructions set forth below under sub-section "*Subscription Payment"*.
Eligible Investor	The Offering shall be limited to Eligible Investors. An "**Eligible Investor**" includes all professional individuals and entities, including companies, institutions, banks, and funds, as defined in Module 1 of the CMA Law as 'Professional Client by Nature' ("**Sophisticated Investors**" (as defined herein)) or 'Qualified Professional Clients' ("**Qualified Investors**" (as defined herein)), who accept the terms of subscription in the Subscription Application as well as this Offering Memorandum, except those prohibited from owning the Shares.

	A "**Sophisticated Investor**" is a) a government, a public authority, a central bank, or an international institute (such as the International Bank for Reconstruction and Development or the International Monetary Fund), or b) persons licensed by the CMA and other financial institutions that are subject to the supervision of a regulatory authority located in or outside of Kuwait, or c) a legal entity with a paid-up capital of at least KD 1,000,000 (or its equivalent thereto). A "**Qualified Investor**" is: a) an investor that has concluded securities transactions with an average value of no less than KWD 250,000 (or its equivalent) each quarter for the past two years, or b) an investor which has an amount of no less than KD 100,000 (or its equivalent) in assets (including cash) currently being managed by any one or more persons who have been duly licensed by the CMA, or c) an investor that works, or who has previously worked, in the financial services industry for at least one year in a professional position that requires knowledge in transactions or services of the nature described herein. The Demand Forms and the Subscription Applications relating to the Shares are restricted to Eligible Investors as defined herein.
Offering Period	The Offering Period for subscription to the Shares will be open for all Eligible Investors for 15 days, and shall commence on 23 November 2025 and expire by 3:00 pm on 7 December 2025. All completed and signed Subscription Applications, along with all Required Documents listed in Section *Subscription Process* of this Offering Memorandum, and the full Subscription Amount should be received no later than 3:00 pm on 7 December 2025. The Joint Global Coordinators, in coordination with the Company and the Selling Shareholders, are entitled to close the Subscription before the Closing Date in the event that the Shares are fully subscribed for prior to the Closing Date. At their discretion, the Joint Global Coordinators, in coordination with the Company and the Selling Shareholders, may extend the Offering Period for one or more additional period(s) provided that the total Offering Period shall not exceed three (3) months.
Subscription Payment	Payment of the full Subscription Amount is to be made by certified cheque to the Subscription Account or KNET, or bank transfer. Cash payments will not be accepted. Full Subscription Amount must be received, in KWD, in full and without any deduction, in the Subscription Account dedicated to this Offering of Shares. The full

	Subscription Amount must be received in the Subscription Account detailed in the Subscription Application Form and the Offering Memorandum prior to the Offering Closing Date. The Subscription Agent may reject any Subscription Application that is not matched with the receipt of the Subscription Amount, in full and without any deduction. The Subscription Agent may, at its discretion, accept a partial subscription in case the Investor fails to fund the Subscription Amount in full.
Declining Subscription	The Subscription Agent has the right, without the need to inform the Investor, to refuse any Subscription Application if it is in violation of the terms and conditions of the Offering, if it is incomplete, or if not accompanied by the Required Documents specified in the Offering Memorandum or other documents required by any of the Joint Bookrunners. Furthermore, the Selling Shareholders and the Company reserve the right at their absolute discretion in consultation with the Joint Global Coordinators to reject Subscription Applications in whole or in part for whatever reason or without having to provide any reasons at all and without any liability whatsoever (whether in contract, tort, by law, or otherwise).
Final Allocation of Shares	Final allocation of the Shares pursuant to the Offering will be determined by the Company and the Selling Shareholders in consultation with the Subscription Agent within five (5) Business Days of the Offering Closing Date ("**Final Allocation**"). Furthermore, the Selling Shareholders and the Company, in consultation with the Joint Global Coordinators, reserve the right at their absolute discretion to allocate the Shares at their full and absolute discretion without any obligation to apply any pro-rata allocation or to adhere to any unified allocation rules whatsoever. The Joint Bookrunners will issue a notice to all Subscribers informing them of the confirmed number of Shares allocated to them and the nominal value, no later than five (5) Business Days from the Offering Closing Date as set forth in the Expected Offering Timetable inserted under Section *Subscription Process* of this Offering Memorandum.
Process and Procedures in the event of	If the Offering has not been fully subscribed for during the Offering Period, the Joint Global Coordinators, in coordination with the Company and the Selling Shareholders, may decide to extend the

Undersubscription in the Offering	Offering Period for one or more additional period(s) provided that the total Offering Period shall not exceed three (3) months. If the Offering has not been fully subscribed for during the extended Offering Period(s), the Joint Global Coordinators, in coordination with the Company and the Selling Shareholders, may decide to either (i) cancel the Offering, or (ii) limit the Offering to the amount actually subscribed.
Refund of Subscription Funds	If there is any surplus in the amounts transferred by an Investor in relation to the Subscription Account following allotment, or if there are any funds to be refunded to Investors due to rejection of Subscription Application by the Subscription Agent, these funds shall be returned to the Investor's bank account indicated in the Subscription Application in Kuwaiti Dinar (and in case of transfers to accounts outside Kuwait in any other currency, the Kuwaiti Dinar amount will be exchanged to such currency in accordance with the exchange rate applicable) within five (5) Business Days of Final Allocation. Any amount refunded to Investors will not earn any interest and will be transferred net of any foreign exchange differences and banking fees, and charges. For the avoidance of doubt, the Investor will not earn any interest and will bear all banking fees and charges relating to the transfer of subscription monies back to the Investors.
Non-Payment of the Full Value of the Subscribed Shares	The Shares that are not fully paid for following the issuance of the Provisional Allocation Notice will not be transferred to the Investors. The Subscription Agent reserves the right to accept a partial subscription in case of partial payment of the Subscription Amount.
Other Terms of Subscription	All subscriptions are final and may not be canceled or amended for any reason whatsoever, even before the close of the Offering Period, nor may an Investor add any conditions or restrictions to the Subscription Application. The subscription must be real, prohibiting subscription using fictitious names or by other fictitious means. Subscriptions must be submitted in accordance with the Offering Memorandum prior to the end of the Offering Period. Duplicate applications, incomplete applications, and applications in violation of the terms and conditions of the Offering or the law will be excluded, unless they are corrected. In the case of a subscription request through a representative of an eligible individual or entity, in accordance with applicable laws and relevant regulations, the Shares will be assigned and allocated to the Subscriber whose name appears on the Subscription

	Application. The Clearing Agent will deliver to the Investors who have paid the full Final Offering Price of the Offering Shares subscribed for within the Offering Period a deposit receipt proving the Subscription Application.
Subscription Account	Name of the Bank: Commercial Bank of Kuwait Account number: 0221268036 IBAN: KW13COMB0000010221268100414016 SWIFT: COMBKWKW Beneficiary: NATIONAL INVESTMENTS COMPANY - AEC Reference/Narration: KCC trading number for each subscriber
Post-Closing Measures	Post completion of the Offering, the Shares will be registered in the Shareholders' register of the Company maintained by KCC as soon as practicable in the name of Investors whose subscriptions are allocated and paid in full. The first trading day of the Shares on Boursa Kuwait is expected to be within thirteen (13) Business Days from the Offering Closing Date. At this stage and prior to listing, no public market exists for and of the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the event or upon listing in the Boursa Kuwait in the future. Prospective Investors have the right to unsubscribe if the subscription did not result in meeting the conditions for listing of the Shares on Boursa Kuwait within five (5) Business Days from the Offering Closing Date.

Subscription Process

Subscription Agreement

The Joint Global Coordinators agreed with the Company and the Selling Shareholders under the subscription agreement, subject to fulfillment of certain relevant conditions, to take the necessary care in order to offer the Investors to subscribe for the Shares at the Final Offering Price. The Joint Global Coordinators are not committed to subscribing to any of the Shares that have not been subscribed to by Investors.

General Subscription Procedures

Subscription Period: From 23 November 2025 to 07 December 2025. The Joint Global Coordinators are entitled to close the subscription before the Closing Date in the event that the Shares are fully subscribed for prior to the Closing Date.

First: Subscription via the Website:

The website https://nicipo.nic.com.kw/en/ allows subscriptions during the Subscription Period, with payments being processed through the K-NET service for up to KD 10,000.

IMPORTANT: The limit allowed for subscriptions through https://nicipo.nic.com.kw/en/ **for online payments with K-NET payment card is KD 10,000.**

The Subscriber shall do the following:

1. Access the subscription website at https://nicipo.nic.com.kw/en/
2. Register the civil ID number (or commercial registry number for legal entities).
3. Enter the number of Shares to be subscribed for.
4. Be redirected to the payment page via the K-NET service, where payment must be made from the Subscriber's own account. No other person may make the payment on the Subscriber's behalf, except in cases stipulated by law.

Second: Subscription Through the Subscription Agent's Website:

IMPORTANT: Subscribing through the Subscription Agent via bank transfer is not permissible for a total value of shares less than KD 10,000 (ten thousand Kuwaiti dinars).

1. The Subscriber must visit the Subscription Agent's following website: https://nicipo.nic.com.kw/en/ to complete the Subscription Application, in cases where the total subscription value exceeds KD 10,000. They should fill in the required information, which includes, but is not limited to, the Subscriber's name, civil ID number (for individuals), or commercial registration number (for institutions), as well as the number of Shares to be subscribed and their value.

2. The Subscriber should proceed to their bank, submit a printed copy of the Subscription Application Form obtained through the Subscription Agent's website on the above link, with all necessary data filled in, and transfer the total Subscription Amount via bank transfer. This transfer should be the net amount, without fees from both the transferring and receiving banks, to the specified non-interest-bearing bank Subscription Account below:

   Bank: Commercial Bank of Kuwait

   Account Number: 0221268036

   IBAN: KW13COMB0000010221268100414016

   Swift: COMBKWKW

   Beneficiary Name: NATIONAL INVESTMENTS COMPANY - AEC

   Description: KCC trading number for each subscriber

3. The Subscriber obtains an original deposit receipt showing the amount transferred from their bank.

4. The Subscriber must upload the Subscription Application, a copy of the original deposit receipt, along with the Required Documents listed below. These should be submitted on the Subscription Agent's website at no later than Sunday 7 December 2025, at 3 pm.

5. The Subscription Agent shall provide the Subscriber with a deposit receipt of the Subscription Application.

In the event that a Subscriber fails to properly complete the subscription procedures, including uploading the Subscription Application, an original receipt with the transferred amount, and all Required Documents after paying the due Subscription Amount in full as mentioned in this Offering Memorandum, their application will be considered void. Subscription Amounts in cash are not accepted.

The Joint Bookrunners' contact information is as follows:

Company	Office Address	Office Timing	Contact Number	Email Address	Website
NIC	Al Khaleejia Complex, Jaber Al Mubarak Street, Sharq, Kuwait	8 am to 3:30 pm	+965 2226 6712	Subscription@nic.com.kw	www.nic.com.kw

EFG-Hermes UAE Limited *(acting in conjunction with EFG-Hermes UAE LLC)*	**EFG-Hermes UAE Limited** The Exchange, 3rd Floor, Office 301 DIFC Dubai, UAE Regulated by the Dubai Financial Services Authority **EFG-Hermes UAE LLC** 106, The offices 3, One Central, Dubai World Trade Centre, Dubai, UAE Regulated by the Securities and Commodities Authority (SCA)	9 am to 5 pm (UAE time)	+971 (04) 3634000	EFG_Hermes_IPO@efg-hermes.com	www.efghermes.com
Arqaam Capital Limited	Level 27, Index Tower Dubai International Financial Centre P.O. Box 506687 Dubai United Arab Emirates	9 am to 6 pm (UAE time)	+971 4 507 1700	ecm@arqaamcapital.com	www.arqaamcapital.com

Third: Subscription through the Subscription Website:

The websites provided by the Joint Bookrunners.

The Investor shall:

1. Visit the websites provided by the Joint Bookrunners.
2. Log in to the subscription page by using the trading number and complete the necessary information details.
3. Record the number of Shares desired to be subscribed.
4. Upload the deposit voucher and any necessary documents.
5. Print the deposit receipt of the Subscription Application.

The Investor who has submitted a Demand Form during the Book Building Period and has received the Provisional Allocation Notice and would like to submit the final Subscription Application Form, shall then visit the websites provided by the Joint Bookrunners, in order to complete the Subscription Application Form, and upload the necessary documents and the deposit voucher.

Subscription Application Form

Each Investor who is participating in the Offering must agree to the terms and conditions contained in this Offering Memorandum and provide all relevant information and Required Documents listed below. The Subscription Agent, the Clearing Agent, the Selling Shareholders, and the Company reserve the right, free from any liability, to reject any Subscription Application Form - in whole or in part - in the event any of the subscription terms and conditions are not met or the instructions are not duly and punctually followed, including but not limited to:

1- Non-compliance with the applicable laws and regulations.

2- Non-payment by the Investor of the full amount of the Subscription Amount, noting that the Subscription Agent reserves the right to accept a partial subscription in case the Investor fails to fund the Subscription Amount in full.

3- Inaccuracy or insufficient information contained in the Subscription Application Form or failure of the Investor to comply with or follow any of the terms and conditions of this Offering Memorandum or the Subscription Application Form.

No amendments or withdrawals of the Subscription Application will be permitted once the Subscription Application Form has been submitted unless accepted by the Joint Global Coordinators. Upon submitting the Subscription Application, the Subscription Application Form constitutes a legally binding agreement between the Investor and the Company.

The Subscription Application Form and all its terms, conditions, and undertakings stipulated therein shall be binding on Investors, assignees, executors, estate managers, and beneficiaries, unless specifically stipulated otherwise in this Offering Memorandum. The Investor must accept the number of the Shares allotted to them, provided that such an amount does not exceed the amount the Investor has indicated in their Subscription Application Form.

All terms and conditions, receipt of Subscription Application Form, and agreements arising therefrom shall be subject to the laws of the State of Kuwait and must be interpreted and applied in accordance therewith.

The Investor must read the instructions related to the Offering carefully before submitting the Subscription Application Form. The signing of the Subscription Application Form will be considered as a binding contract and acceptance of the Share purchase terms and conditions.

Failure to (i) submit a duly completed Subscription Application Form (together with all required supporting documentation) and/or (ii) transfer the full Subscription Amount to the Subscription Account will be considered null and void. Notwithstanding the above, the Subscription Agent reserves the right to accept a partial subscription in case the Investor makes a partial payment of the Subscription Amount.

List of Required Documents to be submitted with the Subscription Application Form

The Subscription Application Form must be accompanied by the following Required Documents, as applicable. The Joint Bookrunners have the right to request original copies of the Required Documents to compare the subscription documents with originals and return originals to the Investors.

General Requirements: Deposit voucher indicating the transfer of the full Subscription Amount along with the Investor's IBAN number (if the IBAN number is not indicated on the deposit voucher, the Investor is required to clearly write in the IBAN number and sign the deposit voucher).

Natural Person Investors

- Copy of personal civil identification card of the Investor;
- Copy of the Investor's passport for citizens of countries other than Kuwait;
- Copy of special legal power of attorney (for proxy Investors);
- Copy of Certificate of Guardianship for orphans Investors;
- Copy of Certificate of Guardianship for minor Investors if subscription is made by any person who is not the father of a minor Investor;
- Copy of a Limitation of Succession Deed for heirs.

Corporate Investors

- Copy of Commercial Registration Certificate (authorized activities in the Commercial Registration Certificate must include owning of Shares);
- Copy of the Authorized Signatories Certificate or an Extract of the Commercial Register as relevant;
- Copy of the civil identification card of the authorized signatory;
- Copy of the specimen of signature for the authorized signatory issued by the Public Authority for Manpower or attested by the Chamber of Commerce and Industry; and
- Letter issued by the authorized signatory on behalf of the entity authorizing the subscription.

Applicant declarations

By completing and submitting the Subscription Application, the Investor:

- Agrees to subscribe to the number of Shares set forth in the Subscription Application Form that is final and irrevocable;
- Warrants that it has read and carefully studied this Offering Memorandum and understands all of its contents;
- Accepts the Articles of the Company and all of the Offering terms and conditions mentioned in this Offering Memorandum;

- Accepts that the Company, the Selling Shareholders, and the Joint Bookrunners shall have the right to refuse any unsatisfactory, incomplete, or unclear Subscription Application or for any of the reasons set forth in this Offering Memorandum;
- Accepts the number of Shares allocated to it (to a maximum of the amount it has subscribed for) and all other instructions of subscription stated in the Subscription Application Form and this Offering Memorandum;
- Undertakes that it will not cancel or amend the Subscription Application Form after submission to any one of the Joint Bookrunners; and
- The corporate Investor declares, at its full responsibility, that it obtained all the authorizations and consents required pursuant to its Articles or pursuant to the law, in order to enable it to apply for the subscription and to perform its obligations in accordance to the terms and conditions contained in the Offering Memorandum, including the consent of its Board of Directors or the General Assembly, as the case may be, in respect of shareholding companies.

Expected Offering Timetable

Key Activities	Date
Deadline for Submission of Demand Forms	27 November 2025
Announcement of Provisional Allocation of Shares	30 November 2025
Offering / Subscription Period	A period of fifteen (15) days that will begin on 23 November 2025 and will close on 7 December 2025
Deadline for submission of Subscription Application Forms and payment of the subscription monies	7 December 2025 before 3:00 PM (Kuwait Clearing Company Closing Time)
Announcement of Final Allocation of Shares	Within five business days from the subscription closing date
Announcement of listing information	Within five business days from the date the Authority is notified of the subscription results

Investment Highlights

AEC is a leading Kuwait-based provider of integrated onshore drilling, workover, and well services, operating at the heart of one of the world's most strategically important oil markets. Benefiting from strong market fundamentals, AEC combines its unique local presence with a competitive and efficient rig fleet to deliver safe, reliable, and cost-effective solutions. Supported by a robust contracted backlog of KWD 323.5 million and a track record of solid financial performance, the Company is well-positioned to capture long-term growth opportunities aligned with Kuwait's energy expansion plans.

Company's Strengths and Competitive Advantages

The Company's ability to execute its strategy and deliver on its business plan is underpinned by the following strengths and competitive advantages:

- *Kuwait's leading onshore drilling and oilfield services champion*
- *Operating in an industry with favorable fundamentals and multi-year visibility*
- *Resilient business model proven across cycles*
- *Full-spectrum upstream capabilities supported by strategic partnerships*
- *Young, fit-for-purpose fleet driving efficiency, reliability, and safety*
- *Significant backlog providing multi-year revenue stability*
- *Attractive financial profile with strong cash generation*
- *Seasoned leadership team and institutionalized governance*
- *Clear strategy for disciplined growth and shareholder returns*

Kuwait's Leading Onshore Drilling and Oilfield Services Champion

Action is Kuwait's leading private onshore drilling contractor, operating 20 rigs as of H1 2025, equivalent to approximately 10% of Kuwait's active rig fleet. AEC is a fully Kuwaiti-owned contractor combining onshore drilling with a broad suite of oilfield services. Since commencing operations with two rigs in 2016, the Company has expanded its fleet tenfold and progressively added oilfield services through obtaining pre-qualifications for activities such as electric submersible pumps, slickline, once-through steam generator (OTSG) services, tubular inspection, cementing, mobile equipment inspection, directional drilling, and workshop capabilities, amongst others, and is in the process obtaining pre-qualifications for additional services. This development reflects AEC's long-term strategy to evolve from a drilling contractor into a full-cycle well solutions provider. The platform combines local operating experience with international technology partnerships, including JVs with established global oilfield service providers, enabling efficient execution at competitive overhead levels. The majority of AEC's fleet has been delivered or refurbished since 2020, providing a modern asset base with one of the youngest fleets in Kuwait (average rig age of 2.07 years) and a 30-year operating horizon.

Operating in an Industry with Favorable Fundamentals and Multi-Year Visibility

Kuwait's upstream sector is supported by exceptionally strong fundamentals. The country has oil and gas reserve life of approximately 276 years, among the longest globally, a low lifting cost of c.US$8.5/bbl placing it at the bottom of the global cost curve, and CO_2 intensity of only 8.5kg/bbl, underscoring the long-term competitiveness of its production base.

On a global level, conventional oil and gas are expected to remain central to the energy mix, accounting for around 55% of global primary energy supply by 2030. Meeting this demand will require c.21 mmboepd of incremental production by 2030, with the GCC set to provide nearly 23% of the world's oil supply by that time. The GCC's role is underpinned by sustained investment, with upstream capex in the region rising from approximately US$24 billion in 2020 to over US$43 billion in 2024, and its share of global upstream spend projected to reach 14% by 2025.

Within this context, Kuwait has seen onshore rig activity expand consistently, with the rig count nearly tripling from 94 in 2012 to 240 as of 2024, despite periods of oil price volatility. Government-backed expansion plans are targeting a crude production capacity increase of c.0.7 mmboepd to 4.0 mmboepd by 2035, alongside plans to raise free gas production to 2 bcfpd by 2040. Delivering this will require significant incremental drilling, with industry estimates indicating a requirement of 120 drilling contracts and 81 workover contracts between 2025E-2030E in Kuwait. Kuwait Oil Company ("KOC") upstream capital expenditure program of c. USD 9.0bn – USD 10.0bn annually for the next 5 years is expected to underpin this increase in drilling intensity.

Kuwait represents a structurally attractive drilling market where onshore wells are accessible and non-harsh compared to offshore or ultra-deepwater segments, which allows for lower cost and faster mobilization. Onshore drilling accounts for over 71.1% of global oil production and is projected to remain the backbone of supply growth. At the same time, strict prequalification rules and local agency requirements create high barriers to entry, reinforcing the stability and visibility of the operating environment. AEC is therefore strategically positioned to capture value from both rising activity levels and the visibility of Kuwait's upstream investment cycle.

Resilient Business Model Proven Across Cycles

AEC has consistently expanded through multiple market cycles, growing its fleet tenfold from 2 rigs in 2016 to 20 rigs as of H1 2025. This expansion was achieved despite the 2016 oil price downturn and the 2020–21 COVID disruption, underscoring the Company's ability to invest counter-cyclically and capture share.

Since inception, AEC has maintained a 94% success rate on all drilling tenders it has participated in, The Company has consistently achieved full utilization of its fleet, compared to Kuwait's industry average of approximately 80% in 2025 and a GCC average of around 64% in 2024, highlighting the resilience of its operating model even in a competitive market. Operational reliability is further evidenced by non-productive time consistently below 1%.

In addition to drilling, AEC has developed a portfolio of oilfield services that provide an additional and recurring revenue stream, enhancing resilience in potential downcycles. These include electric submersible pumps, slickline, directional drilling, manpower secondments, mud engineering, coiled tubing and stimulation, and once-through steam generators ("OTSG") amongst others, as well as non-tender-based offerings such as inspection, workshop services, and rentals amongst others. This breadth of services diversifies revenue and deepens integration with its core customer base.

AEC's resilience is supported by lean overheads, fixed-rate long-term contracts that reduce exposure to industry cyclicality, and high barriers to entry, including multi-year prequalification, stringent HSE requirements, and capital intensity, which collectively position AEC to sustain leadership and operational continuity across cycles.

Full-Spectrum Upstream Capabilities Supported by Strategic Partnerships

AEC has established a strong track record of forming strategic joint ventures and partnerships with global technology leaders such as KCA Deutag, Sun Drilling, CPVEN, COSL, Expert Optima, NaftoServ, TRG, Jereh, and Kerui. These partnerships have supported the transfer of technical know-how, enabled access to specialized high-value services, and accelerated AEC's expansion into oilfield services.

Through these collaborations, AEC is able to deliver a comprehensive suite of drilling and oilfield services across the full well lifecycle, including workover, slickline, wireline, coiled tubing, cementing, mud engineering, electric submersible pumps, directional drilling, inspection, and workshop services. This breadth of capabilities allows the Company to capture value across multiple stages of operations

As of H1 2025, oilfield services accounted for approximately 28% of AEC's contracted backlog, reflecting the growing scale of this business line. In addition, non-tender-based activities, including inspection, workshop services, and rentals, provide further revenue diversification and cash flow resilience.

Young, Fit-for-Purpose Fleet Driving Efficiency, Reliability, and Safety

AEC operates one of the youngest and modern rig fleets in Kuwait and the wider GCC, with an average age of 2.07 years compared to the Kuwait market average of approximately 15.9 years. Of the Company's 20 rigs, 18 have been delivered or comprehensively refurbished since 2022, with horsepower ranging from 550 HP to 3,000 HP and a total installed capacity of 20,600 HP. As of H1 2025, 100% of the fleet is contracted and fully operational.

The fleet is designed for mobility and efficiency, supported by advanced rig-move systems, joystick controls, and predictive maintenance technology. Strong and long-standing relationships with global suppliers and Original Equipment Manufacturers ("OEM") underpin asset reliability and ensure efficient lifecycle management. With an expected 30-year operating horizon, AEC's rigs provide a durable and cost-effective base to meet Kuwait's growing drilling demand.

The Company's performance has been repeatedly recognized by KOC, including awards such as "Best Performing Rig", multiple "Rig of the Month" citations, and formal letters of appreciation for operational excellence. AEC has also received multi-year Lost Time Incident-Free (LTI-Free) safety awards, and its 2024 LTIR of 0.09 was approximately 61% below the global onshore average, highlighting its strong safety culture and commitment to world-class HSE standards.

Kuwait is estimated to add 120 drilling contracts and 81 workover contracts between 2025 and 2030, which will be supported by cUS$9–10 billion of annual upstream investment, reinforcing sustained demand for AEC's young, fit-for-purpose fleet.

Significant Backlog Providing Multi-Year Revenue Stability

AEC's contracted position provides strong visibility on future performance. The Total Backlog (see below) expanded from KWD 63 million in 2020 to KWD 131 million in 2022 and reached KWD 323.5 million as of 30 June 2025, reflecting growth in rig capacity, expansion into oilfield services, and continued market share gains.

The current Total Backlog as of 30 June 2025 consists of signed and awarded contracts totaling KWD 261.9 million (the "**Signed and Awarded Backlog**"), comprising drilling contracts of KWD 170.3 million and services contracts of KWD 91.6 million (contract awarded in Q3 2025). The services segment has expanded meaningfully in recent periods, supported by the recent signing of an electrical submersible pumping contract. In addition, the Company has projects under tender with an aggregate value of approximately KWD 61.6 million (the "**Under Tender Backlog"**), which, once completed, are expected to bring the total backlog to KWD 323.5 million (the "**Total Backlog**").

The Company benefits from long-term contracted visibility, with an average remaining duration of 5.01 years for drilling and workover contracts, and 6.0 – 7.0 years for well services contracts. Virtually all backlog is KWD-denominated, providing currency stability, and the majority is contracted with KOC, reflecting the strength of long-standing customer relationships.

By segment, 72% of the Total Backlog relates to drilling services and 28% to oilfield services, underscoring the diversification of revenue streams. The Company's current Total Backlog-to-net debt ratio was 4.7x, highlighting the protection that contracted revenues provide to balance sheet leverage

In addition to its signed contracts, AEC is actively engaged in a visible pipeline of new tenders, expected to be awarded over the near term. This ongoing participation reinforces the sustainability of the Company's backlog and supports continuity of contracted revenues.

Attractive Financial Profile with Strong Cash Generation

AEC has delivered consistent financial growth, supported by high-margin operations and disciplined cost management. Between 2022 and 2024, revenues grew from KWD 13 million to KWD 21 million while EBITDA increased from approximately KWD 9 million to KWD 10 million.

The Company has maintained EBITDA margins above 45% since 2022, reaching 52% in H1 2025, well above the regional peer median of approximately 42%. This margin strength reflects the efficiency of AEC's young fleet, lean overhead structure, and the growing contribution of higher-margin oilfield services.

The Company maintains a conservative capital structure, with a Total Backlog-to-net debt ratio of 4.7x and a target debt-to-equity ratio below 125%. AEC continues to assess opportunities to diversify its funding base in line with prudent balance sheet management. This combination of consistent growth, high margins, strong free cash flow generation, and conservative leverage provides a robust foundation for sustainable shareholder value creation.

Seasoned Leadership Team and Institutionalized Governance

AEC's management team brings an average of more than a decade of experience in Kuwait's upstream sector and has overseen the Company's transformation from a two-rig operator into a market leader with a full suite of drilling and oilfield services. The team has consistently delivered projects on time and within budget while maintaining strong, collaborative relationships with Kuwait's national operator.

The Company has institutionalized governance in line with Capital Markets Authority requirements, supported by a diverse Board and established Board committees, including Audit, Risk, and Remuneration. Independent non-executive representation on the Board further aligns with international governance practices.

AEC employs a workforce of over 1,200 professionals across 25 nationalities, of which approximately 70% are technical personnel. This depth of operational expertise underpins execution capabilities and reinforces a strong safety culture across the organization.

Clear Strategy for Disciplined Growth and Shareholder Returns

AEC's strategy is built on a disciplined approach to growth, underpinned by Kuwait's strong fundamentals and long-term production targets. Kuwait's national operator has announced plans to raise crude production to 4.0 mmbpd by 2035 and free gas production to 2 bcfd by 2040. Meeting these objectives is expected to require incremental drilling capacity, estimated 201 drilling and workover contracts by 2030. With a proven track record and long-standing relationship with the national operator, AEC is positioned to participate in this step-up in demand.

In parallel, AEC continues to broaden its oilfield services portfolio. The Company has already achieved pre-qualifications and secured awards in areas such as electric submersible pumps, slickline, inspection and once-through steam generator services. Building on these capabilities, AEC is pursuing pre-qualification across additional service lines, reducing reliance on joint ventures while continuing to benefit from knowledge transfer through established technical partnerships. This expansion supports diversification of revenues and strengthens integration with its drilling franchise.

Looking beyond Kuwait, AEC is evaluating regional opportunities across the GCC, where significant incremental demand for drilling and workover rigs is expected by 2030. Growth avenues include leveraging existing pre-qualifications to bid independently, pursuing opportunities through joint ventures, and, where appropriate, selectively acquiring local players to accelerate market entry. These steps provide AEC with multiple pathways to scale its platform, expand its service offering, and strengthen competitive positioning.

AEC's capital allocation framework emphasizes cash flow discipline and conservative leverage, providing the flexibility to fund fleet and service line expansion while maintaining resilience and supporting sustainable shareholder returns.

The Company

Incorporation

Action Energy Company K.S.C.C. is a Kuwaiti closed shareholding company established on 18 March 2015 in accordance with the provisions of the Companies Law No. 1 of 2016 as amended. The Company is registered with the Kuwaiti Commercial Register under Commercial Registration No. 358153. The Company was previously known as Action for Drilling and Maintenance of Oil Wells – Rawaf Ibrahim Hamoud Bourisli and Partners W.L.L., prior to the resolution of the Extraordinary General Assembly of the Company passed on 30 June 2022, at which the name, legal form, and activities of the Company were amended. The Company is under the supervision of the Ministry of Commerce and Industry ("**MOCI**") and the CMA, in accordance with the applicable laws and regulations governing closed shareholding companies and securities activities.

Registered Office

The registered address of the Company is Kuwait Free Trade Zone, Waves Business Center, Building 4, Floor 1, Al Assimah Area, State of Kuwait.

Company Objectives

The main objectives for which the Company is incorporated are:

1. Drilling Services

The Company offers comprehensive oil, gas, and water well drilling services, including both exploration and development activities. These services cover:

- Oil well drilling
- Natural gas well drilling
- Water well drilling and maintenance
- Installation of casing and production pipes
- Drilling rig platform infrastructure
- Roads and access paths for drilling rigs

2. Field Development and Oilfield Services

Supporting upstream operations, the Company delivers critical services across the life cycle of oil and gas fields, including:

- Gas injection into oil fields
- Services related to the extraction of oil and natural gas (excluding surveying)

- Maintenance of oil facilities, wells, and refineries
- Thermal insulation for oil and gas industries
- Supply of oil well drilling materials

3. Petroleum Infrastructure & Civil Works

The Company undertakes major civil and industrial infrastructure works for the petroleum sector, such as:

- Petroleum infrastructure works
- Infrastructure for gathering centers, refineries, and pump stations

4. Inspection, Testing & Technical Services

Specialized technical services are offered to support quality assurance and safety, including:

- Soil and material testing
- Industrial and radiological inspection

5. Power & Energy Services

The Company is involved in conventional and renewable energy development, covering:

- Power generation and development
- Operation of power plants
- Renewable energy
- Maintenance of pumps and energy equipment
- Maintenance of oil pipelines

6. Professional and Administrative Services

Complementary business lines include IP support and manpower supply:

- Trademark and patent registration
- Trademark registration agency
- Supply of administrative and technical staff to companies, institutions, and foreign entities for maintenance and related services

Listing

The Shares are currently not listed or traded on any stock exchange or market. On 19 August 2025, the Ordinary General Assembly approved the listing of the Company and the Shares for trading on Boursa Kuwait (Premier Market segment). On 29 September 2025, AEC received a recommendation from Boursa Kuwait and conditional approval on 30 October 2025 from the CMA to list the Company and the Shares for trading on the official market of Boursa Kuwait, subject to successful completion of the Offering to satisfy the minimum float and number of Shareholders required for listing and remaining procedures for listing and trading. It is the intention of the Company to reduce the period between the Closing Date and the first trading day of the Shares. However, it is reasonably expected that the first trading day of the Shares on Boursa Kuwait to be within three (3) Business Days from the announcement of the results of the final allotment. At this stage, no public market exists for the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the event or upon listing on Boursa Kuwait in the future. Prospective Investors have the right to unsubscribe if the subscription did not result in meeting the conditions for listing of the Shares on Boursa Kuwait within five (5) Business Days from the announcement of the subscription results.

Authorized, Issued, and Paid-up Capital prior to the Offering

The authorized capital of the Company is KD 100,000,000, while the issued and paid-up capital amounts to KD 47,200,000 divided into 472,000,000 shares at 100 Kuwaiti Fils per share.

Major Shareholders prior to the Offering

Major Shareholders	Number of Shares	Stake
Action Real Estate Company K.S.C.C.	371,246,250	78.65%
Gulf Investment Corporation G.S.C. (GIC)	97,000,000	20.55%

Subsidiaries

The following table presents the Company's subsidiaries as at 30 June 2025:

Subsidiaries	Country	Ownership percentage	Key activities
National Construction Real Estate Company W.L.L.	Kuwait	100%	Facilities management and real estate trading
Target NDT G.P.	Kuwait	60%	Inspection and maintenance services for the oilfield sector
Sun Drilling Kuwait W.L.L.	Kuwait	100%	Oil well drilling

***Notes*:**

49% of the Company's ownership interests in Sun Drilling Kuwait, 60% in Target NDT G.P., and 1% in National Construction Real Estate Company W.L.L. are held by other individuals and companies by virtue of nominee side letters whereby the nominees confirm that AEC is the beneficial owner of these shares.

Shariah Certificate

الموافق: 2025/11/12

السادة/ شركة العملية للطاقة ش.م.ك.م المحترمون

السلام عليكم ورحمة الله وبركاته

تحية طيبة وبعد ،،

الموضوع: شهادة شرعية بشأن توافق الشركة العملية للطاقة ش.م.ك.م
مع المعايير الشرعية المعتمدة

بعد الاطلاع على البيانات المالية المجمعة للشركة العملية للطاقة ش.م.ك.م عن النصف الأول من السنة المالية 2025، وإجراء الدراسة التحليلية اللازمة لبيان مدى توافقها مع المعايير الشرعية المعتمدة، **قرّرت الهيئة الشرعية لشركة المشورة والراية للاستشارات الشرعية أن شركة العملية للطاقة ش.م.ك.م تُعدّ متوافقة مع المعايير الشرعية المعتمدة، ولا مانع من شراء وبيع وتداول أسهم الشركة من الناحية الشرعية.**

وتفضلوا بقبول فائق الاحترام والتقدير ،،،

أ. يحيى محمد الحمادي
الرئيس التنفيذي

رأس المال المدفوع: 1,000,000 د.ك
Al Mirqqab – Al Sour Street – Jassem Al Asfour Tower – 7 th Floor
Tel: +965 22960555 Fax: +965 22960556
info@mandr.com.kw
www.mandr.com.kw

Organization Structure

The Company maintains a well-defined organizational structure that promotes effective decision-making, operational efficiency, and sound corporate governance. The structure ensures clear lines of authority, responsibility, and accountability across all functional areas. The Board of Directors provides strategic oversight and periodically monitors AEC's performance, ensuring alignment with the Company's long-term objectives. The CEO leads the executive management team in driving day-to-day operations across the Company's key business and support functions. The organizational setup also reflects the Company's commitment to transparency, internal controls, and stakeholder engagement through dedicated roles in legal, compliance, investor relations, and risk management.

The Relationship between the Company and its Mother Company

The Company is a majority-owned subsidiary of Action Real Estate Company K.S.C.C. ("AREC"), which holds 78.65% of the Company's paid-up capital. AREC is a leading real estate development and investment firm headquartered in Kuwait and forms part of Action Group Holdings K.S.C.C. (the "Ultimate Parent").

The Company maintains full independence in its day-to-day management, operational decision-making, and technical activities. While AREC does not operate within the oilfield services sector and does not provide operational synergies to the Company, its role is focused on providing long-term ownership stability and oversight through representation on the Board of Directors.

Group Status

The Company operates as part of a diversified corporate Group led by Ultimate Parent, a Kuwait-based conglomerate with investments across real estate, construction, and oilfield services. The Company represents the Group's strategic arm in the energy and oilfield services sector, providing essential drilling and maintenance services to major oil and gas operators in Kuwait.

Awards and Recognition

The Company's operational excellence, adherence to high safety standards, and commitment to quality have earned the Company recognition across the oilfield services industry. The Company has been acknowledged by key stakeholders and industry bodies for its outstanding service delivery, safety performance, and innovation in drilling technologies.

Recent awards include:

1. KOC Award of Best Rig of the Month
2. Letter of Excellent Performance from KOC
3. Letter of Excellent Rig Move from KOC
4. KOC Recognition for Best Practice during the COVID-19 Pandemic
5. KOC Nomination for CEO Award

The recognitions include:

1. SD RIG 15 and RIG 16 achieved the 5-year FREE LTI Safety award with KOC for 2021
2. SD RIG 15 and RIG 16 achieved a 4-year FREE LTI Safety award with KOC for 2020
3. SD RIG 15 and RIG 16 achieved a 3-year FREE LTI Safety award with KOC for 2019
4. SD RIG 15 and RIG 16 achieved a 2-year FREE LTI Safety award with KOC for 2018
5. RIG 16 was awarded as "Best performing rig for KOC development drilling Team IV" for 2017
6. RIG 15 was awarded as "(AEC to Rig of the Year for KOC Development drilling Group 1" for 2017 (Best performance, Most wells drilled, Safety award)
7. SD RIG 15 and RIG 16 achieved a 1-year FREE LTI Safety award with KOC for 2016-17

These reflect the Company's focus on continuous improvement, client satisfaction, and adherence to industry best practices.

10 APR 2023

RECEIVED

NEWKUWAIT

16 APR 2023

To,
M/s. Sun Drilling LLP
Bldg No. 8, Waves Business Center
Kuwait Free Trade Zone
PO Box 3866, Safat 13039, Kuwait
Tel : +965 22247525
Fax: +965 22247544

Date:
Ref : EN41/NA-529 /2023

Attention: Mr. Craig Rasmussen
Country Operation Manager

Subject: Rig Ranking FY 2022-23

Reference to the above-mentioned subject, it is with great pleasure we would like to inform you that below mentioned M/s. Sun Drilling rigs have been consistently demonstrating excellent performance as reported from RigConES (Rig Contractor Evaluation System), which measures performance based on HSE and Operational Performance.

Contractor#	Rig	Type	Score*	Performance	Rank**
14050605	SD 16	Dev. Workover	99	Excellent	1
14050605	SD 15	Dev. Workover	99	Excellent	2

*Score is average of monthly score measured in RigConES-II system for the Year 2022-23

Two Rigs having same score after rounding off decimals are ranked as per rigs having higher score in fraction

**Rank is out of 151 Rigs as on 10 April 2023. Some evaluations of this FY are ongoing.

KOC Management appreciates your pro-activeness in maintaining high performance in above-mentioned M/s. Sun Drilling rigs. Please keep up with the excellent performance to contribute effectively on KOC's 2040 strategic objective.

Yours sincerely,

For Kuwait Oil Company (K.S.C)

Ahmad Makki Ghanim

NEWKUWAIT

16 FEB 2022

To,
M/s. Sun Drilling LLP
Bldg No. 8, Waves Business Center
Kuwait Free Trade Zone
PO Box 3866, Safat 13039, Kuwait
Fax: +965 22247544

Date:
Ref : EN41/NA- 403 /2022

Attention: Mr. Craig Rasmussen
Country Operation Manager

Subject: Letter of Appreciation for Good Performance

Reference to the above-mentioned subject, we are pleased to inform you that below mentioned M/s. Sun Drilling rigs have been consistently demonstrating excellent performance (Avg. Score >= 95%) according to RigConES (Rig Contractor Evaluation System), which measures performance based on HSE and Operational Performance metrics.

Contractor#	Rig	Type	Score*	Performance	Rank**
14050605	SD 15	Dev. Drilling	95	Excellent	2
14050605	SD 16	Dev. Drilling	95	Excellent	4

*Score is average of monthly score measured in RigConES-II system

**Rank is out of 126 Rigs

KOC Management appreciates your pro-activeness in maintaining high performance in above mentioned M/s. Sun Drilling rigs. Please keep up with the excellent performance to contribute effectively on KOC's 2040 strategic objectives.

Yours sincerely,

For Kuwait Oil Company (K.S.C)

Najeeb Abdullah

Environmental, Social, and Governance ("ESG")

AEC is committed to responsible operations that balance growth with environmental stewardship. The Company integrates energy-efficient practices across its onshore drilling and oilfield services, emphasizing emissions management, responsible water usage, and safe handling of drilling by-products in line with Kuwaiti and international standards. AEC continuously evaluates new technologies and equipment to reduce its carbon footprint and minimize waste, ensuring that environmental considerations remain central to its operational strategy.

Equally important are AEC's social and governance priorities. The Company fosters a safe, inclusive workplace through rigorous health and safety programs, comprehensive technical training, and initiatives to develop local talent, including apprenticeship opportunities for Kuwaiti nationals. Strong corporate governance underpins all activities, with a Board-driven framework that emphasizes transparency, ethical conduct, and compliance with Capital Markets Authority regulations. Robust internal controls, independent audits, and proactive risk management safeguard stakeholder interests while supporting long-term, sustainable value creation.

Board of Directors and Executive Management Team

The Company is guided by a forward-looking and experienced leadership, comprising a seven-member Board of Directors and an executive management team. Together, they bring combined experience across the energy, real estate, finance, technology, and capital markets sectors. Their backgrounds span public and private companies, listed equities, and multinational operations. This collective leadership has guided the Company through strategic growth, operational efficiency, and robust governance practices, while positioning the Company to scale across regional markets and capitalize on upcoming sectoral opportunities.

Name	Title	Ownership	Type/Category	Status	Date of Appointment
Sheikh Mubarak Al-Sabah	Chairman	0.40%	Non-executive Member	Elected	15 Aug 2022
Eng. Rawaf Bourisli	Vice Chairman	0.40%	Non-executive Member	Elected	15 Aug 2022
Mr. Ahmad Al-Ajlan	Board Member and the CEO (Representative of AREC)	78.65%	Executive Member	Elected	15 Aug 2022
Mr. Vikas Arora	Board Member (Representative of AREC)	78.65%	Non-executive Member	Elected	15 Aug 2022
Mr. Talal Al-Qassar	Board Member (Representative of AREC)	78.65%	Non-executive Member	Elected	22 May 2024

Note: The ownership percentage reflects either the board members’ direct ownership or the indirect ownership of the party they represent.

Sheikh Mubarak Al-Sabah – Chairman

Education:

- M.Phil. in International Studies from the University of Cambridge – United Kingdom
- BA (Hons.) in Politics with Economics from the University of Buckingham – United Kingdom
- Graduate of the Royal Military Academy of Sandhurst – United Kingdom

Recent Experience:

- Vice-Chairman of Action Group Holdings
- Founder and Chairman of Action Real Estate (K.S.C.C)
- Founding Chairman of Action Hotels Limited
- Founding Chairman of Qurain Petrochemical Industries Co., K.S.C., since inception till early 2022
- Current board member of Egypt Kuwait Holdings
- Served as a Board member of EQUATE Petrochemical Company

Eng. Rawaf Bourisli – Vice Chairman

Education:

- Graduated from Oklahoma State University School of Architecture – USA

Recent Experience:

- General Manager of Action Real Estate Company
- Vice Chairman of Action Hotels Company
- Chairman of Ebla Computer Consultancy

Mr. Ahmad Al-Ajlan – Member of the Board and the CEO

Education:

- Bachelor of Business Studies from the Kuwait University

Recent Experience:

- Secretary of the Committee of Brokerage Operations Guarantee System
- Member of Arab Stock Market Union
- Head of the Training and Development Department in the Public Industrial Authority
- Served as a Board Member of Qurain Holding Company
- Served as a Board Member of Qurain Petrochemical Industries Company (QPIC)
- Served as a Board Member of Zumorroda Leasing and Finance Company

Mr. Vikas Arora – Member of the Board

Education:

- Chartered Accountant – India
- Graduate of the Entrepreneurship Program at Oxford University – United Kingdom

Recent Experience:

- CFO of Action Group Holdings from 2016 to 2023
- Group Financial Controller at M H Alshaya from 2006 to 2016

Mr. Talal Al-Qassar – Member of the Board

Education:

- Master of Business Administration from London Business School – United Kingdom
- Master of Engineering from Lehigh University – USA
- Bachelor of Science in Industrial Engineering from Pennsylvania State University – USA

Recent Experience:

- Vice President in the Principal Investment Sector at Gulf Investment Corporation (GIC)
- Senior Consultant at Oliver Wyman

Board members' remuneration

Amount in KWD ('000s)	2024	2025	2026
Directors' remuneration	Nil	Nil	70

The estimate of the remuneration of the BOD is subject to many factors, including the Company's performance during the year 2025 and the approval of the remuneration by the AGM for the fiscal year 2025.

Related parties' disclosures

The holding company has entered into related party transactions with shareholders, directors, members of the executive management team, and other related parties. All prices and payment terms pertaining to these transactions are reviewed and approved by the Group's management to ensure compliance with internal policies and applicable regulations

Balances included in the consolidated statement of financial position as of 31 December:

Amount in KWD ('000s)	2022	2023	2024
Due from related parties	Nil	Nil	Nil
Due to related parties	3,407	86	34

Benefits for Executive Management

Transactions included in the Consolidated Income Statement for the year ended 31 December:

Amount in KWD ('000s)	2022	2023	2024
Salaries and other benefits	160	223	293

Profit or loss transactions included in the consolidated statement for the year ended 31 December:

Amount in KWD ('000s)	2022	2023	2024
General and administrative expenses	62	117	118

Dividend distribution for the past 5 years

There has been no distribution during the last 5 years.

The Company's capital during the past five years

Years	Capital at Beginning (KWD)	Increase (KWD)	Capital after Increase (KWD)	Remarks
2021	100,000	0	100,000	Capital upon establishment
2022	100,000	19,900,000	20,000,000	As per the amendment deed dated 30 June 2022, bonus shares granted to shareholders registered in the Company's records
2025	20,000,000	17,500,000	37,500,000	As per the resolution of the Extraordinary General Assembly dated 5 October 2025, bonus shares granted to shareholders registered in the Company's records (registered on 22 October 2025)
2025	37,500,000	9,700,000	47,200,000	As per the Board resolution dated 21 October 2025 – conversion of preferred shares into ordinary shares (registered on 3 November 2025)
Call for Issued and Paid-up Capital				
2025	47,200,000	9,450,000	56,650,000	As per the Board resolution dated 12 November 2025, within the listing process

Management Team

The management team of Action Energy Company K.S.C.C. brings together a wealth of expertise across leadership, finance, drilling, oil & gas services, operations, and health and safety. Collectively, the team members have accumulated 35.5 years of tenure with the Company, underscoring their deep institutional knowledge and long-standing commitment to driving operational excellence and sustainable growth.

Name	Tenure with the Company	Position
Mr. Ahmad Al-Ajlan	3 years	Chief Executive Officer
Mrs. Wafaa Al-Shatti	6 Years	General Manager – HR & Admin
Mr. Jainuddin Jhabuawala	8 years	General Manager – Finance
Mr. Craig Rasmussen	9 years	General Manager – Drilling Operations
Mr. Ivan Chikunov	5 years	General Manager – Oil & Gas Services
Mr. Shane Welles	1.5 years	Country Operations Manager
Mr. Egbert Micame	9 years	Health, Safety, & Environment Manager

Mr. Ahmad Al-Ajlan – Chief Executive Officer

Education:

- Bachelor of Business – Kuwait University

Recent Experience:

- Secretary of the Committee of Brokerage Operations Guarantee System
- Member of Arab Stock Market Union
- Head of the Training and Development Department in the Public Industrial Authority
- Served as a Board Member of Qurain Holding Company
- Served as a Board Member of Qurain Petrochemical Industries Company (QPIC)
- Served as a Board Member of Zumorroda Leasing and Finance Company

Mrs. Wafaa Al Shatti – General Manager, HR and Administration

Education:

- Mini MBA from the London School of Business & Finance
- Business & HR Diploma
- Advanced certifications in finance
- Secretarial management and instructional design

Recent Experience:

- HR Manager at Gulf Drilling and Maintenance Company from 2016 to 2019
- HR Team Leader at SGS, Kuwait, from 2011 to 2016

Mr. Jainuddin Jhabuawala – General Manager, Finance

Education:

- Chartered Accountant – India
- Bachelor of Commerce – India

Recent Experience:

- Head of Finance at Hadi Hospital from 2015 till 2017
- Assurance Manager at E&Y from 2008 to 2014

Mr. Craig Rasmussen – General Manager, Drilling Operations

Education:

- Rig Technician Level 3

Recent Experience:

- Drilling Superintendent at Grey Wolf Drilling from 2014 to 2015
- Operations Manager at Weatherford Drilling from 2007 to 2014

Mr. Ivan Chikunov – General Manager, Oil & Gas Services

Education:

- Master’s in Mechanical Engineering from Moscow Technical State University

Recent Experience:

- Field Services Manager at Schlumberger from 2010 to 2020

Mr. Shane Welles – Country Operations Manager

Education:

- Journeyman Rig Technician

Recent Experience:

- Rig Manager at Akita Drilling from 2012 to 2016
- Action Group Holdings from 2016 to 2023

Mr. Egbert Micame – Health, Safety, and Environment Manager

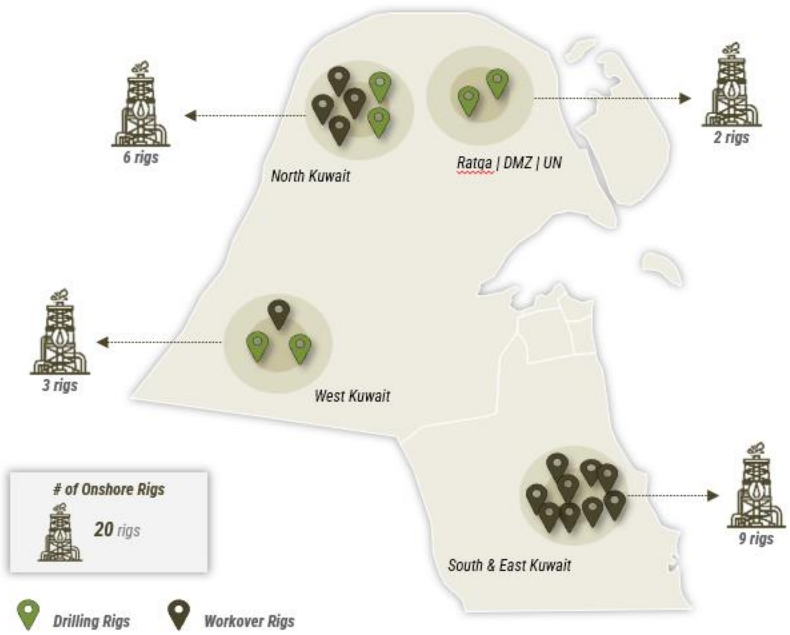
Education:

- Bachelor's Degree in Mechanical Engineering – University of San Jose

Recent Experience:

- QHSE Manager at Eurasia Drilling from 2013 to 2015
- Senior QHSE Advisor at Dalma Gulf Drilling from 2008 to 2013

Business Overview



Established in 2015, AEC has grown into a leading provider of onshore drilling services in Kuwait, operating 20 rigs as of 2025, representing approximately 10% of Kuwait's active rig fleet. The Company operates through two complementary business segments:

(i) Drilling Services, supported by a modern, high-utilization rig fleet, and

(ii) Oilfield Services, providing well lifecycle support through a combination of in-house capabilities and strategic technical partnerships.

AEC's business is anchored by its strong, long-standing relationship with KOC, the national oil company and the Company's primary customer. Virtually all revenues are derived from long-term contracts with KOC, with average remaining durations of approximately five years across drilling and workover services. As of 30 June 2025, the Company's Total Backlog stood at KWD 323.5 million, providing multi-year revenue visibility.

The Company has delivered strong and consistent financial performance in recent periods. For the year ended 31 December 2024, AEC generated revenues of KWD 20.8 million and EBITDA(1) of KWD 10.2 million, representing a margin of 49.0%. For the six months ended 30 June 2025, the Company generated revenues of KWD 13.5 million and EBITDA(1) of KWD 7.0 million, with a margin of 51.9%This financial performance reflects efficient operations, lean overheads, and the contribution of higher-margin oilfield services.

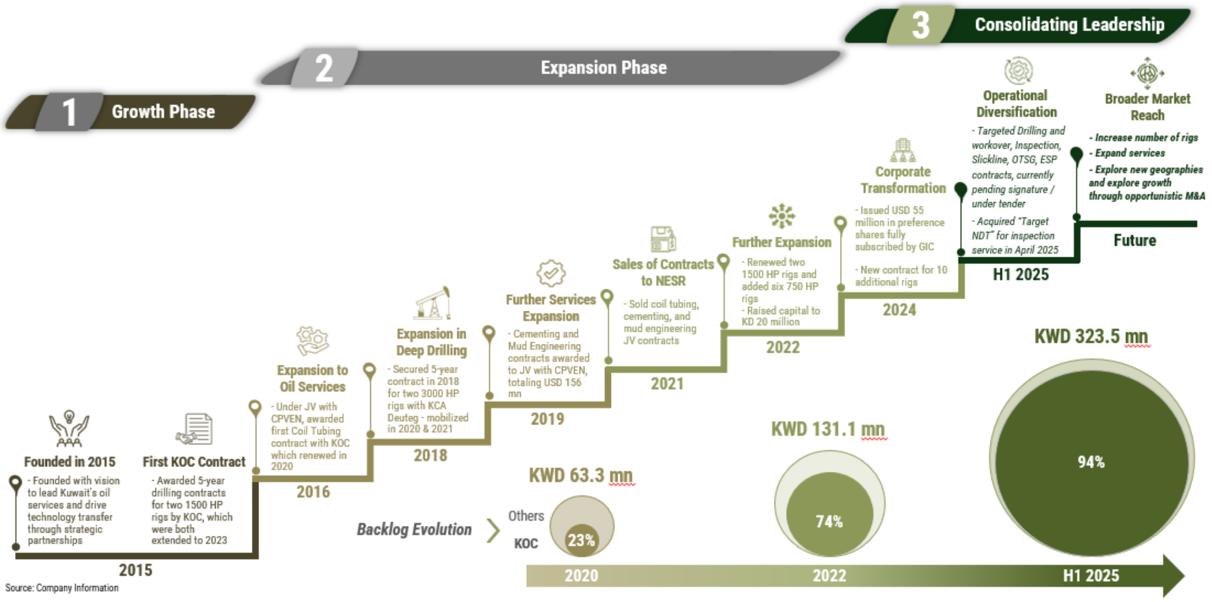
AEC is committed to maintaining the highest standards of operational excellence and safety. Its fleet has consistently achieved full utilization, with non-productive time below 1%, and the Company has received multiple recognitions from KOC, including long-term Lost Time Incident-Free (LTI-Free) awards and Rig of the Month citations.

Notes:

(1) Workings included in the Financial Overview section

History & Evolution

- **2015** – Company founded with the vision to lead Kuwait's oilfield services sector, leveraging strategic partnerships and technology transfer.
- **2015** – Awarded first KOC contract for two 1,500 HP rigs, marking entry into Kuwait's drilling market.
- **2016** – Entered oilfield services through JV with CPVEN; awarded first coil tubing contract with KOC.
- **2018** – Secured five-year contract for two 3,000 HP rigs with KCA Deutag JV; mobilized in 2020 and 2021.
- **2019** – Awarded cementing and mud engineering contracts, expanding into high-value well services.
- **2021** – Sold coil tubing, cementing, and mud engineering services contracts.
- **2022** – Renewed 1,500 HP rig contracts and added six new 750 HP rigs;
- 2024 - Issued Preference shares for $55m (first issuance in Kuwait) which was fully subscribed by Gulf Investment Corporation (GIC)
- **2025** – Added 10 rigs through new KOC awards, supporting fleet expansion and broadened services into inspection (NDT), ESP, Slickline, and OTSG, diversifying revenue base.
- Total Backlog reached KWD 323.5 million (vs. KWD 63.3 million in 2020 and KWD 131.1 million in 2022); approximately 94% contracted with KOC, underlining long-standing client relationship and visibility of revenues.



Source: Company Information

Operations

The Company operates its business through two segments: (i) **Drilling Services**, comprising of drilling and workover operations, and (ii) **Oilfield Services**. Drilling remains the backbone of the business, supported by a modern fleet and long-term contracts, primarily with KOC.

1. Drilling Services

The Company's principal business is onshore drilling and workover services, which together accounted for approximately 99% of total revenues, equivalent to KWD 20.7 million in the year ended 31 December 2024 and KWD 13.4 million in the six months ended 30 June 2025.

As of 30 June 2025, the Company operated a fleet of 20 onshore rigs, comprising 4 drilling rigs and 16 workover rigs. The fleet covers horsepower capacities ranging from 550 HP to 3,000 HP, enabling the Company to service a broad spectrum of well types, from shallow development wells to deep, high-pressure exploration wells, as well as maintenance, re-completion, and abandonment.

The Company operates under fixed day-rate contracts, predominantly with KOC, with typical contract duration of 5 years and an extension for 1 – 2 years along with adequate early termination penalties that enhance revenue visibility (see "Backlog").

The Company's rigs are all modern and fit-for-purpose, with an average fleet age of 2.07 years as at 30 June 2025, making it one of the youngest fleets in the MENA region. Rigs are either newly built or comprehensively refurbished, with construction undertaken only after securing a term contract and financing. Modern design features include top-drive systems, joystick-controlled driller cabins, automated pipe-handling, predictive maintenance, and wheel-mounted configurations, which together enhance safety, efficiency, and reliability.

The Company has consistently delivered high levels of productivity and reliability, with contracted utilization above 99.2% for the years 2022, 2023, 2024 and the period ending 30 June 2025, and non-productive time ("NPT") 0.8%, respectively for the same periods, materially below industry averages. These performance levels reflect the Company's strong operational systems, low fleet age, and disciplined maintenance programs.

Drilling Services are provided on a comprehensive basis, with the Company supplying not only rigs but also personnel, equipment, fuel, water, accommodation, and end-to-end rig move capabilities. This integrated approach supports operational efficiency and has been recognized by KOC through performance awards, safety acknowledgments, and repeat contract awards.

Action Energy Rig Portfolio						
Drilling Rigs	**Year Built**	**Horse Power**	**Status**	**NPT**	**Contract Start**	**Contract Duration**
Contracted to KOC						
1,500 HP Rig 1	2016	1500	Active	1.72%	4/4/2016* / 1/15/2024**	5 Years
1,500 HP Rig 2	2016	1500	Active	-	3/18/2016* / 12/22/2023**	5 Years
Contracted to KCAD (leased)						
3,000 HP Rig 1	2020	3000	Active	N/A	8/1/2020	9 Years
3,000 HP Rig 2	2021	3000	Active	N/A	2/14/2021	9 Years
Workover Rig Fleet	**Year Built**	**Horse Power**	**Status**	**NPT**	**Contract Start**	**Contract Duration**
Contracted to KOC						
750 HP Rig 1	2023	750	Active	-	8/4/2023	5 Years
750 HP Rig 2	2023	750	Active	-	8/1/2023	5 Years
750 HP Rig 3	2023	750	Active	-	7/27/2023	5 Years
750 HP Rig 4	2023	750	Active	0.48%	8/9/2023	5 Years
750 HP Rig 5	2023	750	Active	0.05%	8/8/2023	5 Years
750 HP Rig 6	2023	750	Active	-	8/7/2023	5 Years
550 HP Rig 1	2025	550	Active	0.31%	3/20/2025	5 Years
550 HP Rig 2	2025	550	Active	1.43%	3/28/2025	5 Years
750 HP Rig 7	2025	750	Active	1.61%	3/20/2025	5 Years
750 HP Rig 8	2025	750	Active	0.10%	4/2/2025	5 Years

Workover Rig Fleet	Year Built	Horse Power	Status	NPT	Contract Start	Contract Duration
750 HP Rig 9	2025	750	Active	-	4/4/2025	5 Years
750 HP Rig 10	2025	750	Active	-	4/28/2025	5 Years
750 HP Rig 11	2025	750	Active	-	5/4/2025	5 Years
750 HP Rig 12	2025	750	Active	-	4/20/2025	5 Years
750 HP Rig 13	2025	750	Active	0.09%	5/15/2025	5 Years
750 HP Rig 14	2025	750	Active	-	5/6/2025	5 Years

** Date of the first contract, which has already been completed*

*** Date of Second/New contract currently active*

1.1 Drilling Rig Fleet

As of 30 June 2025, the Company owned and operated four drilling rigs, consisting of two 3,000 HP rigs contracted to KCA Deutag and two 1,500 HP rigs contracted to KOC. These rigs are deployed for the drilling of new onshore oil and gas wells across Kuwait and represent the Company's heavy-duty drilling capacity.

Technical Capabilities

The Company's drilling rigs are designed to deliver a full range of well solutions, from shallow development wells to high-pressure, high-temperature ("HP/HT") exploration wells. Each rig is powered by multiple diesel engines, with power distributed through Variable Frequency Drive ("VFD") or Silicon-Controlled Rectifier ("SCR") systems to run all rig equipment. Standard features include:

- Mast/Derrick – vertical support for hoisting and drilling operations.
- Top Drive – all rigs are fitted with top drives, enabling deviated and horizontal well drilling, and providing greater speed and safety than Kelly-drive systems.
- Mud Pumps – circulate drilling fluid to maintain hydrostatic pressure, transport cuttings, and stabilize the wellbore.
- Draw-Works – lift and lower the drill string and casing during operations.
- Solid Control Equipment (SCE) and Mud Tanks – active and reserve mud pits with powered agitators for fluid management.

Rig specifications are matched to project-specific requirements, including depth, borehole diameter, and deviation profile.

Fleet Modernity and Features

The Company has expanded its drilling fleet primarily through new-build construction, with no reliance on older legacy rigs. New rigs are only constructed after securing a long-term contract with early termination provisions and obtaining bank financing, ensuring disciplined capital deployment. The average construction time for a new rig is 6–9 months.

With an average rig age of 2.07 years as at 30 June 2025, the Company operates one of the youngest drilling fleets in the MENA region. Modern design features include:

- Automated pipe-handling equipment (pipe bins, mud buckets, lower guide arms).
- Wheel-mounted designs across 18 of the Company's 20 rigs (drilling and workover), materially reducing rig move flat time compared to skid-mounted rigs.
- Climate-controlled driller cabins with joystick controls for precision and safety.
- Advanced handling tools, including iron roughnecks, pipe cat laydown systems, hydraulic elevators, casing running tools, auto-drilling, and torque-control systems.

Operational Performance

The Company's drilling fleet consistently delivers industry-leading productivity. The Company has consistently delivered high levels of productivity and reliability, with contracted utilization above 99.2% for the years 2022, 2023, 2024 and the period ending 30 June 2025, and non-productive time below 0.8%, for the same periods, materially below regional and global onshore benchmarks.

Rig Productivity and NPT %	2022	2023	2024	H12025
Productivity	99.9%	100.0%	99.4%	99.7%
NPT	0.1%	0.0%	0.6%	0.3%

This performance reflects the combination of modern equipment, strict maintenance protocols, and operational discipline, and has been a key factor supporting the Company's long-term contracting with KOC and KCAD (see "Backlog").

1.2 Workover Rig Fleet

As of 30 June 2025, the Company owned and operated 16 workover rigs, comprising fourteen 750 HP rigs (average age below 1.5 years) and two 550 HP rigs (the 550 HP rigs are essentially 750 HP rigs that are currently being operated at 550 HP). Workover rigs form the backbone of the Company's operations, supporting well interventions throughout the lifecycle of production and contributing the majority of fleet capacity.

Technical Capabilities

Workover rigs are designed for maintenance and intervention in existing wells to sustain, restore, or enhance production. Typical applications include:

- Re-completion of wells to optimize output.
- Integrity testing and reinstatement of existing wells.
- Reservoir stimulation and clean-outs to increase productivity.
- Abandonment of depleted or non-productive wells.
- Mitigation of high water cut in production wells.
- Shallow drilling or side-tracking of existing wells when required.

Each workover rig consists of a mobile carrier with an engine, draw-works, and a mast, together with specialized equipment for servicing wells. The rigs are equipped to handle hoisting of tubing, sucker rods, and down-hole equipment, ensuring safe and efficient well interventions.

Fleet Modernity and Features

The Company's workover fleet is modern and purpose-built, with the majority of rigs delivered in the last two years. The rigs are designed for mobility across desert environments and are supported by comprehensive maintenance programs aligned with KOC's stringent HSE standards.

- Mobile carriers provide rapid deployment and efficient rig moves.
- Modern handling equipment ensures safe operations during tubing and rod interventions.
- Fleet design reflects the requirements of Kuwait's onshore reservoirs, which are non-harsh compared to offshore or ultra-deepwater wells.

Operational Performance

The workover rig fleet has achieved consistently high utilization over 99.4% and NPT levels amongst the lowest in the region, reflecting the benefits of the young fleet and disciplined operational oversight.

Workover rigs contribute significantly to the Company's contracted revenues under long-term fixed day-rate contracts, providing stable recurring income across the well lifecycle

Rig Moves

The Company recognised by its customers as one of the leading providers of rig move services in Kuwait, as the modern technological capabilities of its fleet can deliver greater operational efficiencies than many of the older rigs operated by its competitors, which can in turn yield time and cost savings for the Company's customers, a significant decrease in rig move duration flat time and reduced non-productive time. The Company maintains a diverse fleet of light-, medium-, and heavy-horsepower rigs capable of drilling in, and moving across, desert environments. The Company provides end-to-end rig move services for various rig types and customer requirements, either directly or through third-party subcontractors. The Company's expertise in this area allows it to move customer rigs efficiently and safely, thereby enhancing its customers' ability to deliver more wells, which the Company believes to be a key competitive advantage.

The Company's expertise in this area allows it to move rigs efficiently and safely, thereby enhancing customers' ability to deliver more wells, which the Company believes to be a key competitive advantage. Based on data from KOC, rig moves performed by the Company between 2022 – H1 2025 saved approximately 55% of days compared to the standard rig move days granted by KOC. This performance metric highlights the Company's ability to consistently achieve faster rig mobilisations than the benchmarks established by its primary customer.

2. Oilfield Services

The Company's Oilfield Services ("OFS") segment complements its drilling and workover activities by providing well-lifecycle support through a range of technical services. While the Company historically operated a broader OFS portfolio, recent years saw greater emphasis on drilling. Building on newly obtained pre-qualifications and signed awards, the OFS segment is now expanding, with several service lines already contracted and expected to contribute more meaningfully to revenues and backlog going forward.

<u>Services (Signed / Awarded):</u>

Electric Submersible Pumps (ESP)

The Company has secured multi-year awards for ESP services covering installation, commissioning, performance monitoring, and routine/major maintenance. ESPs are critical to sustaining production from mature wells and are expected to contribute materially to backlog and begin recognized revenue from H2 2026 as mobilization completes.

Slickline Services

Pre-qualified and awarded slickline contracts offers a wide range of technology for lowering equipment or measuring devices into wells using Slickline and Digital Slickline to enable well intervention and reservoir evaluation. The Company's experienced teams have extensive oil field expertise from well environments around the globe. Through tight collaboration with our customers, the Company makes sure production targets are achieved and retained for the life of the well

Inspection (NDT) & Certification Services

Through its in-house inspection platform (following the acquisition of Target NDT), the Company delivers non-destructive testing, condition assessment, and certification across critical drilling and production equipment. Typical scopes include tubular inspection (drill pipe, HWDP, collars), lifting equipment inspection and certification, pressure-containing equipment checks, weld inspections, and recurring integrity surveys, performed to applicable API/ISO norms and operator specifications. This capability reduces reliance on third parties and provides non-tender, recurring revenue.

Once-Through Steam Generator (OTSG) Services

Thermal services (where applicable) for heavy-oil stimulation, including unit operation support, performance monitoring, and maintenance under operator specifications.

<u>Oilfield Services Pre-qualification awaiting Tender announcement:</u>

Surface Well Testing (SWT)

The Company provides well testing and flowback services for clean-ups, production characterization, and short-duration well performance tests. Scope typically includes test separators, choke manifolds, data acquisition, metering, and flare systems appropriate for onshore operations, with deliverables comprising measured rates, PVT sampling (where applicable), and calibrated test reports aligned to operator requirements.

Coiled Tubing

The Company provides coiled tubing experience in stimulation, nitrogen lifting, fishing, milling, clean-out, scale removal, thru-tubing plug setting, horizontal logging, and other complex well applications. As of the date of this Offering Memorandum, the Company does not operate coiled tubing services directly; instead, it earns commission income from previously awarded contracts in this segment.

Mud Logging Services

The Company offers mud logging service with a unique mix of experience and innovation. Mud logging involves the collection of qualitative and semi-quantitative data from hydrocarbon detectors that record the level of natural gas brought into the mud. Other important information for the drilling process is also recorded, the main purpose being to identify all indications of hydrocarbons in the rock samples, as well as the gas involved in the drilling. For each drilling process, the Company's staff is carefully selected and trained. The Company can make available to the client, both staff trained for the standard mud-logging service, as well as geological engineers with extensive experience and skills in the interpretation of geophysical diagrams, pore fluid flow, and trap delineation

While the Company successfully operated this service line, its mud logging contracts were sold in 2021. As of the date of this Offering Memorandum, the Company no longer provides mud logging services directly but continues to earn commission income from these contracts.

Well Cementing & Laboratory

As new technologies and techniques become routine, operators are demanding new approaches to well cementing. Exploring high-pressure, high-temperature, deep gas potentials and having to comply with stringent environmental regulations drives the need to continuously improve cementing systems and equipment designs.

To support cementing and stimulation services, the Company maintains a well-equipped and modern laboratory. This facility is staffed by experienced technicians and is capable of conducting all testing procedures necessary to ensure cementing formulations adhere to best industry practices.

Directional Drilling

The Company's JV partner, NaftoServ is a specialized, privately owned energy service company with over 9 years of experience. NaftoServ provides specialized solutions for both upstream and downstream sectors in Turkey and the Middle East market. NaftoServ international services provide a variety of solutions for the Directional Drilling services, including measurement while drilling, logging while drilling services, and meeting all requirements of international standards

Manpower Services

The Company has years of experience and in-depth understanding of the Oil & Gas Industry, backed up by relationships in the market and a powerful database of candidates, which allows AEC the capacity to deliver Man-Power solutions for Drilling, Workover, Maintenance, and Well Services Operations. While the Company is fully qualified and resourced to provide such services, it does not currently have any ongoing contracts in place as of the date of this Prospectus.

Oilfield Services Currently Undergoing Pre-qualification:

Wireline Logging

The Company's E-Line services are deployed from our multi-functional equipment as part of our complete wireline services offering. With a fleet including uni-split and multi-split units and associated pressure control, rig-up, and tooling packages, the Company is able to undertake the full range of E-Line services in any environment. The Company provides a full range of services and tools for real-time production logging (PLT), well integrity logging (MFC), and well monitoring.

Drilling Fluids

The Company provides drilling fluid systems and related technologies to the oil and gas industry in accordance with international standards and regulations for both onshore and offshore projects. The Company's provisions include all types of projects such as development drilling, exploration drilling, and HPHT drilling (high-pressure high-temperature wells).

Well Completion

The Company offers well-completion integration services, which can provide overall well-completion program design, tools, and on-site technical services for different well types and different well conditions (high temperature, high pressure, high sulfur wells), and efficient development of oil and gas wells. The Company's dedicated team offers expertise in clean outs, drill outs, and all forms of well interventions, among other services. AEC takes a systems approach to well completions for maximum recovery in addition to intelligent completion architectures.

The Company's oilfield services contracts had an average remaining duration of approximately 5 – 7 years, providing multi-year revenue visibility in line with its drilling portfolio. Recent awards in ESP, Slickline, Inspection, and OTSG services, once mobilized, are expected to materially expand the contribution of OFS to backlog and earnings. These contracted positions reinforce the role of OFS as a complementary and recurring revenue stream alongside the Company's drilling and workover operations.

JVs and Partnerships

In addition to its core drilling operations, AEC has developed a strong network of joint ventures ("JVs") and strategic partnerships with leading international oilfield service providers. These relationships expand the Company's technical capabilities across the well lifecycle, allow knowledge transfer of advanced technologies, and reinforce its role as a comprehensive service partner to KOC. The partnership model also enables AEC to deliver specialized services while maintaining a capital-disciplined approach, avoiding heavy upfront investment in equipment or personnel until market demand is established.

Tianjin Rongheng Group (TRG)

AEC has formed a strategic partnership with Tianjin Rongheng Group ("TRG") to provide electric submersible pump ("ESP") services in Kuwait's oilfields. This collaboration combines AEC's regional operating platform with TRG's technical expertise in ESP technology.

Through this partnership, AEC has secured multi-year ESP contracts with the national operator. These contracts represent a material expansion of the AEC's oilfield services portfolio and contribute to long-term contracted backlog.

The TRG alliance reflects the AEC's strategy of diversifying into well services through technical partnerships, thereby broadening its service offering and reinforcing its position in Kuwait's upstream development sector.

China Oilfield Services Limited (COSL)

AEC has partnered with COSL to strengthen its position as a full-spectrum oilfield services provider in Kuwait. Through this collaboration, AEC gains access to COSL's world-class expertise in wireline, logging, and perforation services, enabling a new level of precision and efficiency in subsurface operations.

COSL's advanced production-logging technologies will allow AEC to deliver deeper insight into reservoir performance and well integrity. These cutting-edge capabilities can be deployed under upcoming contracts with KOC and other regional operators, significantly broadening AEC's technical service portfolio and reinforcing its commitment to innovation and operational excellence.

This strategic alliance highlights AEC's dedication to bringing next-generation solutions to Kuwait's energy sector, ensuring that clients benefit from enhanced data quality, improved decision-making, and greater overall project value.

NaftoServ

AEC has entered a strategic alliance with NaftoServ, a leading directional drilling specialist with extensive operations across the Middle East. This collaboration positions AEC to deliver state-of-the-art directional drilling services to operators throughout Kuwait.

Through the partnership, AEC now offers advanced Measurement-While-Drilling (MWD) and Logging-While-Drilling (LWD) technologies, empowering clients to achieve accurate wellbore placement, optimize drilling efficiency, and maximize reservoir recovery.

By integrating NaftoServ's proven expertise with AEC's established presence and operational excellence, this agreement broadens AEC's technical service portfolio and underscores its commitment to providing innovative, high-value solutions that meet the evolving needs of Kuwait's energy sector.

CPVEN

AEC originally joined forces with CPVEN to broaden its technical services portfolio, adding coiled tubing, cementing, and mud engineering to its capabilities. This collaboration enabled AEC to secure key contracts with KOC and further strengthen its reputation for delivering integrated oilfield solutions.

In 2021, AEC successfully divested these KOC contracts, reflecting its strategy of optimizing the service portfolio and redeploying resources toward higher-growth opportunities in Kuwait's evolving energy sector.

Expert Optima

AEC has partnership with Expert Optima for the provision of slickline services, a critical well intervention activity. This strategic collaboration combines AEC's robust local execution platform with Expert Optima's specialized technical expertise, enhancing service efficiency and operational excellence.

The partnership has already yielded results, contributing to recent contract awards with KOC, underscoring the value of combining local presence with global technical know-how.

Together, AEC and Expert Optima are setting a new benchmark for reliable, high-quality well intervention solutions.

KCA Deutag

AEC has successfully leased two 3,000 HP rigs to KCA Deutag, a leading global drilling contractor renowned for its operational excellence. This strategic arrangement allows AEC to generate consistent lease income while benefiting from KCA Deutag's high standards in high-horsepower drilling operations, ensuring safe, efficient, and reliable performance. Beyond the financial and operational advantages, this collaboration deepens AEC's engagement with KOC, enabling the company to support complex well requirements and address challenging drilling scenarios. By combining asset ownership with world-class operational expertise, AEC continues to strengthen its market presence, deliver value to partners, and reinforce its position as a key provider of advanced drilling solutions.

Jereh

AEC maintains a strategic technical services agreement with Jereh, a globally recognized provider of oilfield equipment and services. This partnership enables AEC to benefit from Jereh's extensive expertise in operations and maintenance (O&M), ensuring that all equipment and systems are maintained to the highest standards. Beyond routine support, Jereh actively transfers technical know-how to AEC's team, empowering local engineers with advanced skills and enhancing in-house capabilities. The agreement also provides AEC with access to specialized equipment and innovative systems, allowing the company to execute complex projects efficiently and safely. By leveraging Jereh's global experience, AEC strengthens its operational excellence, delivers reliable and high-quality solutions, and reinforces its position as a trusted partner in the oilfield services sector.

Kerui

AEC has entered into a strategic partnership with Kerui to develop advanced oil service workshop capabilities, strengthening its in-country capacity to deliver comprehensive repair, maintenance, and inspection services. By collaborating with Kerui, AEC enhances its technical expertise and operational efficiency, enabling faster turnaround times and higher quality outcomes. This initiative aligns with AEC's strategic objective of reducing reliance on third-party vendors for critical equipment maintenance, ensuring greater control, reliability, and consistency in service delivery. Through this partnership, AEC continues to build self-sufficient, world-class operational capabilities that support complex oilfield operations and long-term growth.

Through its strategic partnerships, AEC is able to deliver a broader and more integrated set of solutions to KOC while maintaining operational focus on its core competency of onshore drilling. These collaborations serve as a key differentiator for the Company, providing access to specialized, high-value services without the need for significant incremental capital investment. At the same time, the partnerships foster the transfer of technical know-how, enhancing local expertise and building long-term operational capacity in Kuwait. By leveraging these relationships, AEC strengthens its ability to execute complex projects efficiently, deliver high-quality outcomes, and reinforce its position as a trusted and capable partner in the oilfield services sector.

Customers

Kuwait Oil Company (KOC)

KOC is a wholly owned subsidiary of Kuwait Petroleum Corporation and the sole entity responsible for exploration and production of oil and gas within Kuwait. KOC is the Company's primary customer, accounting for approximately 94% of contracted backlog as of 30 June 2025. The Company has maintained a long-standing relationship with KOC since commencing operations in 2016, supported by multi-year drilling and services contracts with average tenors of 5–6 years. The stability of KOC's operations, underpinned by Kuwait's large reserve base and low-cost production profile, provides the Company with predictable revenues and visibility on long-term demand for its services.

KCA Deutag (KCAD) *(recently acquired by Helmerich & Payne)*

The Company has entered into long-term lease arrangements with KCA Deutag, under which two of its 3,000 HP rigs are contracted to KCAD. KCAD operates these rigs for KOC under multi-year agreements. This structure provides AEC with stable lease income while also reinforcing its role as a trusted local partner to leading international drilling contractors.

Contract Terms

The Company's contracts are typically entered into for firm periods of five to seven years, with customers holding options to extend by one to three years. As of 30 June 2025, the average remaining duration of drilling contracts was approximately **5.01 years**, with several rigs contracted for five years or longer. Since inception, the Company has experienced very high conversion of extension options, with multiple instances where customers requested additional extensions beyond the original terms. The Company believes this reflects the strength of its customer relationships and the efficiency of avoiding repeat tender processes.

Contracts are awarded through competitive tender processes, which generally include technical and commercial evaluations. Technical submissions address scope of work, HSE requirements, and equipment specifications, while commercial submissions set out the pricing framework. The Company is required to post bid bonds, and following award, performance bonds (typically equal to 10% of contract value).

Revenues are principally based on fixed daily operating rates ("day rates") for drilling, workover, and related services. Different rates apply depending on operating status, including drilling activity, standby, and paid maintenance. The Company also earns additional revenues from ancillary services such as location constructions, rig moves, and mobilization/demobilization. Mobilization and demobilization charges are typically lump-sum amounts payable by the customer at the beginning and end of a contract.

Most contracts include extension options at the customer's discretion, generally exercisable with six months' notice.

Contracts contain customary liability and indemnity provisions, under which each party assumes responsibility for its own property, personnel, and subcontractors.

Termination rights are also standard in the industry. Contracts typically allow termination "for cause" in the event of specified defaults, although the Company has not experienced a termination for cause since its establishment in 2015. Termination "for convenience" is permitted with advance notice, but is rare. In such cases, and assuming no fault of the Company, the Company is generally entitled to an early termination fee, either calculated as dayrate multiplied by remaining contract days (subject to an agreed factor) or as a pro-rata share of a pre-defined termination fee.

Backlog

The Company's contracted position provides strong visibility on future revenues and cash flows. Backlog has expanded from KWD 63 million in 2020 to KWD 131 million in 2022, reaching KWD 323.5 million as of 30 June 2025, reflecting growth in rig capacity, expansion into oilfield services, and continued market share gains.

As of 30 June 2025, the Total Backlog of KWD 323.5 million consists of signed and awarded contracts totaling KWD 261.9 million (the "**Signed and Awarded Backlog**"), comprising drilling contracts of KWD 170.3 million and services contracts of KWD 91.6 million (contract awarded in Q3 2025). The services segment has expanded meaningfully in recent periods, supported by the recent signing of an electrical submersible pumping contract. In addition, the Company has projects under tender with an aggregate value of approximately KWD 61.6 million (the "**Under Tender Backlog"**), which, once completed, are expected to bring the total backlog to KWD 323.5 million (the "**Total Backlog**").

Total Backlog is calculated for each contract as aggregate contract value less the portion of contract value already utilized / billed.

As of 30 June 2025, the weighted average residual contract life of the Total Backlog was 5.0 years, with an average contract duration of 5.3 years. Renewal conversion rates have been consistently high, with extensions frequently exercised beyond initial terms, providing confidence in future cash-flow realization.

Virtually all backlog is KWD-denominated, limiting exposure to FX volatility, and the majority is contracted with KOC, reflecting the strength of AEC's longstanding customer relationship and repeat contracting history.

By segment, 72% of the Total Backlog relates to drilling services and 28% to oilfield services, underscoring diversification of revenue streams. The Company's current Total Backlog-to-net debt ratio was 4.7x, highlighting the balance-sheet protection provided by contracted revenues.

Expected Total Backlog realization over the period FY25E–FY30E is set out in the table below, with approximately KWD 45 million plus scheduled annually starting FY26E, anchored by long-term firm contracts.

Kuwaiti Dinar Millions	*Category*	2025E	2026E	2027E	2028E	2029E	2030E
Existing and Signed Backlog	Drilling	32.0	40.5	37.6	39.8	39.6	39.5
Under Mobilization Backlog	OFS	-	5.0	12.8	16.8	15.8	14.7
Under Tender Backlog	Drilling	-	2.3	11.1	11.1	11.1	11.1
Total		**32.0**	**47.8**	**61.5**	**67.7**	**66.5**	**65.3**

Total Backlog estimates are subject to assumptions regarding customer exercise of extension options and contract performance. While not a guarantee of revenue, management believes backlog provides a reasonable indication of future activity based on AEC's historical operating experience. For further discussion of risks, see "*Risk Factors — The Company may not be able to renew or obtain new awards on favorable terms, which could materially adversely affect utilization, backlog, revenues and profitability*"

Maintenance

The maintenance department is divided into 14 teams: well-site maintenance, head office and workshop, field support, and the workshop team. The maintenance department is focused on three key maintenance types: preventive maintenance, predictive or condition-based maintenance, and breakdown or non-routine maintenance. The Company conducts this maintenance to maximize the availability and reliability of all operating systems and keep equipment and operating systems in good working order, thereby eliminating potential safety issues and ensuring high operational standards. The majority of maintenance work on the Company's equipment is carried out in-house, although for certifications and in other limited circumstances, the Company works with third parties, including the original equipment manufacturers. The maintenance department also oversees new initiatives, such as an initiative relating to oil refining and reduced fuel consumption, as well as improving the Company's predictive maintenance processes. These predictive processes are supported by modern fleet technologies such as automated pipe-handling equipment, joystick-controlled driller cabins, and advanced monitoring systems, which allow the Company to anticipate and address potential issues before they impact operations.

The Company inspects and maintains its rigs and well services equipment with reference to internationally recognized certification standards, such as the original equipment manufacturer guidelines, the American Petroleum Institute's Recommended Practices, as well as the Company's own best practices – including its Maintenance Management Manual and Standard Operating Procedures – and those of the industry in general. Equipment comprising the rig is also periodically independently recertified with reference to those standards. For example, two 1500 HP rigs successfully completed their 7th year major maintenance and recertification process in 2023. The effectiveness of this approach is reflected in the Company's consistently high contracted utilization rates of over 99% and non-productive time of less than 1%, materially outperforming regional benchmarks.

The Company has used ORACLE software since 2016, and believes that it is one of a limited number of companies that use the ORACLE maintenance module at drilling sites, which allows for easy monitoring of maintenance work orders, tracking of equipment history, and generation of reports for engineering analysis. It also uses separate software for its well services maintenance activities.

Strong maintenance practices have also been a key factor in the Company receiving multiple performance awards and "Rig of the Month" citations from Kuwait Oil Company, as well as contributing to its industry-leading safety record, with Lost Time Incident Rates significantly below global onshore averages.

Supplier Relationships and Inventory

The Company sources its rigs and other equipment necessary to conduct its business from a diverse pool of qualified domestic and international suppliers. Supply contracts typically fall within one of three categories: binding pricing agreements in respect of future purchases of capital equipment (including rigs, well services assets, and committed spare parts) and non-binding rate agreements for future purchases of spare parts and consumables, in each case over a specified period of time; purchase agreements covering capital equipment (including rigs and well services assets), spare parts, and consumables; and lease agreements relating to the supply of equipment, such as water tanks and cranes, to support the execution of customer contracts. Purchases of capital equipment are generally supported by manufacturer warranties, which provide coverage against defects and performance obligations. For further details on the Company's material supply contracts. Depending on the nature of the goods being procured, the Company may initiate a tender to solicit bids from multiple qualified suppliers. When the Company initiates a tender, it evaluates technical and commercial bids and typically awards the contract to one or more suppliers with the most efficient and cost-effective approach. The main factors the Company considers when awarding contracts are quality, price, and delivery schedule. In addition, supplier qualification requires adherence to Kuwait Oil Company's technical specifications, horsepower and depth standards, and international HSE requirements, ensuring compliance with customer and industry benchmarks.

The Company maintains a diversified procurement strategy, sourcing drilling rigs locally, regionally, and internationally to mitigate supplier concentration risks. Integral rig components are sourced from leading international manufacturers to ensure best-in-class quality and reliability. The Company has established long-standing partnerships with Original Equipment Manufacturers and global suppliers, which underpin the reliability of its fleet and support predictive maintenance programs across the rig lifecycle. The Company categorizes suppliers based on their criticality to the business, and it undertakes a due diligence process for certain critical suppliers to validate their capabilities. The Company also conducts an annual performance evaluation of its key suppliers. Proactive inventory management ensures the availability of critical spare parts, supporting reduced rig move flat times, minimization of non-productive time, and faster response to unplanned maintenance events.

The Company believes that the length and depth of its relationships with its key suppliers allow it to benefit from economies of scale in the procurement of goods and services. Relationships with suppliers also provide the Company with market intelligence on technologies that are sought after by end-users. Strong supplier relationships also allow quick turnaround of any urgent or unscheduled maintenance work or order changes. These relationships have also contributed to customer recognition from KOC for operational reliability and efficiency.

Employees

The following table sets forth the number of employees of the Company by segment and at the head office as at the dates indicated:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Operations…………………………………………...........	131	512	532	1205
Operational Support and Head Office…………….	36	48	56	60
Total……………………………………………………………….	167	560	588	1265

The Company has experienced no material labor disputes or strikes and believes employee relations to be good. As at the date of this Offering Memorandum, the Company does not have any collective bargaining agreements with its employees or a trade union.

The Company recognizes the importance of its compliance with Kuwaiti labor laws, including national employment policies aimed at increasing the participation of Kuwaiti nationals in the private sector workforce. These initiatives are part of broader efforts by the Kuwaiti government to reduce reliance on expatriate labor. While Kuwait has not set a uniform nationalization quota across all sectors, certain industries—particularly oil and gas—are subject to minimum Kuwaitization thresholds for specific roles under Ministry of Labor and Social Affairs guidelines. The Company maintains one of the highest national workforce participation rates in its segment. For a further discussion of Kuwaitization, see the "Risks Related to the Company's Business and Operations**"** section**.** *The Company may be unable to attract and retain skilled personnel, which could materially adversely affect its business, financial condition, results of operations, and prospects*."

As of June 2025, the Company employed over 1,200 professionals across 25 nationalities, with approximately 70% of the workforce being technical personnel. This depth of operational expertise underpins execution capabilities across drilling and oilfield services and supports the Company's strong safety culture.

The Company's executive and management team brings an average of more than a decade of experience in the upstream sector, with many having been with AEC since its early years. This leadership continuity has supported the Company's transformation from a two-rig operator into a market leader, while maintaining strong relationships with Kuwait Oil Company and other key stakeholders.

The Company has not set up a private pension scheme. However, pursuant to Kuwaiti law, it contributes to the Public Institution for Social Security (PIFSS) on behalf of its Kuwaiti employees.

Training and Development

The Company places significant emphasis on training and development as a means of sustaining operational excellence, safety performance, and regulatory compliance. Training programs are structured across three principal categories:

- Operations Training: covering drilling operations, equipment handling, inspection, and maintenance. In 2024–2025, a total of 10 programs were delivered, including kinetic energy monitoring system training, well control equipment inspection and maintenance, and stuck pipe prevention, representing approximately 3,200 training hours.

- HSE Training: comprehensive safety programs addressing topics such as H2S, fall protection, defensive driving, and emergency response. During the same period, 12 programs were conducted, totaling approximately 3,200 training hours.
- In-House Awareness Training: regular awareness sessions designed to reinforce safe work practices, risk management, and emergency preparedness across all personnel levels. In 2024–2025, 35 programs were delivered, including explosive ordnance disposal awareness, electrical safety, and working at heights, ladders, and scaffolds, with more than 5,200 total training hours.

The Company partners with specialized training providers to deliver accredited training in line with international standards.

The Company's training programs are designed to ensure the continuous development of these employees, with a focus on competency advancement, knowledge transfer from international partners, and fostering a strong safety culture.

The Company also aligns its training initiatives with Kuwaitization requirements, with structured development programs for Kuwaiti employees to support their progression into technical and supervisory roles.

Environmental and Social Initiatives

The Company is strongly committed to environmental, social, and governance ("ESG") principles, with environmental, social, and governance matters fully integrated into our strategic objectives. ESG is at the core of AEC priorities, and as the leading drilling services provider in Kuwait, the Company is cognizant of its responsibility to encourage sustainable practices in its policies, operations, and communities. AEC has aligned its strategic priorities to create sustainable value for all the stakeholders - customers, employees, communities, and shareholders.

Environmental

The Company believes that it has a responsibility to protect the health and safety of its people, minimise the consumption of resources, and control emissions to ensure a sustainable ecosystem for future generations. The Company is committed to the protection and enhancement of the environment through monitoring, reporting, and continual improvement of its environmental performance across a range of areas, including energy use, material consumption, emissions levels, water consumption, and waste management. All waste is segregated on site before disposal into the relevant waste stream. Where possible, recyclable waste is sent to recycling facilities. An atmospheric air quality test is performed annually at all units to ensure that the Company's activities are within the required levels.

Social

AEC is committed to fostering an inclusive culture and implementing workforce diversity. Ensuring fairness, equality, and diversity in recruiting, compensating, motivating, retaining, and promoting employees is essential to the Company.

Health and Safety

- The Company's HSE vision is to operate an incident-free work environment. The Company believes that it is unacceptable for people or the environment to be negatively impacted by its operations. This vision drives the way the Company conducts its operations and informs the design of its HSE management system. The Company expects management to challenge their teams to strive towards best safety practices, and to follow a zero-tolerance approach to unsafe actions. The Company's HSE department supports this by monitoring key HSE performance indicators, including LTIF and TRCF.

- The Company is subject to general occupational health and safety laws in Kuwait, which provide a comprehensive regulatory framework aimed at improving health and safety standards in the workplace and protecting workers from various occupational hazards. The Company's HSE management system aims to ensure that all of its facilities and operations operate at the highest standards of quality, operational excellence, and safety. For example, the Company uses CCTV to monitor sites and to improve its engineering controls and processes. The HSE management system has been certified as conforming with ISO 9001, 45001, and 14001.

- The following chart sets out information regarding the Company's incident rates over the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
LTIR[(1)]..	0.00	0.00	0.09	0.09
TRIR[(2)]..	0.00	0.00	0.18	0.09
RTAF[(3)].......................................	0.00	0.00	0.00	0.43
Employee fatalities.....................	0	0	0	0

Notes:

(1) Lost Time Injury Frequency, which reflects the lost time per million hours worked resulting from employee injuries.

(2) Total Recordable Case Frequency, which reflects the recordable injuries per million hours worked.

(3) Road Traffic Accident Frequency, which reflects the number of road traffic accidents per million kilometres driven.

Insurance

AEC maintains insurance policies, where practicable, covering its assets and employees that the Company believes are in line with general business practices in its industry, with policy specifications and insured limits that AEC believes are reasonable. Risks that the Company is insured against include property loss or damage as well as breakdowns due to defects in material, design, erection, or assembly. Certain customary exceptions apply, such as acts of war, terrorism, and environmental pollution. AEC's policies together provide an indemnity against sums for which AEC becomes legally liable to pay as compensation for injury, loss or damage to a third party arising out of and in the course of AEC's business, an indemnity against material damage to its properties, and an indemnity against the loss of its stock of products, in each case subject to deductibles and insured limits that AEC believes are reasonable. See "Investment Risks - Risks Related to Company's Business and Operations - The Company's insurance coverage may be inadequate to protect against all potential operational and liability risks, which could materially adversely affect its business, financial condition, results of operations and prospects".

Properties

The Company’s head office is leased from Action Real Estate Company. The Kabd area investment property is held under a lease from the Public Authority. In addition, Kuwait Oil Company has allotted land to the Company for the development of its yard, which also houses the central warehouse

Intellectual Property

The Company does not have any material intellectual property, save for its brand name and logo.

Information Technology

The Company’s Information Technology (“**IT**”) function aims to ensure that its information technology systems operate at the highest standards of operational excellence in alignment with the Company’s business goals. The IT function employs a series of frameworks that aim to ensure operational excellence. These frameworks concern policies and procedures, strategy, service management systems, project management, risk management, and information security management.

The Company has implemented ORACLE Cloud Fusion as the main ERP, covering all major business processes such as, finance, supply chain management, including procurement and asset management, and maintenance. The company is also using Enfinity HRMS solution for managing the HR Core, Payroll, Attendance, Recruitment, Appraisal, and Self-Service modules.

Legal Proceedings

As of the date of this Prospectus, the Company is not involved in any pending litigation or, to the best of the Company’s knowledge, any threatened litigation or arbitration proceedings that could materially adversely affect the Company or any of its subsidiaries or have a material adverse effect on their financial position. Accordingly, no material provision has been recorded as of 30 June 2025 in respect of any such legal proceedings.

Strategy

AEC’s strategy is designed to deliver disciplined growth, sustainable shareholder returns, and a continued commitment to quality, safety, and sustainability. The Company seeks to strengthen its leadership in Kuwait’s onshore drilling market, expand and diversify its oilfield services platform, and pursue selective regional opportunities, while maintaining prudent financial discipline.

Growth Strategy

1. Sustain and Grow Market Leadership in Kuwait

AEC is dedicated to onshore drilling in Kuwait, where demand is underpinned by KOC's long-term target to increase crude production capacity to 4.0 mmbpd (million barrels per day) by 2035 and expand free gas output. These initiatives are expected to require approximately 201 drilling and workover contracts by 2030. With one of the youngest fleets in the country and a 94% success rate in drilling tenders to date, AEC is well-positioned to capture a share of this expansion. The Company's strong track record, long-standing relationship with KOC, and fully pre-qualified rig fleet support its ability to sustain and grow market share in its core domestic market.

2. Expand and Diversify Oilfield Services

Building on its drilling platform, AEC is actively expanding its presence in adjacent oilfield services (OFS). The Company has already secured pre-qualifications and awards in areas such as electric submersible pumps (ESP), slickline, inspection, and once-through steam generator (OTSG) services, and continues to pursue additional service line pre-qualifications. Strategic partnerships with global technology providers enable knowledge transfer, technical capability enhancement, and transition from JV-based participation to independent execution. This diversification broadens AEC's role as a partner to KOC, deepens integration with the upstream value chain, and enhances resilience through recurring service revenues.

3. Pursue Regional Expansion and Selective M&A

Beyond Kuwait, AEC is evaluating opportunities to replicate its operating model across the GCC, where significant incremental demand for drilling and workover rigs is expected by 2030. Growth avenues include bidding independently using existing pre-qualifications, entering into joint ventures, and selectively acquiring local operators or service providers to accelerate entry into attractive markets.

Within Kuwait, bolt-on acquisitions in OFS segments such as well services, slickline, and production support are also being assessed to broaden technical expertise and strengthen AEC's long-term value proposition.

All expansion is guided by a disciplined capital allocation framework, maintaining conservative leverage and a focus on sustainable shareholder returns.

Commitment to Quality, Safety, and Sustainability

In parallel with its growth strategy, AEC is committed to maintaining the highest standards of quality, safety, and sustainability. The Company has embedded industry-leading management systems across its operations, supported by advanced safety and maintenance protocols and continuous workforce training. In 2024, AEC achieved a Lost Time Incident Rate (LTIR) of 0.01, approximately 96% lower than the global onshore average of 0.23, and received multiple recognitions from KOC, including Rig of the Month awards and multi-year LTI-free milestones.

AEC has also invested in efficiency and sustainability initiatives, including hybrid rig engines, battery energy storage systems, and energy-efficient technologies, which reduce fuel use, emissions, and costs. By embedding a culture of operational excellence and sustainability, the Company reinforces its position as one of Kuwait’s most reliable drilling partners and a trusted long-term counterparty to KOC.

Corporate Governance Practices

AEC has established Board committees, including Audit & Risk Committee, and Nomination & Remuneration Committee, with approved charters that define clear roles and responsibilities in line with CMA requirements.

AEC updated its governance policy suite to include, shareholders' rights, conflict of interest, code of conduct, delegation of authority, remuneration, related parties, Corporate Social Responsibility ("CSR"), disclosure & transparency, dividend, and whistle-blowing policies.

AEC aligned its organization structure and authority matrix with the above, including designated compliance/investor relations/risk functions to support effective decision-making and investor communications.

Board of Directors

The Board oversees executive management and business strategy to drive sustainable value creation; its roles are defined in the approved Board Charter and are clearly separated from management. The current members of the Board of Directors are:

Name	Title	Executive	Independent
Sheikh Mubarak Al-Sabah	Chairman	No	No
Eng. Rawaf Bourisli	Vice Chairman	No	No
Mr. Ahmad Al-Ajlan	Board Member and the CEO (Representative of AREC)	Yes	No
Mr. Vikas Arora	Board Member (Representative of AREC)	No	No
Mr. Talal Al-Qassar	Board Member (Representative of AREC)	No	No

Board Committees

Audit & Risk Committee

Ensure the soundness and integrity of financial reporting and internal control systems; oversee internal audit (operationally independent, reporting to the Committee); supervise external audit and compliance; and oversee enterprise risk management. The current members of the Audit & Risk Committee are:

Name	Position	Executive	Independent
Eng. Rawaf Bourisli	Chairman	No	No
Mr. Talal Al-Qassar	Member	No	No
Mr. Vikas Arora	Member	No	No
Mr. Avinash Bindal	Member	No	No
Mr. Shadi Azzam	Member	No	No

Nomination & Remuneration Committee

Recommend Board/executive appointments and re-nominations; oversee independence and skills mix; set and annually review Board/executive remuneration policy; and oversee the annual Board performance assessment. The current members of the Nomination & Remuneration Committee are:

Name	Position	Executive	Independent
Sheikh Mubarak Al-Sabah	Chairman	No	No
Eng. Rawaf Bourisli	Member	No	No
Mr. Talal Al-Qassar	Member	No	No

Financial Overview

Introduction

This section analyzes the Company's operational performance and financial position for the fiscal years ended 31 December 2022, 31 December 2023, 31 December 2024, and the half year ended 30 June 2025 (H12025).

This section has been prepared, except as indicated elsewhere in the Prospectus, based on the Company's financial information as of and for the years ended 31 December 2022, 2023, and 2024 derived from the audited consolidated financial statement for the year ended 31 December 2022, 2023, 2024 and the financial information as of and for the six months ended 30 June 2025 from the Interim Condensed Consolidated Financial Information for the period ended 30 June 2025, reviewed by the auditors.

The financial information, which has not been directly derived from the Financial Statements and operational information, has been provided by the Company. Unless otherwise mentioned, no modifications have been made to this information.

This section may include statements of a forward-looking nature related to the future capabilities of the Company, based on the Company's plans and expectations regarding the Company's growth, results of operations, and financial position, as well as the risks and uncertainties associated with it. The Company's actual results may differ materially from those anticipated as a result of numerous factors, risks, and future events, including those discussed in this section of the Prospectus or elsewhere thereof.

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for investment properties, which are measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinar ("KD"), which is the presentation currency of the Company.

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

The consolidated financial statements are prepared on a going concern basis.

Accounting Policies and Changes

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (investees which are controlled by the Company, referred herein as the "Group") as of the reporting date of the respective financial statements.

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; and
- The ability to use its power over the investee to affect its returns.

Non-controlling interests represent equity in the subsidiary not attributable directly, or indirectly, to the Partners of the Group Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income, and consolidated statement of changes in equity.

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

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

The subsidiaries of the Group are as follows:

Name of the Entity	*Country*	*Percentage of Holding*				*Activity*
		2022	*2023*	*2024*	*2025*	
National Construction Real Estate Company W.L.L.	Kuwait	100%	100%	100%	100%	Facilities management and real estate trading
Sun Drilling Kuwait	Kuwait	-	-	-	100%	Oil well drilling
Target NDT Company	Kuwait	-	-	-	60%	Inspection and maintenance services for the oilfield sector

Accounting Policies

Revenue from drilling activities

The Company is in the business of drilling oil wells and related services. The contract for drilling and related projects is considered to deliver a single performance obligation.

The performance obligation is satisfied over time, and revenue is recognized over time on negotiated day rates (e.g., operating, standby with crew, standby without crew, rig move, force majeure, downtime). Revenue from variation claims is recognized over time in the period such claims are approved.

Rendering of services

Recognition of revenue from services is expected to occur when the services are rendered, and the amount of revenue can be measured reliably.

Cleaning and maintenance services

Revenue from rendering of services is recognized in the accounting period in which the service is rendered. The Company considered this service as a single performance obligation. Revenue from the contract is recognized at a point in time as the customer receives and consumes the benefits of the Company's performance when the service is performed.

Other income

Other income is recognized on an accrual basis.

Finance cost

Finance costs are recognized in the consolidated statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability, when calculating the effective interest rate.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

Asset type	Useful life
Drilling rigs	30 years
Computer and office equipment	3 years
Furniture and fixtures	3 – 7 years
Vehicles	5 – 7 years
Camps	5 years

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts, and any gain or loss resulting from their disposal is recognized in the consolidated statement of comprehensive income.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Capital work-in-progress is stated at cost less impairment losses, if any, until the construction is complete. Upon the completion of construction, the costs of such an asset, together with the cost directly attributable to construction, are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Depreciation is recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. The estimated useful lives for the current and comparative periods are as follows:

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

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Leases

The Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and a right-of-use asset representing the right to use the underlying assets.

Right-of-use assets

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

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a weighted average basis
- Finished goods: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

Impairment of non-financial assets

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

An impairment loss is recognized whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Financial instruments

i. ***Financial assets***

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets. 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 determined under IFRS 15. Assessment of whether the contractual cashflows are solely payments of principal and interest (SPPI test).

In order for a financial asset to be classified and measured at amortized 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 amortized cost are held within a business model with the objective of holding 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 recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include trade receivables, due from related parties, and bank balances and cash.

Subsequent measurement

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

- Financial assets at amortized 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

The Group has not designated any financial assets at fair value, and financial assets at amortized cost are more relevant to the Group.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Since the Group's financial assets (accounts receivable and bank balances) meet these conditions, they are subsequently measured at amortized cost.

Derecognition

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

- The rights to receive cash flows from the asset have expired.
- 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 asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes 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.

Impairment of financial assets

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 Company could be required to repay.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. No impairment loss is recognized for equity instruments that are classified as financial assets at FVOCI. The amount of expected credit losses is updated at each reporting date.

Write-off of financial assets at amortized cost

The Company writes off a financial asset at amortized cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the consolidated statement of comprehensive income

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

The Company recognizes an impairment loss in the consolidated statement of comprehensive income for all financial assets at amortized cost with a corresponding adjustment to their carrying amount through a loss allowance account.

ii. Financial liabilities

Initial recognition, measurement, and presentation

The Company's financial liabilities include convertible preference shares, trade and other payables, amounts due to related parties, and bank borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

All financial liabilities are subsequently measured at amortized cost using the effective interest method. The subsequent measurement of financial liabilities depends on their classification as described below:

Bank borrowings

After initial recognition, murabaha payables are subsequently measured at amortized cost using the EIR method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

Convertible preference shares

Convertible preference shares are separated into equity and liability components based on the terms of the contract.

After initial recognition, convertible preference shares are subsequently measured at amortized cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the conversion value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

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

iii. **Offsetting of financial instruments**

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

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Current versus non-current classification

The Company 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 realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 Company classifies all other liabilities as non-current.

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

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

Employees' service benefits

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

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

Foreign currency

Transactions and balances

Transactions in prevailing foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or consolidated statement of comprehensive income is also recognized in other comprehensive income or consolidated statement of comprehensive income, respectively).

Fair value measurement

The Company measures financial instruments such as financial assets available for sale at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Judgments

In the process of applying the Company's accounting policies, the Company has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Control assessment

When determining control, the Company considers whether the Company 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 the ability to use their power to affect variable returns requires considerable judgment.

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

The Company has several lease contracts that include extension and termination options. The Company applies judgment 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.

Estimations and assumptions

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

Provision for expected credit losses of trade and other receivables

The Company assesses, on a forward-looking basis, the ECLs associated with its debt instruments carried at amortized cost. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation.

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

Useful lives of property and equipment

The Company reviews its estimate of the useful lives of property and equipment at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful lives of property and equipment.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognized in the consolidated financial statements. The Company assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important, which could trigger an impairment review, include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

Leases - Estimating the incremental borrowing rate

The Company 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 Company 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 Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Valuation of investment property

The fair value of investment property has been assessed by an independent real estate appraiser. The fair value of investment property is determined using the market comparable approach and the income capitalization approach, which is based on the assessments made by one independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition, and based on the knowledge and experience of the real estate appraiser.

Key Factors Affecting the Company's Performance

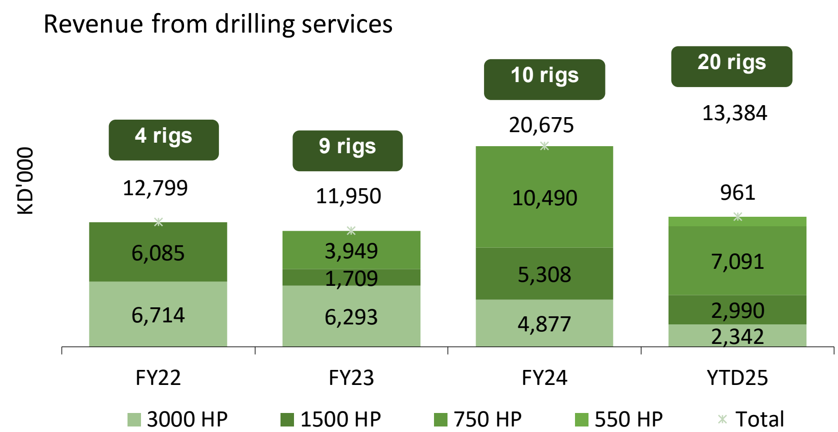
Growth in rig activity from the contracts

The Company has considerably expanded its operations during the historical period, increasing the number of drilling rigs to 20, including securing contract renewal for two previously operated rigs with a cumulative contract value of KD 232.2 million.

- Leased two 3000HP rigs to KCA Deutag, which are used for the drilling services for KOC. The contract commenced during FY20 and FY21, amounting to KD 51.7 million.
- Previous contract with KOC for two 1500HP rigs ended between March and April 2023. The Company had already secured the renewal of this contract with a value of KD 37.6 million in

November 2022, with one rig recommencing operations in December 2023 and another starting in January 2024.

- Contracts were obtained from KOC for two 550HP rigs, amounting to KD 21.9 million in July 2024, with operations commencing in March 2025.
- Contracts for fourteen 750HP rigs were secured with KOC, worth KD 121.0 million. Six drilling rigs became operational in FY23, and eight in FY25.



***Revenue from drilling services also includes other oilfield-related revenues, such as rig leasing and mobilization revenue, and others**

As a result, revenue from drilling services grew by 73.3% in FY24, increasing from KD 12.0 million in FY23 to KD 20.7 million in FY24. This was attributable to the renewed contracts of two 1500HP rigs and six new contracts for 750HP rigs. Further, the revenue amounted to KD 13.4 million during the first 6 months of 2025 (the strong performance reflects 64.7% of the total revenue achieved in FY24), driven by the commencement of operations for two 550HP rigs in March 2025, followed by eight 750HP rigs across March to May 2025.

Expansion across other upstream services, adding further diversification and growth

The Company has planned expansion into several services, adding further value and diversification within the upstream service sector. Currently, the Company has a pipeline of tenders and pre-qualifications for Drilling, Slickline, Workshop, Inspection, Electric Submersible Pumps, and Engineering and Technical services. Of these pipelines, the Company has already signed/received award letters for contracts amounting to KD 91.6 million, and has tenders under submission amounting to KD 61.6 million.

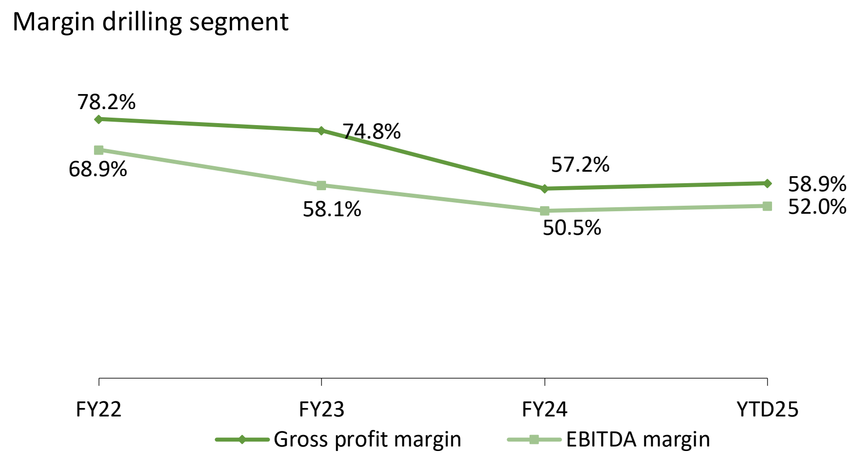
The pursuit of these tenders reflects the Company's strategic direction towards growth and focus on oilfield services in addition to its core drilling rig services.

Kuwait Oil Company as the primary customer

The Company generates more than 90% of its direct revenue from KOC, while the remaining revenue is also derived from clients who service KOC. As such, the success of the Company's business is highly dependent on its ability to manage relationships with KOC.

Since KOC is a government-owned entity, there is negligible default risk, and the Company is able to obtain bank borrowings through the assignment of contract receivables.

Variability in the drilling segments' margin



In FY2022, the Company operated four rigs, i.e., two 1,500 HP and two 3,000 HP, which were focused primarily on workover and leasing activities, resulting in a gross profit margin of 78.2% and an EBITDA margin of 68.9%.

However, in FY2023, revenue declined as the two 1,500 HP contracts expired in April, and the rigs were taken for refurbishment for most of the year. Although six 750 HP rigs were introduced in August, the simultaneous push for business expansion, including increased hiring and overheads, resulted in lower revenue and EBITDA margins falling to 58.1%.

During FY24, the fleet expanded to ten rigs with the addition of two new 1,500 HP units, lifting overall revenue and improving margins versus FY23. The shift from workover to drilling operations raised variable costs to 18.7% of revenue (compared with 6.4% in FY22), driven by increased fuel, lubricants, consumables, and rental expenses. Two new contracts of 1500 HP incurred KD 858 thousand in delay penalties in FY24, further reducing segment revenue.

Leasing margins contracted as the 36-month mobilization income period for both KCA Deutag rigs concluded, diminishing related income by KD 1.4 million year-over-year. Despite these headwinds, the company delivered an improved margin profile relative to the prior year.

As of H125, the commissioning of two 550 HP rigs and eight 750 HP rigs has lifted the gross profit margin slightly to 58.9%. The 550 HP fleet generated a 56.0% margin, while the 750 HP rigs delivered 49.0%. EBITDA margins have followed a similar upward trajectory, reflecting stabilized operations and disciplined cost management.

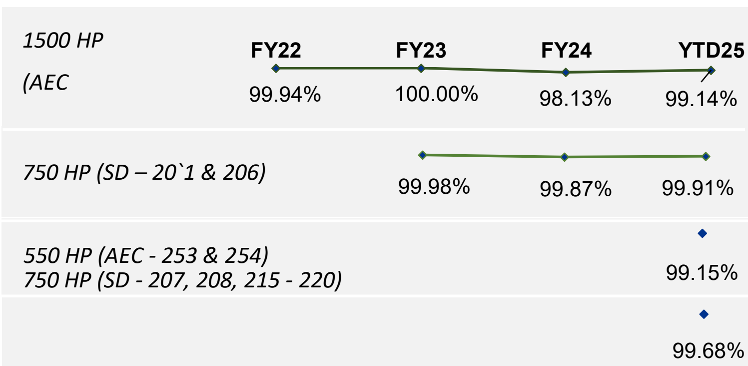
Convertible preference share issued during FY24

In February 2024, GIC invested USD 55 million (KD 17 million) (the “**Principal Amount**”) in convertible preference shares, providing a guaranteed return on a semi-annual basis calculated on the outstanding balance of the Principal Amount as determined at the date of each payment of the cash dividends. These convertible preference shares were converted into 97 million ordinary shares of the Company on 4 November 2025.

Term loan structure and refinancing

The Company obtained debt financing to finance the acquisition of drilling rigs. This debt financing for the acquisition of drilling rigs is secured by mortgaging the drilling rigs, a joint guarantee of group entities, and transferring proceeds from contracts awarded to it.

As at 30 June 2025, the Company's bank borrowings from the Commercial Bank of Kuwait stood at KD 77.9 million. Around 91.0% of this amount was used to acquire drilling rigs, with the rest allocated to working capital needs. The borrowings have increased from KD 37.6 million as of 31 December 2022 to KD 77.9 million as of 30 June 2025, primarily due to a rise in contract awards, which required additional funding for the acquisition of rigs.



It has been observed that loan repayments are made as a percentage of receipts from KOC/KCA Deutag as per the facility, along with the amount that will be outstanding at the end of the tenor to be paid as a balloon payment.

The Company has informed that facilities are renewed or refinanced near the due date of the balloon payment. Further, in the past, the Company has been able to obtain new loans to refinance financial indebtedness. However, there is no assurance that the Company will be able to secure new financing on favorable terms to refinance its existing debt in the future.

Operational KPIs

Profitability ratios		FY 2022	FY 2023	FY 2024	H1 2025
Revenue	KD'000	12,994	12,135	20,815	13,465
Gross profit	KD'000	7,687	6,191	8,042	5,763
Gross profit margin	percentage	59%	51%	39%	43%
Adjusted EBITDA (*See table below)	KD'000	9,122	7,124	10,203	6,991
Adjusted EBITDA margin	percentage	70%	59%	49%	52%
Net profit	KD'000	5,466	2,436	1,896	2,232
Net profit margin	percentage	42%	20%	9%	17%
Operational ratios					
No of rigs	No.	4	9	10	20
Productivity (Drilling rigs only)	percentage	100%	100%	99%	100%
Liquidity ratios					
Current ratio	times	0.81	0.41	1.31	1.10
Performance ratios					
Return on Equity (ROE)	Percentage	15%	6%	5%	5%
Earnings per share	KD	0.027	0.012	0.009	0.011
Leverage ratio					
Bank borrowings/Total Equity	times	1.04	1.43	0.98	1.13

Note:

(1) Gross profit = Revenue less cost of revenue

(2) Gross profit margin = gross profit for the *period/revenue* for the period

(3) EBITDA = Earnings before Interest Expense and Income, Tax (KFAS and Zakat), Depreciation, and Amortization,

(4) Adjusted EBITDA = EBITDA before Gain on revaluation of investment property

(5) Adjusted EBITDA margin = Adjusted EBITDA for the *period/revenue* for the period

(6) Net profit margin = net profit for the *period/revenue* for the period

(7) Drilling productivity = Total operating drilling and standby hours over the total hours available (excluding rig move)

(8) Current ratio = total current assets as of period-end / total current liabilities as of *period-end*

(9) Earnings per Share (Ordinary) = Net Profit for the period/ Weighted average number of Ordinary Shares

(10) Return on equity = Net *profit for the period/equity* as of *period end*

(11) Leverage ratio = Net debt (total borrowings less cash and excluding preference share) / total equity (including preference share) as of year-end (Preference shares are equity in nature; due to IFRS requirement, it was classified as a debt-like item; however, post the 2025, it will be reclassified to equity)

Adjusted EBITDA as at:

KD'000	FY22	FY23	FY24	H125	Change in % FY23 vs FY22	FY24 vs FY23
Net Profit	**5,466**	**2,436**	**1,896**	**2,232**	**-55.4%**	**-22.2%**
Depreciation & Amortization	2,337	2,692	3,497	2,009	15.2%	29.9%
Finance cost	1,158	2,043	2,938	1,649	76.5%	43.8%
Interest and amortization charge on convertible preference shares	-	-	1,924	1,035	0.0%	0.0%
Amortization for franchise fee	109	109	109	55	0.0%	0.0%
Interest income	-	-	(200)	(33)	0.0%	-2.4%
Taxes (KFAS and Zakat)	53	49	39	45	-7.5%	-20.4%
EBITDA	**9,123**	**7,329**	**10,203**	**6,991**		
Gain on revaluation of investment property	-	(205)	-	-		
Adjusted EBITDA	**9,123**	**7,124**	**10,203**	**6,991**	**-21.9%**	**43.2%**

Source: Company information

Consolidated Statement of Comprehensive Income Data

KD'000	FY22	FY23	FY24	H125	Change in % FY23 vs FY22	FY24 vs FY23
Revenue[1]	12,994	12,135	20,815	13,465	*-6.6%*	*71.5%*
Cost of revenue	(5,307)	(5,945)	(12,773)	(7,702)	*12.0%*	*114.9%*
Gross profit	**7,687**	**6,191**	**8,042**	**5,763**	***-19.5%***	***29.9%***
General and administrative expenses	(1,079)	(1,959)	(1,478)	(843)	*81.5%*	*-24.6%*
Finance costs	(1,158)	(2,043)	(2,938)	(1,649)	*76.5%*	*43.8%*
Foreign exchange gain	51	42	15	-	*-18.2%*	*-64.5%*
Gain on revaluation of investment properties	-	205	-	-	*0.0%*	*-100.0%*
Other income	17	48	218	41	*182.4%*	*350.1%*
Interest and amortization charge on convertible preference shares[2]	-	-	(1,924)	(1,035)	*0.0%*	*0.0%*
Profit for the year before tax	**5,519**	**2,485**	**1,935**	**2,277**	***-55.0%***	***55.3%***
KFAS	(25)	(22)	(17)	(21)	*-9.9%*	*-22.1%*
Zakat	(28)	(26)	(21)	(25)	*-6.8%*	*--19.2%*
Net profit for the year/period	**5,466**	**2,436**	**1,896**	**2,232**	***-55.4%***	***-22.2%***
Non-controlling interest	0	0	0	1	**n/a**	**n/a**
Total comprehensive income for the year/period	**5,466**	**2,436**	**1,896**	**2,233**	**-55.4%**	**-22.2%**

1. *Revenue includes rental income of KD 68,134 in FY22, KD 75,000 in FY23, KD 69,000 in FY24 and KD 36,000 in H1 25*

2. *Interest and amortization charge on convertible preference shares were presented after Profit for the year before tax in the audited financial statements for FY24.*

Segment Analysis and Revenue Drivers

Revenue by activity KD'000	FY22	FY23	FY24	H1 25	Change in % FY23 vs FY22	Change in % FY24 vs FY23
Rig business revenue	12,799	11,950	20,675	13,384	-6.6%	73.0%
Non-rig business	195	185	141	81	-4.8%	-24.2%
Total revenue	**12,994**	**12,135**	**20,815**	**13,465**	**-6.6%**	**71.5%**

Rig business

Revenue from rig business decreased by 6.6% in FY23 compared to FY22 as the segment experienced an overhaul of 1500HP rigs for the period between mid-April and mid-December. This was due to the expiry of contracts for two 1500 HP rigs between March and April 2023, followed by necessary refurbishments in preparation for a new contract scheduled for November 2023.

The mobilization period for six 750 HP rigs ended in August 2023. The sustained utilization of 750HP rigs, along with the renewed contract for the two refurbished 1500 HP rigs commencing in December 2023 and January 2024, contributed to a 73.0% increase in revenue in FY24.

H125 witnessed further expansion in rig activity with the addition of 10 rigs (eight 750HP and two 550HP) deployed between March and May 2025. This significant operational growth further accelerated revenues to KD 13.4 million during H125.

The contract with KCA Deutag for the lease of two 3000 HP rigs was initiated in December 2019 for a period of 9 years. The revenue from the leasing arrangement includes monthly lease rent, additional mobilization income (fixed monthly rate of USD 267.0 thousand applicable to the first 36 months of commencement), and KCA Deutag agency commission.

Non-rig business

The Company sold its interest in a joint venture with CPVEN to NESR in FY21 for a gross consideration of KD 15.0 million. The Company mainly generates yard and loader rental, and commission income from NESR over the period under consideration.

In H125, additional revenue of KD 11 thousand was generated from the recently acquired Target NDT for the inspection services.

Cost of revenue

KD'000	FY22	FY23	FY24	H125	Change in % FY23 vs FY22	Change in % FY24 vs FY23
Operating staff expenses	1,766	1,683	4,483	3,002	-4.7%	166.4%
Depreciation	2,335	2,684	3,489	2,005	15.0%	30.0%
Drilling expenses and other operating expenses	1,205	1,577	4,802	2,695	30.85%	204.38%
Total	**5,307**	**5,945**	**12,773**	**7,702**	**12.0%**	**114.9%**

The cost of revenue increased by 114.9% in FY24 compared to FY23, rising from 40.8% of revenue in FY22 to 61.4% in FY24.

Operating staff expenses

Operating staff expenses mainly consist of salaries, air ticket expenses, and bonuses of the rig crew.

Subsequent to the increase in the number of drilling rigs, the operating staff expenses also increased during the historical period. The rig headcount increased from 128 in December 2022 to 1,205 in June 2025. The Company attributed this to the capitalization of salaries for personnel involved in overhauling two 1,500 HP rigs after their contracts ended in April 2023.

Other operating expenses and drilling expenses

Other operating expenses pertained to diesel fuel for rigs, crew catering, rig move expenses, location construction expenses, rig insurance expenses, equipment used in drilling operations, and agency commission to ACB (as part of a beneficial rights arrangement with KOC). Other operating expenses and drilling expenses have increased by 186.5% and 358.0%, respectively, in FY24 as compared with FY23, for similar reasons.

General and administrative expenses

KD'000	FY22	FY23	FY24	H125	Change in % FY23 vs FY22	Change in % FY24 vs FY23
Staff costs	716	1,261	530	406	76.2%	-58.0%
Short-term lease expenses	99	178	189	78	78.9%	6.0%
Bank charges	37	50	184	65	35.3%	268.3%
Franchise cost	109	109	109	55	0.0%	0.0%
Other expenses	118	360	466	240	205.8%	29.2%
Total	**1,079**	**1,959**	**1,478**	**843**	**81.5%**	**-24.6%**

Staff costs

General and admin expense (G&A expenses) varied between FY22 and FY23 primarily to support and meet the business expansion, and in FY24, it was attributable to movement in staff costs. The Company capitalizes the staff salaries during the mobilization period of the rigs, resulting in a reduction in the cost. During FY24, the staff cost of KD 735 thousand was capitalized in capital work-in-progress as part of the mobilization of two 550HP rigs and eight 750HP rigs that became operational in H125.

Other expenses

Short-term lease expenses consist of rental for office and car, due to the addition of office space, the expenses increased.

Bank charges were higher in FY24 due to a one-time promissory note of KD 32 thousand, performance bank guarantees of KD 100 thousand, and bid bond charges of KD 27 thousand, respectively, driven by the initiation of new contracts and a higher number of tender participations.

Other expenses mainly increased due to additional IT costs.

Consolidated statement of financial position data as at:

KD'000	31 December 2022	31 December 2023	31 December 2024	30 June 2025	Change in KD Dec 23 vs Dec 22	Change in KD Dec 24 vs Dec 23	Change in KD Jun 25 vs Dec 24
Assets							
Property and equipment	72,489	93,085	114,990	126,495	20,596	21,905	11,505
Intangible asset	-	-	-	550	-	-	550
Investment properties	942	1,147	1,147	1,147	205	-	-
Total non-current assets	**73,432**	**94,232**	**116,138**	**128,192**	**20,801**	**21,905**	**12,055**
Cash and short-term deposits	628	194	10,614	8,390	(435)	10,421	(2,224)
Trade receivables, prepayments, and other receivable	5,182	6,612	8,947	10,661	1,430	2,335	1,714
Inventories	526	556	809	1,046	30	253	237
Total current assets	**6,336**	**7,361**	**20,371**	**20,098**	**1,025**	**13,009**	**(273)**
Total assets	**79,768**	**101,594**	**136,508**	**148,290**	**21,826**	**34,914**	**11,782**
Liabilities							
Employees' end-of-service benefits	411	541	717	885	129	177	168
Bank borrowings	36,029	45,312	61,214	67,702	9,284	15,902	6,487
Convertible preference shares classified as financial liabilities	-	-	19,254	-	-	19,254	(19,254)
Total non-current liabilities	**36,440**	**45,853**	**81,185**	**68,587**	**9,413**	**35,333**	**(12,599)**
Trade and other payables	2,900	8,473	8,426	7,931	5,572	(47)	(495)
Bank borrowings	1,526	9,252	7,036	10,200	7,726	(2,216)	3,164
Convertible preference shares classified as financial liabilities	-	-	-	19,293	-	-	19,293
Amount due to related parties	3,407	86	34	-	(3,321)	(52)	(34)
Total current liabilities	**7,834**	**17,811**	**15,496**	**37,425**	**9,977**	**(2,315)**	**21,928**
Total liabilities	**44,274**	**63,664**	**96,682**	**106,012**	**19,390**	**33,018**	**9,329**
Share Capital	20,000	20,000	20,000	20,000	-	-	-
Statutory reserve	597	840	1,030	1,030	244	190	-
Retained earnings	14,897	17,090	18,797	21,030	2,193	1,707	2,233
Non-controlling interest	-	-	-	219	-	-	219
Total equity	**35,494**	**37,930**	**39,827**	**42,279**	**2,437**	**1,897**	**2,452**
Total equity & liabilities	**79,768**	**101,594**	**136,508**	**148,290**	**21,827**	**34,915**	**11,781**

Assets

Property and equipment ("PPE") primarily comprises drilling rigs and rigs under work-in-progress. Due to an increase in drilling contracts, the number of rigs has increased from four to twenty, resulting in an increase in PPE from KD 72.5 million as at 31 December 2022 to KD 126.5 million as at 30 June 2025.

Intangible assets relate to the subsidiary "Target NDT" acquired in April 2025.

Investment properties include land from the subsidiary NREC. The property was revalued in FY23 with a gain of KD 205 thousand.

Cash and short-term deposits increased from KD 628 thousand as at 31 December 2022 to KD 10.6 million as at 31 December 2024, primarily due to the issuance of KD 17.0 million in preference shares to GIC during February 2024.

Trade receivables, prepayments, and other receivables have increased from KD 5.2 million as at 31 December 2022 to KD 8.9 million as at 31 December 2024 due to an increase in the number of drilling contracts. Moreover, prepayments have increased because of advance payments to suppliers and prepaid expenses.

Inventories have increased from KD 526 thousand as at 31 December 2022 to KD 1.0 million as at 30 June 2025, primarily due to a rise in consumables associated with the increased number of drilling activities.

Liabilities

Employees' end-of-service benefits ("EOSB") represent an indemnity provision, increasing in line with the higher number of employees.

Bank borrowings have increased from KD 37.6 million as at 31 December 2022 to KD 77.9 million at 30 June 2025, mainly due to growth in loans from the Commercial Bank of Kuwait to finance the purchase of 550 HP and 750 HP rigs. The current portion of the bank borrowings amounted to KD 10.2 million as at 30 June 2025.

Convertible preference shares ("Preference shares") issued to GIC, recorded as a current liability, were initiated in February 2024.

Trade payables and others have increased from KD 2.9 million as at 31 December 2022 to KD 7.9 million as at 30 June 2025 due to higher trade payables, mainly to capex and consumables suppliers.

Amount due to related parties as at 31 December 2022 relates to outstanding payable to AREC and related party, which were settled in the subsequent years.

Total liabilities have increased from KD 44.3 million as at 31 December 2022 to KD 106.0 million as at 30 June 2025, mainly due to an increase in borrowings, account payables, and accruals.

Equity

Upon conversion to a shareholding company, the paid-up share capital increased from KD 100 thousand as at 1 January 2022 to KD 20.0 million as at 31 December 2022.

As part of a related party transaction, KD 10 million payable to the holding company was capitalized through the issuance of 100 million shares at a nominal value of 100 fils per share, following shareholder approval on 23 May 2022.

10% of net profit is transferred annually to the statutory reserve unless it exceeds 50% of the capital; approval will be required.

Property and equipment (NBV) as at:

	31 December			30 June	Change in KD		
KD'000	2022	2023	2024	2025	Dec 23 vs Dec 22	Dec 24 vs Dec 23	Jun 25 vs Dec 24
Drillings rigs	62,371	86,637	90,688	126,477	24,265	4,051	35,789
Capital work in progress	10,089	6,423	24,280	-	(3,666)	17,857	(24,280)
Others	29	25	22	18	(4)	(3)	(4)
Total	**72,489**	**93,085**	**114,990**	**126,495**	**20,595**	**21,905**	**11,505**

The Company’s core operation requires acquiring, deploying, maintaining, and refurbishing drilling rigs to meet the contractual obligations. The Company heavily relies on these drilling rigs since they are a key source of providing economic benefits over time.

During the historical period, there was a significant increase in the number of drilling rigs due to the Company's new drilling contracts. Capital work in progress includes the additional rigs as well as the rigs under alteration for deployment for drilling purposes.

As of 30 Jun 2025, all the drilling rigs under capital work in progress were completed and therefore transferred to the drilling rigs.

Others include computer and office equipment, furniture and fixtures, vehicles, and camp assets, which are depreciated using the straight-line method over the life of the assets.

The Company depreciates the drilling rigs at an average life of 30 years, while other assets are depreciated at the range of average life of 3-7 years.

Cash and short-term deposits

KD'000	31 December 2022	31 December 2023	31 December 2024	30 June 2025	Change in KD Dec-23 vs Dec-22	Change in KD Dec-24 vs Dec-23	Change in KD Jun-25 vs Dec-24
Term deposit	-	-	7,250	7,050	-	7,250	(200)
Bank balance	622	185	3,361	1,336	(437)	3,176	(2,025)
Cash	6	9	3	4	3	(5)	1
Total	**628**	**194**	**10,614**	**8,390**	**(434)**	**10,421**	**(2,224)**

As at 31 December 2024, the Company's cash and short-term deposits increased to KD 10,614 thousand compared to KD 194 thousand balance as at 31 December 2023. The primary cause of the increase was funds raised through preference shares.

The Company maintains escrow accounts for specific transactions, which are held by a bank. The funds in these escrow accounts are restricted for the purpose of future payments of borrowings. As at 30 June 2025, the balance held in the escrow account amounted to KD 806 thousand.

As per the contract requirements and arrangement with the bank, the Company needs to maintain an escrow account where the customer transfers the amount, and the amount is released when the stipulations mentioned in the contracts and loan payments are met.

Trade receivables, prepayments, and other receivables as at:

KD'000	31 December 2022	31 December 2023	31 December 2024	30 June 2025	Change in KD Dec-23 vs Dec-22	Change in KD Dec-24 vs Dec-23	Change in KD Jun-25 vs Dec-24
Trade receivables	1,947	2,688	4,840	6,870	741	2,152	2,031
Retention receivable	2,075	2,677	1,636	2,102	602	(1,041)	466
Prepayments	364	370	724	418	6	354	(306)
Advance to suppliers	32	250	189	206	218	(61)	17
Unamortized portion of financial liability	-	-	1,241	747	-	1,241	(494)
Other receivables	764	626	317	318	(138)	(309)	0
Total	**5,182**	**6,612**	**8,947**	**10,661**	**1,429**	**2,336**	**1,714**

Trade receivables as at:

KD'000	31 December 2022	31 December 2023	31 December 2024	30 June 2025	Change in KD Dec-23 vs Dec-22	Change in KD Dec-24 vs Dec-23	Change in KD Jun-25 vs Dec-24
Trade receivables	1,344	551	1,585	870	(794)	1,034	(715)
Accrued income - others	603	2,137	3,255	6,000	1,534	1,118	2,745
Total	**1,947**	**2,688**	**4,840**	**6,870**	**740**	**2,152**	**2,030**
Revenue excl. penalties	12,994	12,144	21,674	13,465			
DSO	*55*	*81*	*82*	*93*			
DSO excl. accrued income	*40*	*20*	*31*	*21*			

Note:
*DSO = (Total Trade receivables / Revenue excluding delay penalties) * (number of days in the period), for June 2025, 182.5 days is considered.*

*DSO – excluding accrued income = (Total Trade receivables (excluding accrued income) / Revenue excluding delay penalties and accrued income) * (number of days in the period), for June 2025, 182.5 days is considered.*

Trade receivables have increased during the period as the Company has expanded its operations by signing new contracts, as mentioned earlier. Of the total receivables, more than 70% is from KOC.

The accrued income represents the performance obligations that the Company has met but not yet billed to the customers. The increase in balance as of 31 December 2024 and 30 June 2025 is mainly due to increased operations, eight operational rigs in FY24, and an additional 10 rigs that commenced operation during March to May 2025.

Retention receivables

Retention receivables balances (KD 2.1 million as at 30 June 2025) are associated with the invoiced amount withheld by the customer. Customer retains 5% of the invoices and requires the Company to submit a tax compliance certificate as agreed in the contract by both parties.

Prepayments

Prepayments consist of operational, such as insurance of tools and equipment, financial, and investing transactions. The balance increased from KD 364 thousand as at 31 December 2022 to KD 724 thousand as at 31 December 2024, primarily due to accrued interest income and prepayment of the subscription fees in relation to the preference shares raised in FY24. The outstanding balances declined in Jun 2025 due to a reduced accrued interest income balance.

Inventories as at:

KD'000	31 December 2022	2023	2024	30 June 2025	Change in KD Dec-23 vs Dec-22	Dec-24 vs Dec-23	Jun-25 vs Dec-24
Inventories	526	556	809	1,046	30	253	237

Inventories mainly consist of spare parts and consumables. The inventory maintained and warehoused by the Company is not for sale purposes and is mainly utilized during the rig construction and meeting the performance obligation as per the contracts.

The assets in the inventory have a high shelf life; therefore as such no reserve was provisioned by the Company. If there is any damage to the inventory, then it is directly written off as a loss in the income statement. During the period under consideration, no such inventory was written off in the income statement.

Trade and other payables as at:

KD'000	31 December 2022	2023	2024	30 June 2025	Change in KD Dec-23 vs Dec-22	Dec-24 vs Dec-23	Jun-25 vs Dec-24
Trade payables	851	5,163	4,624	2,958	4,312	(539)	(1,666)
Deferred income	-	1,320	1,032	1,694	1,320	(288)	662
Accrued expenses and taxes	1,604	1,151	1,856	2,187	(453)	705	332
Accrued finance cost	330	689	720	937	359	31	218
Other payables	115	151	195	155	35	45	(40)
Total	**2,900**	**8,473**	**8,426**	**7,931**	**5,573**	**(46)**	**(494)**

**Taxes include KFAS and ZAKAT*

Trade payables relate to the outstanding payable to the supplier. The suppliers provided goods for consumables such as materials, inventory, parts of drilling rigs and etc. The top balances pertained to payables to vendors for rig move, location construction, consumables, insurance, catering and etc.

Given the nature of operations, the Company's normal DPO was approximately 180 days over the historical period. However, as at 30 June 2025, trade payable majorly fell under the 1-30 days bracket, representing 58.8% of trade payables, while 17.9% of the balances were aged above 90 days.

DPO = (Total Trade payables (excluding CAPEX related payables) / Cost of revenue excluding depreciation) * (number of days in the period), for June 2025, 182.5 days is considered

A letter of credit issued by the banks to manage suppliers was mainly related to rig purchases during FY23.

Deferred income

Deferred income consists of the advance payment received from the customer KOC for the mobilization of rigs for drilling. The Company records mobilization as part of the drilling services rather than a standalone service that can provide independent economic benefit.

The performance obligation is considered to be satisfied over the tenure of the contract, and revenue is recognized over time on negotiated day rates in accordance with IFRS 15.

Accrued expenses

The accrued expenses are primarily constituents of provisions, and other balances pertaining to audit fees, social securities, rents and salaries, and others. The provisions are recorded on an estimated basis by the Company and reversed or adjusted when the actual payment is made.

As of 30 June 2025, the following are the key provisions accrued:

- Location construction provision is estimated to be incurred for the location readiness for sites where 1500HP and 550HP rigs are deployed.
- Provision KCA Deutag rig maintenance is related to the estimated maintenance expenses that the Company will incur to maintain the leased rig.

Accrued expenses were related party transactions with the Parent. The accrual was created for cash receipts to be deducted by KCA Deutag in respect to payables owned by the Parent.

Bank borrowings as at:

	31 December			30 June	Change in KD		
KD'000	2022	2023	2024	2025	Dec-23 vs Dec-22	Dec-24 vs Dec-23	Jun-25 vs Dec-24
Term loan	37,368	47,232	63,751	70,902	9,864	16,519	7,151
Short-term loan	188	2,833	-	-	2,645	(2,833)	-
Working capital loan	-	4,500	4,500	7,000	4,500	-	2,500
Total	**37,555**	**54,565**	**68,251**	**77,902**	**17,009**	**13,686**	**9,651**

As at 30 June 2025, the Company has an outstanding bank borrowing of KD 77.9 million from the Commercial Bank of Kuwait. Of this, approximately 91.0% has been utilized for the acquisition of drilling rigs, with the remaining balance pertaining to a working capital facility.

The Company has also availed short-term borrowings as below:

- Promissory note: KD 2.8 million was availed in FY23 as a bridge financing to facilitate supplier payments while borrowing facilities were in process. It was fully settled during FY24.
- Covid loan: The Company has availed a COVID-related loan in FY20 amounting to KD 188 thousand. This loan was fully repaid in FY23.

As per the Company, term loans are secured by the mortgage of drilling rigs, a joint guarantee of Action Real Estate and Action Group Holding. The Company has informed that it has received a confirmation from the bank regarding the removal of the personal guarantee, and the revised loan agreements are under preparation.

Rig-wise borrowings as of 30 Jun 2025				
Project details	**Balance (KD'000)**	**Repayment**	**Interest rate**	**Repayment**
Two 550HP & Eight 750HP	29,984	2030	CBK discount rate plus (1.75% – 2.0%) spread	25% of KOC contract revenue
Two 1500HP & six 750HP	19,455	2028		25% of the KOC contract revenue
Two 3000HP – KCA Deutag	21,463	2027		a - 80% to be deducted. b - 5% to be deposited for interest
Total	**70,902**			

It has been observed that loan repayments are made as a percentage of receipts as per the facility. However, the tenor of the facility is generally shorter than the time required for full repayment, and therefore, an amount will be outstanding at the end of the tenor as a balloon payment. The Company has informed that facilities are renewed or refinanced near expiry to ensure the full repayment of the loan.

Consolidated Statement of Cash Flow Data

KD'000	FY22	FY23	FY24	H125
Operating activities				
Profit before KFAS and Zakat	5,519	2,485	1,935	2,277
Non-cash adjustments:				
Depreciation expense	2,337	2,692	3,497	2,009
Service charges – consumption of prepaid drilling rights	109	109	109	55
Provision for employees' end-of-service benefits	120	209	210	170
Gain on revaluation of investment properties	-	(205)	-	-
Interest Income	-	-	(200)	(33)
Finance costs on debt and borrowings and Interest and amortization charge on convertible preference shares	1,158	2,043	4,862	2,684
Operating profit before working capital changes	**9,243**	**7,333**	**10,412**	**7,161**
Working capital adjustments:				
Trade receivables, prepayments, and other receivables	836	(1,539)	(1,106)	(2,486)
Inventories	(6)	(30)	(253)	(237)
Trade and other payables	(1,171)	5,165	(18)	(700)

Cash flows from operations	**8,901**	**10,929**	**9,036**	**3,739**
Employees' end-of-service benefits paid	(29)	(80)	(33)	(2)
Taxes paid	-	-	(101)	(58)
Net cash flow from operating activities	**8,872**	**10,849**	**8,903**	**3,679**
Investing activities				
Purchase of property and equipment	(10,234)	(23,288)	(25,402)	(13,514)
Net movement in term deposits with original maturity over three months	-	-	(4,450)	-
Acquisition of a subsidiary, net of cash acquired	4	-	-	(330)
Movement in escrow account	(14)	(62)	(362)	(361)
Interest income received	-	-	61	157
Net cash flow used in investing activities	**(10,244)**	**(23,350)**	**(30,153)**	**(14,048)**
Financing activities				
Net movement in related party balances	(4,427)	(3,322)	(52)	(34)
Proceeds from bank borrowings	11,000	19,833	20,447	12,053
Repayment of bank borrowings	(3,574)	(2,823)	(6,761)	(2,402)
Finance cost paid	(1,034)	(1,684)	(3,814)	(1,833)
Proceed from issue of convertible preference shares classified as financial liabilities	-	-	17,039	-
Net cash flow from financing activities	**1,965**	**12,004**	**26,859**	**7,785**
Net cash movement	593	(496)	5,608	(2,584)
Cash and cash equivalents as at 1 January	14	607	111	5,719
Closing balance	**607**	**111**	**5,719**	**3,135**

Free cash flow				
*Free cash flow to the firm**	*(1,362)*	*(12,438)*	*(16,500)*	*(9,835)*
*Free cash flow to equity***	*5,030*	*2,888*	*(6,628)*	*(2,016)*

Note:

*Free cash flow to firm = Net cash flow from operating activities less property and equipment

**Free cash flow to equity and preference shareholders = Free cash flow to firm plus change in debt (proceeds from borrowings less repayment of bank borrowings)

Operating activities

Net cash flow from operating activities amounting to KD 8.9 million in FY22 was mainly generated by business activities, yielding a net profit margin of 42.1%.

The cash inflow in FY23 was KD 10.8 million, despite a decline in net profit margin of 20.1%. The negative effect was offset by the increase in trade and payables, driven by a rise in balances mainly for capex suppliers.

The Company generated higher cash flows from operations (before WC adjustment) in FY24 owing to increasing business activity as 1500HP and 750HP rigs were operational for the entire period. The cash flow was slightly offset by a rise in account receivables and prepayments.

Investing activities

Purchase of property and equipment mainly includes drilling rigs, furniture and fixtures, computers, and office equipment. The purchases also include the capitalization of staff costs in relation to rigs.

Net cash outflow from investing activities amounted to KD 10.2 million, KD 23.3 million, KD 29.8 million, and KD 14.0 million in FY22, FY23, FY24, and H125, respectively, mainly pertaining to the mobilization of additional rigs as part of business expansion.

As of June 30, 2025, escrow balances held for future debt service totaled KD 806 thousand, representing a KD 361 thousand increase from KD 445 thousand at December 31, 2024. During the period, the Company also placed KD 4.5 million in long-term deposits with staggered maturities, enhancing its interest-earning profile.

Financing activities

The purchase of rigs was mainly financed through loans from the Commercial Bank of Kuwait, cumulatively amounting to KD 63.3 million over the period under consideration. In addition to the loans, the Company raised KD 17 million through the issuance of preference shares to Gulf Investment Corporation in February 2024.

Further, as part of the loan arrangement with the bank, principal and interest repayments are made as a percentage of receipts from KOC/KCA Deutag.

Contingent liabilities

Contingent liabilities (off-balance sheet) as of June 2025	
Nature	**Amount (KD'000)**
Letter of guarantees	23,968
Letter of credits	2,025
Total	**25,993**

Contingent liabilities majorly include performance guarantees to KOC for the successful completion of the contractual obligations amounting to KD 21.8 million.

Capitalization and Borrowings

Prior to the Offering, the current Shareholders owned the entirety of the Company's shares, and upon the completion of the Offering, they will collectively own 51% of the Company's shares.

The table below presents the Company's capitalization as at 30 June 2025, in addition to the pro-forma figures post Conversion and Capital Increase.

Amount in Kuwaiti Dinar	Capital Structure as of 30 June 2025	Pro Forma Impact of Increase in Shares	
		Before the Issuance[1]	After the Issuance
Share Capital	20,000,000	47,200,000	56,650,000
Share Premium	-	9,246,000	19,830,000
Statutory Reserves	1,029,872	1,029,872	1,029,872
Retained Earnings	21,029,934	3,529,934	3,529,934
Non-Controlling Interest	218,813	218,813	218,813
Total Equity	**42,278,619**	**61,224,619**	81,258,619
Banks' Loans (Short-term)	10,200,465	10,200,465	10,200,465
Banks' Loans (Long-term)	67,701,719	67,701,719	67,701,719
Total Bank Debt	**77,902,184**	**77,902,184**	**77,902,184**
Preferred Shares Classified as Financial Liabilities[2]	19,293,480	-	-
Trading Payables and Others	7,930,891	7,930,891	7,930,891
End of Services Indemnity	885,077	885,077	885,077
Total Liabilities	**28,109,448**	**8,815,968**	**8,815,968**
Total Liabilities and Equity	**148,290,251**	**147,942,771**	167,976,771

1) Impact of issuance of Bonus Shares and conversion of preference shares into ordinary shares
2) Classified as financial liabilities in financial statements as per IFRS.

Dividend Distribution

The Company's ability to pay dividends will depend on several factors, including the availability of distributable reserves, capital expenditure requirements, and other cash obligations in future periods. There is no assurance that dividends will be declared or, if declared, the amount or timing of such dividends. For further details, see *"Risk Factors – Risks Related to the Company's Business and Operations – Future Dividends."*

Any declaration or payment of dividends will be subject to the Company's profitability, business plan, and cash flow position, and will remain at the discretion of the Board of Directors and subject to the approval of the General Assembly.

The Company intends, subject to the approval of the Board of Directors and the availability of distributable reserves, to distribute a total dividend of approximately KWD 7 million in respect of the net profit generated for the financial year ending 31 December 2026, with the first partial payment expected in October 2026 and the remainder in April 2027. Thereafter, the Company intends, subject to Board approval and the availability of distributable reserves, to distribute dividends on a semi-annual basis (in October and April of each year), targeting a payout ratio of approximately 50%–60% of the net profit generated for the relevant financial period.

The Company will continue to evaluate accretive investment opportunities to support growth. In the absence of suitable opportunities that meet its target investment criteria and return thresholds, the Company may consider distributions at the higher end of the indicated payout range.

This dividend policy seeks to balance the objectives of delivering attractive shareholder returns and maintaining adequate capital for operational needs and long-term growth. The Board will review the policy annually, considering the Company's cash flow requirements, financing costs, capital expenditures, prevailing market conditions, and the overall business outlook.

Financial Guidance

Revenue Outlook:

As of 30 June 2025, the Company holds a secured backlog of KWD 323.5 million. Supported by the activation of new rigs in 2025 and the planned launch of additional oilfield service lines, including Electrical Submersible Pump (ESP) and Slick Line operations in 2026, the Company is well-positioned to convert its secured backlog into revenue growth. Consequently, AEC's revenues are projected to grow at a CAGR of approximately 50% to 55% between 2024A and 2026E.

Earnings Outlook

Earnings are expected to strengthen in line with revenue growth and improved operational efficiency. Earnings per share (EPS) are projected to reach approximately 20.5 Kuwaiti Fils to 22.5 Kuwaiti Fils by FY2026. The second half of 2026 is expected to be higher than the first half, reflecting the phased commencement of new projects and service lines during the year.

Key Drivers:

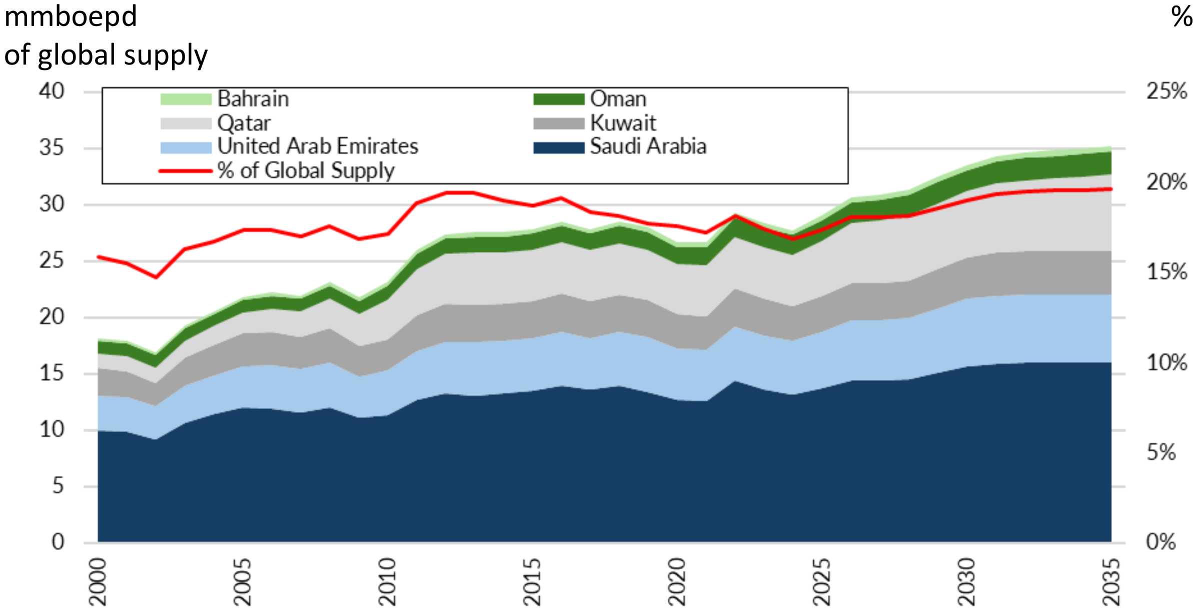
- Conversion of secured backlog (KWD 323.5 million as of 30 June 2025) into revenue.
- Full-year operation of rigs activated in 2025.
- Launch of the ESP project in 2026, enhancing both revenue and margin diversification.
- Sustained net income margins c. 23% - 25% for the period FY26E.

Market Overview

The GCC region, including Kuwait, will play an increasingly important role in meeting global oil & gas demand, boosting its share of global supply to 20% by 2035, which will drive significant volumes of upstream investment:

Figure 1: GCC Oil & Gas Supply Outlook to 2035

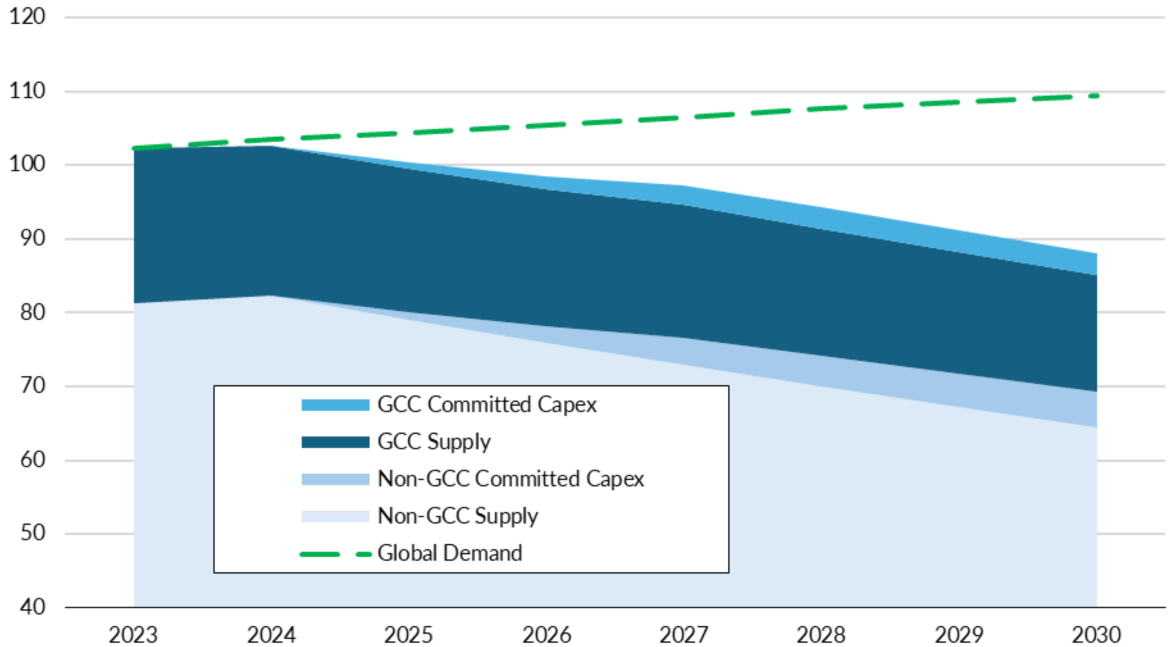
Source: WGE Analysis



Hydrocarbons are expected to continue to play a critical role in global energy supply with oil and gas demand expected to grow by 7% and 15% respectively between 2024 and 2040, driving increasing requirements for upstream E&P investment. The GCC region produced 27.8 mmboepd of oil & gas in 2024. This is expected to increase to 35.3 mmboepd by 2035, increasing the region's share of global supply from 17% to 20%.

Kuwait's production was estimated at 3,100 kboepd in 2024 of which 2,730 was liquids and 370 natural gas. KPC has announced an intention to raise crude production capacity to 4 mmboepd by 2040 from its current level of just over 3 mmboepd. This investment in incremental production capacity will continue to drive activity for new drilling and well services.

Figure 2: Indicative Impact of Natural Decline on Liquids Production
Source: WGE Analysis
mmboepd



One of the biggest challenges facing the oil & gas industry is that of natural production decline. Over time, the productivity of oil & wells declines due to a wide range of factors such as lower downhole pressure, increased water cuts and well integrity issues. If left unattended, production from the typical conventional oil well will decline at an annual rate of anywhere between 4-8%, with this increasing as the well ages.

The impact of natural decline means that in order to meet 2030 liquids demand of 111 mmboepd, the global oil & gas industry must not only find and develop the 8 mmboepd of incremental supply from 2024 production levels (103 mmboepd), but it must also invest and develop a further 22 mmboepd of lost supply.

There are a number of ways in which E&P companies can counter the effect of production decline. Workover activities can be performed on existing wells to install artificial lift systems, such as electrical submersible pumps, or perform well services via wireline and coiled tubing services. However, one of the most effective ways of offsetting natural decline is to perform production drilling activities, and in mature producing regions such as the GCC, production drilling-related activities typically account for a significant proportion of overall rig demand.

Global Energy Mix

Oil & gas will continue to play a key role in the future global energy mix, even with a greater uptake of renewables. An increasing global population, and more importantly, greater energy intensity per capita from developing nations like India and Africa, are expected to drive global energy demand from 301 mmboepd in 2023 to 374 in 2050, representing a 24% increase.

Unsurprisingly, there will be a greater uptake of renewable energy sources like hydro, biomass, and other renewables, which is estimated to account for 46 mmboepd of energy in 2023 and is expected to more than double to 101 mmboepd by 2050. However, oil & gas is expected to remain the dominant source of energy, accounting for 53% of the global energy mix in 2050.

The need for additional new oil & gas barrels is being met by a series of high-impact discoveries since 2022. This includes the recent Al-Nokhatha and Al-Julaiah discoveries offshore Kuwait, which are estimated to hold 1.9 bnboe of hydrocarbon resources. Other recent frontier markets such as Guyana and Namibia have discovered over 3.6 bnboe since 2022, with key projects such as the Mopane and Venus discoveries.

The commercial development of these high-impact discoveries, together with robust exploration activity going forward is expected to meet future oil & gas demand requirements.

Figure 3: Projected Global Energy Mix
Source: WGE Analysis; OPEC
mmboepd

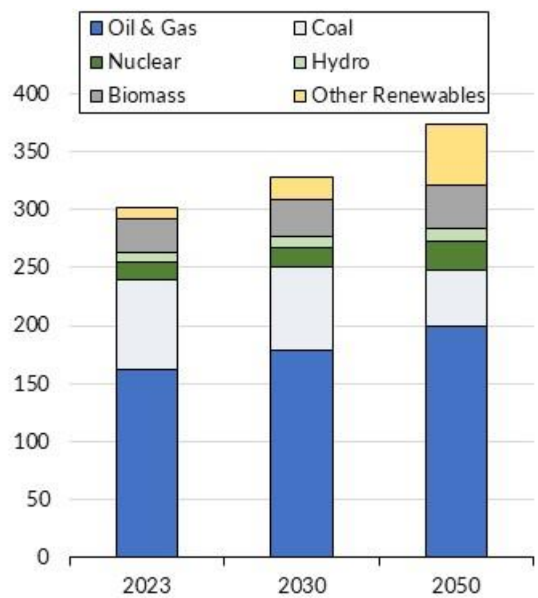


Figure 4: 2025 High Impact Exploration Wells by Country
Source: WGE Analysis
wells

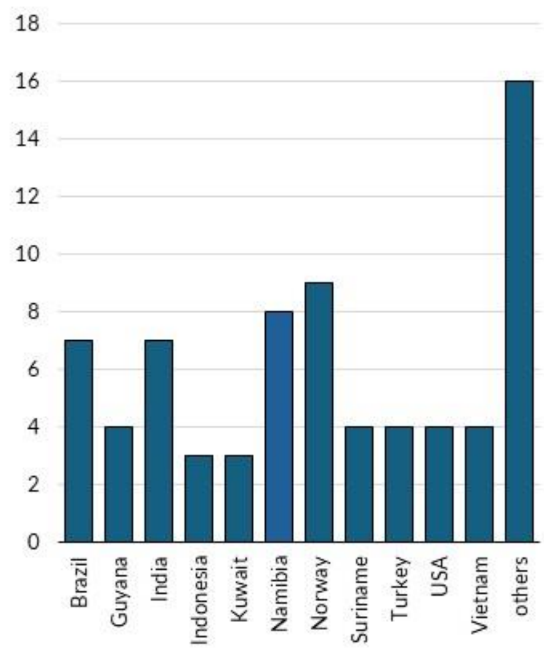


Figure 5: Recent O&G Discoveries

Source: WGE Analysis

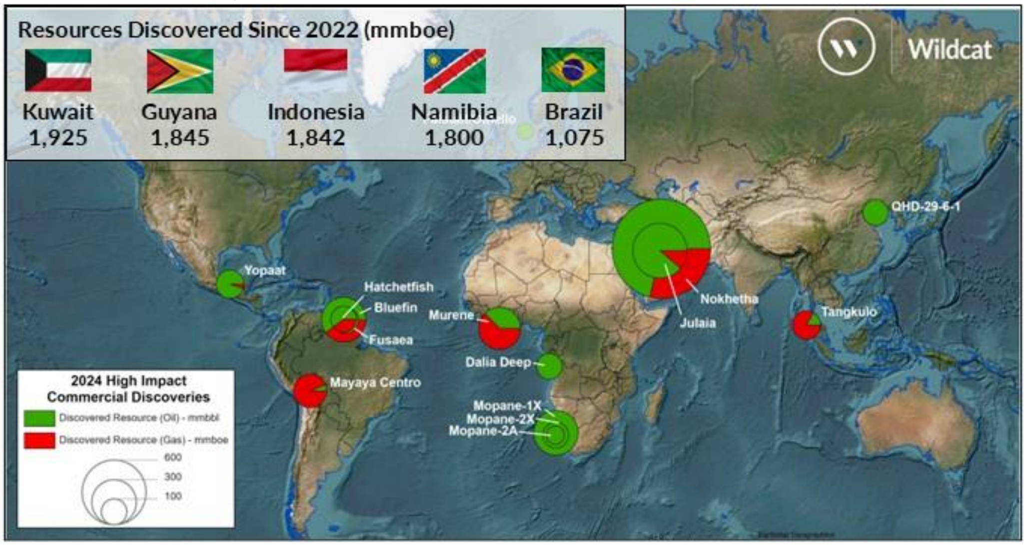
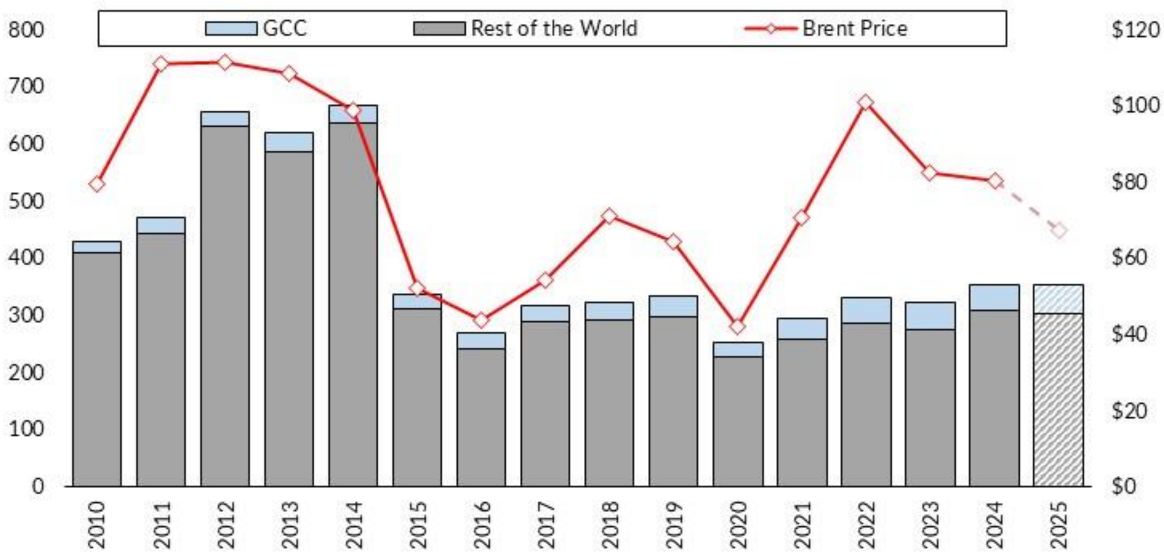


Figure 6: Global and GCC Upstream Capex

Source: WGE Analysis

USD billions Brent Price USD



Upstream oil & gas capital expenditure (capex) has averaged $399 billion since 2010 but has also seen significant volatility, which has typically trended with oil prices. Capex for 2024 was estimated at $353 billion, the highest since 2014, and is expected to see a similar level in 2025.

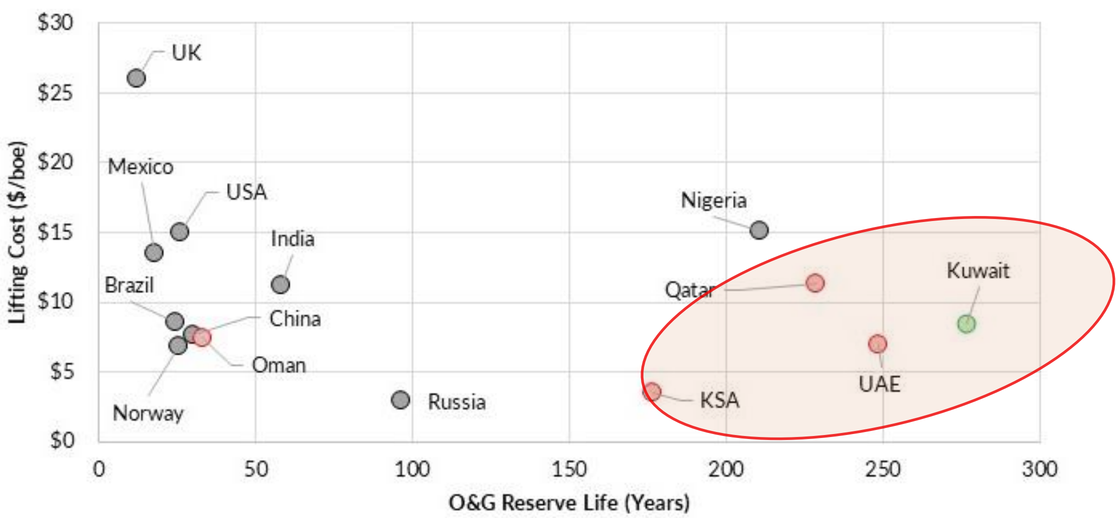
The GCC region has seen a more accelerated growth in upstream capex over the past five years, with investment increasing from $24 billion in 2020 to $43 billion in 2024. The GCC's share of global upstream capex has also increased significantly from 5% in 2010 to an expected 14% in 2025, despite lower lifting costs associated with the region. This increase in GCC upstream capex share since 2010 is attributed to the ramping up of gas production for rising domestic consumption and exports, and the resilience of GCC upstream capex to oil price shocks.

OFS spending per well is also increasing in the GCC region due to higher industry costs, a trend towards more complex wells such as unconventional gas plays and heavier oil reserves, as well as an accelerated uptake of more complex equipment and services such as smart well completions and electrical submersible pumps (ESPs). AEC estimates well costs in GCC to have increased an estimated 16% over 2020-25 on the back of both rising costs, but more importantly, a shift towards more sophisticated OFS requirements.

GCC Market Overview

The GCC market is characterised by large hydrocarbon reserves and low lifting costs per barrel relative to international markets - enabling greater stability during volatile market conditions.

Figure 7: Comparative Oil Lifting Costs and Reserve Lives
Source: WGE Analysis; Respective NOC & Company Reports



Kingdom of Saudi Arabia (KSA)

The Kingdom of Saudi Arabia is currently the second-largest producer and largest exporter of crude oil in the world. More importantly, however, the country holds the largest proved reserves of oil in the world with an estimated 17% of the global total. Saudi Aramco, the Kingdom's state-owned oil company, had previously aimed to expand its crude production capacity to 13 mmboepd. However, years of production quotas, which have seen crude output fall from 10.6 mmboepd in 2022 to 9 mmboepd by the end of 2023, have prompted the Kingdom's oil ministry to mandate Saudi Aramco to delay expansion plans and maintain crude capacity at 12 mmboepd – whilst focusing on gas production. This led to the continued development and expansion of Saudi Aramco's prolific Jafurah unconventional gas field, which contains an estimated 200 tcf of natural gas. In June 2024, Saudi Aramco awarded a $2.4 billion contract for 23 unconventional gas rig contracts, along with an additional $612 million for directional drilling.

Oil-related onshore drilling rigs, however, have seen several suspensions, with US-based land drilling contractor H&P reporting a total of 26 suspended rigs. While this is expected to see a dip in onshore contracted rig activity in 2025, demand is expected to recover in 2026, driven by further unconventional gas plays. The large installed base of legacy oil & gas wells in the Kingdom also means that workover rig services will continue to play a key role, along with rigless intervention work such as coiled tubing operations.

United Arab Emirates (UAE)

The Abu Dhabi National Oil Company (ADNOC), the UAE's state-owned E&P, launched its ambitious expansion plan in 2019 to achieve an oil production capacity of 5 mmboepd by 2030. Since then, its drilling subsidiary ADNOC Drilling has expanded its onshore rig fleet from 65 to a current fleet of 95 land rigs. As of 2024, ADNOC boasts an oil production capacity of 4.86 mmboepd and is forecasted to achieve its production capacity target before the end of the decade. The NOC is also focusing on expanding its gas production capacity and has partnered with US-based Occidental Petroleum to increase its onshore Shah gas field capacity from 1.45 to 1.85 bcfd. ADNOC also aims to be a key gas exporter by 2030, and is currently building a new LNG export facility at Ruwais with a 9.6 mtpa capacity. This will more than double its current LNG capacity of 6 mtpa at its Das Island facility.

Qatar

The Qatari market is a predominantly offshore-driven market with state-owned QatarEnergy operating the world's largest offshore gas development – North Field. The country is the second-largest gas exporter globally and has ambitious expansion plans to ramp up LNG production capacity from its current 77 mtpa to 142 mtpa by 2030. Qatar's main onshore development is the Dukhan field, which has 385 producing oil wells and 68 gas wells as of 2023. QatarEnergy has planned a major upgrade at Dukhan, which involves facility upgrades and an extensive infill drilling campaign that will last till 2029. This will target the remaining oil in all three reservoirs of Dukhan.

Oman

The Oman upstream sector is largely made up of state-affiliated NOCs such as PDO Oman, which accounts for 62% of the country's crude and condensate reserves in 2024. PDO had previously stated its goal to reach 700 kboepd of crude production before 2030 and is already making strong progress with an average 658 kboepd produced in 2023. Oman drills the largest number of wells within MENA due to high decline rates, which require a consistent level of activity to prevent a severe drop in production. This also includes workover services to stimulate and maintain production. In February 2025, Oman's Ministry of Energy & Minerals launched a new oil & gas exploration bidding round for three concession areas to attract global investments in its upstream sector and spur greater production.

Types of Drilling Rigs

A variety of different rigs are used to support the drilling & workover of exploration, appraisal, development, and production wells for oil & gas. The type of rig used is typically decided based on the operating environment, such as onshore, shallow water, harsh water, and remote deepwater regions. Within these subsegments, rigs can also be differentiated by a range of specifications such as rig age, horsepower rating, water depth rating, mud pumps, and, increasingly in some markets, environmental rating. Ultimately, one of the principal metrics considered by E&P clients is the uptime or efficiency of the rig, which is driven not just by specifications but also by rig crews and supply chains. The table below outlines the principal types of rigs found in the current oil & gas industry, along with some key operating parameters as well as the Company’s current fleet size.

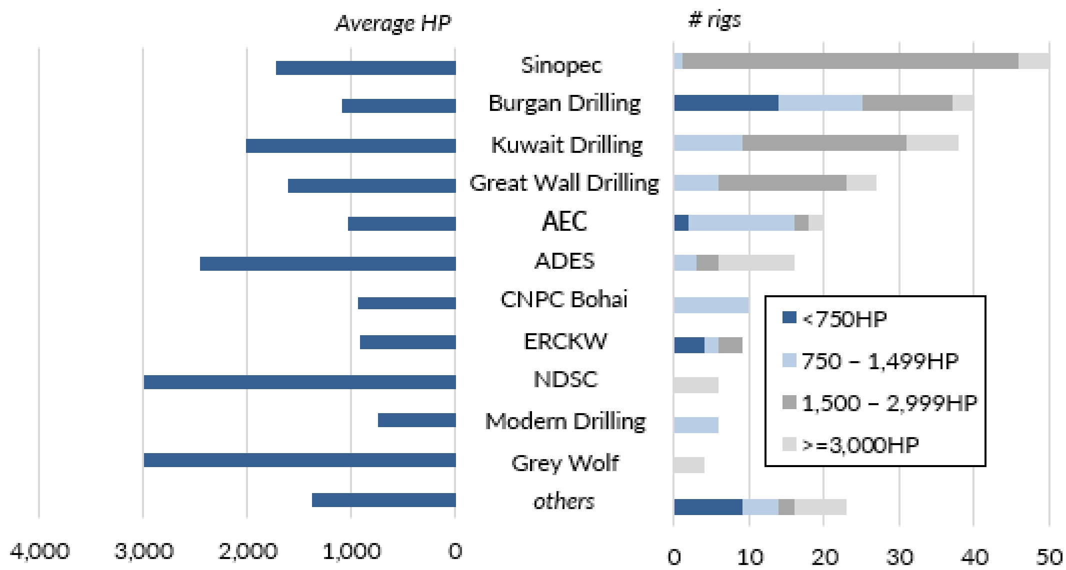
Figure 8: Comparison of Rig Types
Source: WGE Analysis

Rig Types				
Onshore		Offshore		
Land Rigs		Mobile Offshore Drilling Units (MODUs)		
Workover Rig (<1,500HP) 	Drilling Rig (>=1,500HP) 	Jackup 	Semisub 	Drillship 
These rigs are generally light-to-medium rated horsepower rigs with a rating below 1,500HP. Workover rigs are generally used to maintain and stimulate production and supports various well	More powerful land rigs that are better suited to drilling more complex and longer distance development wells with a horsepower rating of at least 1,500HP and up to 3,500HP.	Mobile rigs that are towed to a drilling location and then fixed in position via a jacking system. Jackups provide drilling in open water or drilling & workover through	Floating rigs that are towed to the location and either moored or dynamically positioned at the drilling site. Used in deeper water and harsher operating environment.	Floating & self-propelled rigs that sail to the location and are dynamically positioned. Speed of deployment and endurance make these rigs highly valued for deepwater exploration

intervention methods such as directional drilling. However, there are dual capability units that can conduct drilling operations where the requirements do not require deep drilling depths.		existing production platforms via cantilevers.		drilling activity.
Global Fleet Size – Active & Stacked				
4,513	4,211	495	84	48
Water Depth Range (ft)				
N.A.	N.A.	500	12,000	19,000
Average Dayrates (USD)				
$40,000		$106,251	$332,545	$397,547
Global Utilization %				
53%		86%	71%	79%
AEC Fleet				
16	**4***			

*Includes two land rigs owned by a JV with H&P

Figure 9: Kuwait Land Rig Commercial Landscape
Source: WGE Analysis



The majority of Kuwait's rigs are medium-rated 1,500HP units from multi-rig contracts awarded over 2021-24. AEC is one of the largest local drilling contractors with a young and fully contracted rig fleet of 20 rigs (2 rigs via a JV with H&P), along with a fully integrated OFS service offering. AEC is also the leading local drilling contractor for critical drilling & workover rigs of 1,500HP and below, having been awarded the greatest number of contracts (18 contract awards) in this HP category over the 2021-24 period. Its key local competitors, Kuwait Drilling and Burgan Drilling, are behind with 15 and 7 contract awards, respectively, over the same period.

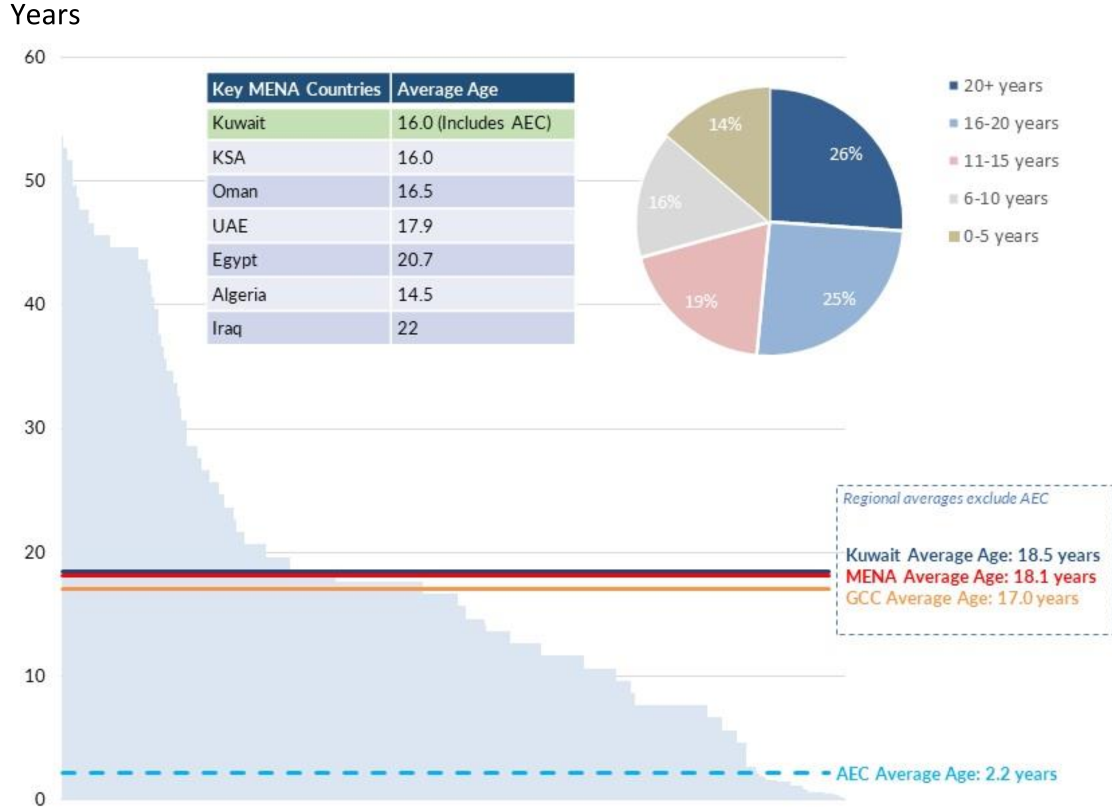
As the Kuwaiti government continues to place greater emphasis on its "Kuwaitization" local content policies, AEC will continue to be a frontrunner for KOC rig opportunities due to a large local workforce and supply chain. KOC recently awarded nine drilling contracts to several Kuwaiti contractors, which are 5-year contracts aimed at heavy oil operations, but are for lighter 550HP rigs. The local contractors are Imkan International, Operational Energy Company, Kuwait Well Drilling, Zenith Group, and ERCKW.

Chinese drilling contractors account for 36% of the Kuwait rig fleet, which consists of Sinopec (53 rigs), Great Wall Drilling (27 rigs), and CNPC Bohai (10 rigs). Other international contractors include US-based Grey Wolf, which operates 6 3,000HP heavy rigs for deeper drilling operations.

Several regional contractors have also expanded into Kuwait. Omani-based Abraj is expected to mobilise its third rig to the Wafra Joint Operation (WJO), the neutral zone between KSA and Kuwait, in 2Q26. UAE-based ADNOC Drilling, amid its 70% acquired stake in SLB's land drilling business in Oman and Kuwait, now has two 3,000HP rigs in Kuwait working for KOC.

Figure 10: MENA Land Rig Fleet Age*

Source: WGE Analysis



**Based on identified rigs and estimated delivery dates*

The average age of the MENA land drilling market is estimated at 17.6 years, with the GCC achieving 16.3 years, but this includes AEC, which operates one of the youngest rig fleets in the region, with an average age of 2.2 years. Kuwait has the youngest average fleet age in the GCC market due to KOC's newbuild orders since 2018, when it first announced a massive $1.3 billion investment to buy over 86 drilling rigs.

Other players like the UAE and KSA are also seeing their average fleet age being lowered from newbuild activity. The UAE's ADNOC Drilling ordered 13 land rigs in 2023, which are expected to come online between 2Q24 and 3Q25. SANAD, the JV between Saudi Aramco and Nabors, has plans to construct 50 newbuild rigs for the KSA. Arabian Drilling, another KSA-based rig contractor, received an order for 13 newbuild rigs for Saudi Aramco.

Other key markets like Oman, with an average age of 16.5 years, have seen a newbuild order for four 1,250HP rigs by PDO in 2022. These rigs were built by KCA Deutag.

Kuwait Land Rig Supply & Demand

The capable rig fleet in Kuwait is currently estimated at 252 units, with rig demand evenly split between workover and drilling rigs at 84 and 85 rigs, respectively.

With an ambitious target to reach 4 mmboepd of oil capacity by 2040, KOC has awarded several 5-year multi-rig contracts to various local and international contractors over 2021-24. An incremental demand of 49 rigs is expected over 2024-30, largely driven by drilling rigs, which account for 82%. KOC reportedly expected workover rig demand to peak around 2026 and remain relatively stable over 2029-30. As such, utilization is expected to increase 12 ppt over 2024-30. Kuwait's land rig utilization is estimated at 80% in 2025 and is expected to grow to 82% by 2030.

Going forward, rig supply is anticipated to focus on higher HP categories, as drilling campaigns increasingly target more complex reserves relating to heavy oil and non-associated gas.

Over 2021-2024, a total of 40 heavy 3,000HP drilling rigs were awarded to several international and regional contractors. 12 of these rigs were awarded to ADES via its JV – United Precision Drilling. Other key contractors include Kuwait Drilling (8 units), Sinopec (7 units), Great Wall Drilling (4 units), Grey Wolf (4 units), Nabors (3 units), and Burgan (2 units).

While the net increase in workover rig demand in Kuwait is nine rigs over the 2024-30 forecast period, the estimated incremental demand from contract opportunities over 2025-30 is estimated at 81 workover rigs. This is due to 72 workover rigs expected to roll off contract over 2025-30 based on KOC's visible signed contracts during the 2021-24 period alone. Similarly, incremental drilling rig demand over 2025-30 is estimated at 120 contract opportunities due to 80 drilling rig contracts estimated to roll off during the same period.

Figure 11: Kuwait Land Rig Supply & Demand Outlook

Source: WGE Analysis

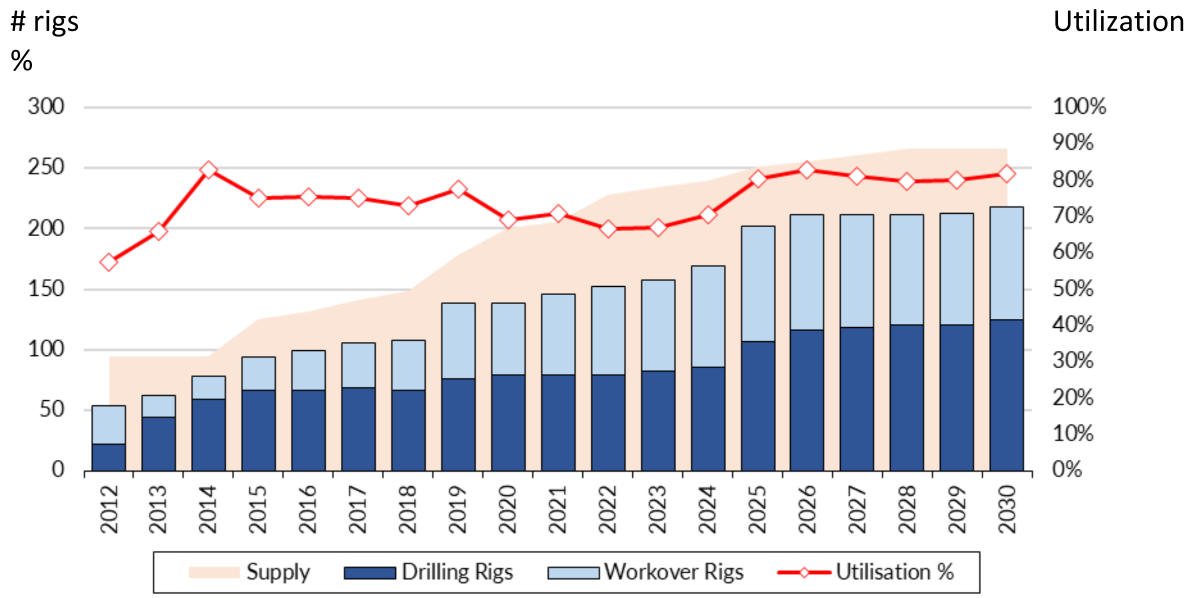


Figure 12: Kuwait Workover Rig Demand Rationalization

Source: WGE Analysis

Rigs

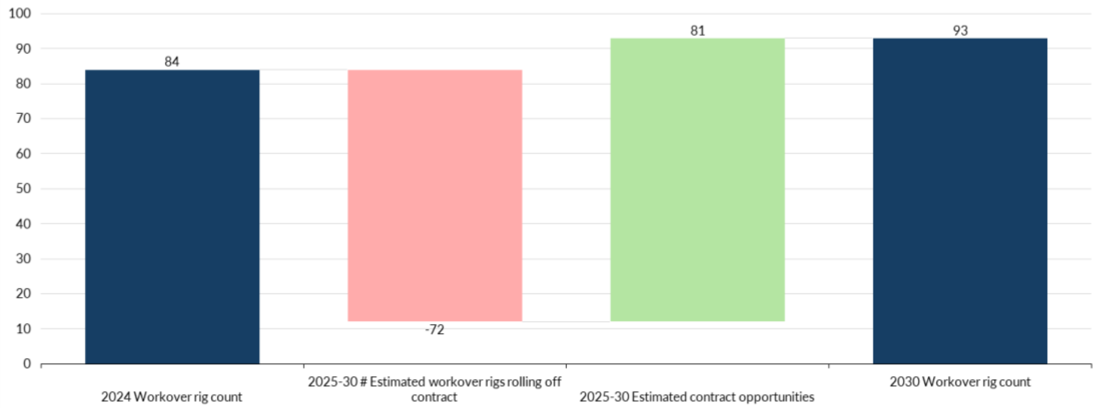
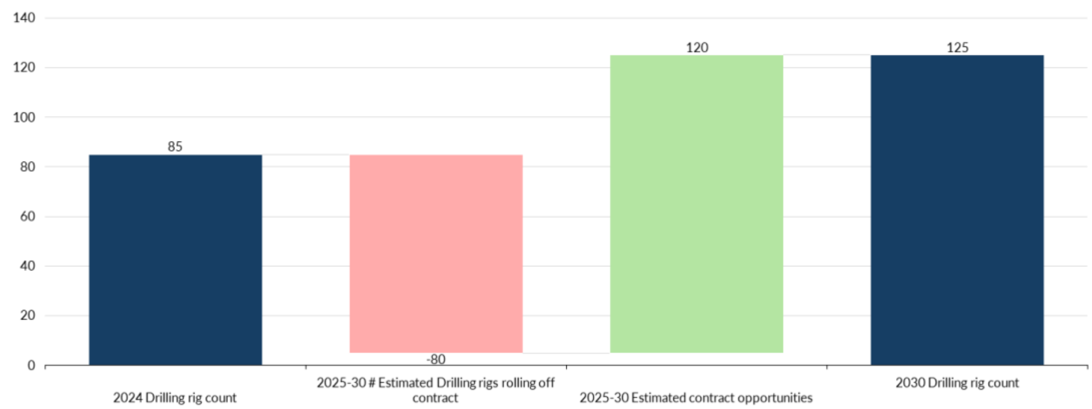


Figure 13: Kuwait Drilling Rig Demand Rationalization

Source: WGE Analysis

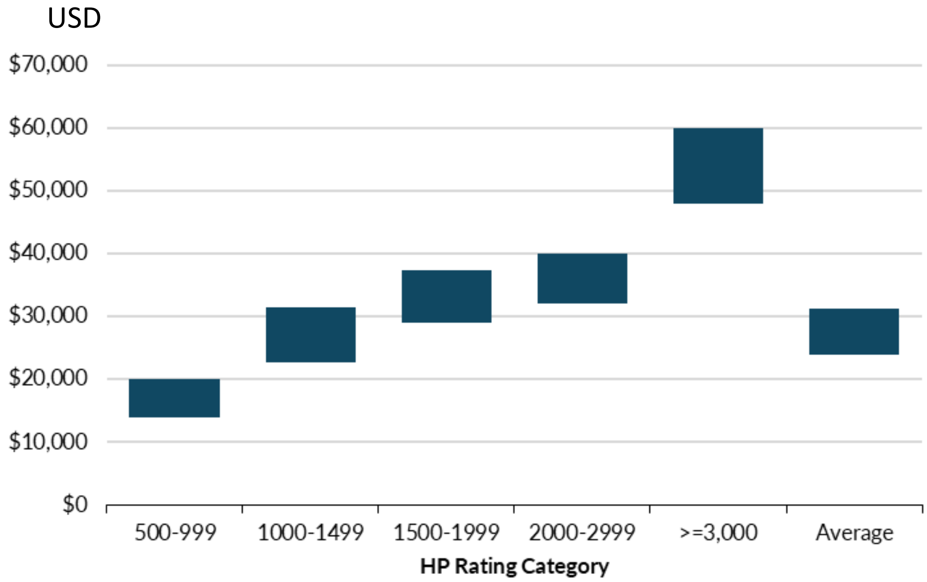
Rigs



Kuwait's land rig market is largely characterized by 1,500HP rigs, with recent contract awards suggesting an average dayrate range between $24,000 and $31,333. Chinese contractors like Great Wall Drilling are operating within a range of $28,000 to $29,000. However, regional and local players are achieving dayrates above $30,000, such as United Precision Drilling, Kuwait Drilling, and Sun Drilling (AEC's JV partner).

There is an implied dayrate floor of $14,000 as seen from lighter rigs below 1,500HP. This includes Sun Drilling's contract for eight 750HP rigs at an average dayrate of $14,275 per rig. KOC's recent contract award of nine 550HP rigs across five drilling contractors had an average dayrate of $19,268. While this is higher than the achievable dayrates seen in the 750HP category, these rigs will be used for heavy oil operations which will likely require better technical specifications and a higher pricing premium.

Figure 14: Kuwait Average Dayrate Range by HP Category
Source: WGE Analysis



GCC Land Rig Supply & Demand

The GCC capable rig fleet is currently estimated at 784 drilling & workover rigs. Over the past five years, from 2020-24, the majority of net incremental demand has come from Kuwait, with 31 rigs accounting for 45% of growth, with Oman and the UAE accounting for 36% and 17%, respectively. The KSA, however, posted a decline in contracted rig count over the same period due to a ramp-up of offshore-related developments during 2021-23.

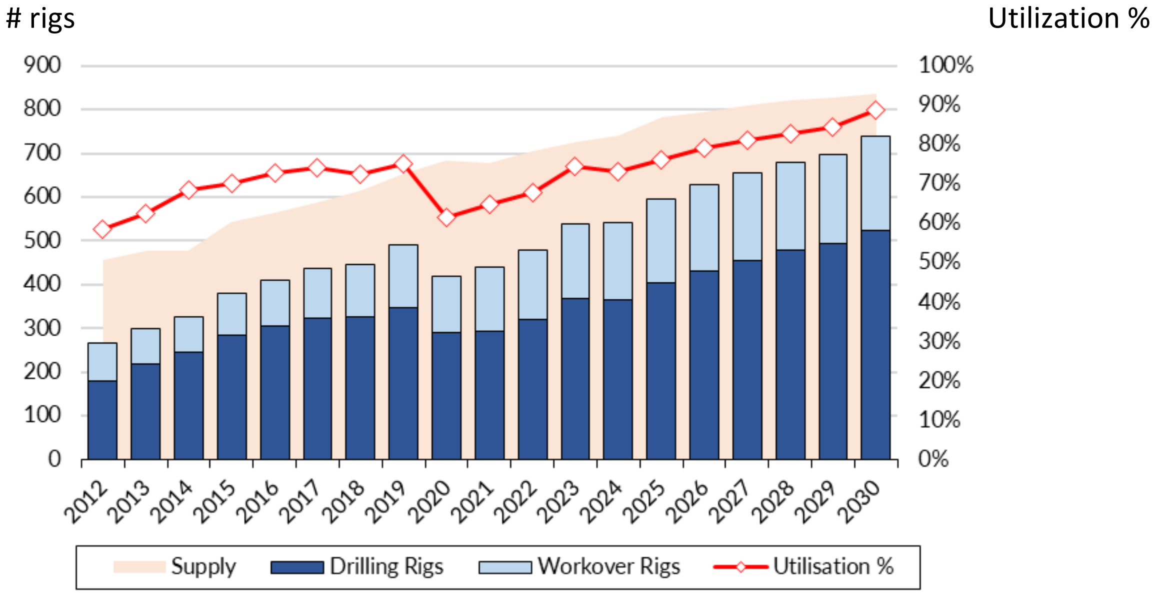
Drilling rigs account for an estimated 68% of GCC demand in 2025, with the remaining 32% from workover hoists. Over 2024-30, workover demand is expected to grow 21% from 177 to 215 units (3% CAGR). Drilling rig demand is expected to increase 44% over the same period from 364 to 525 units (6% CAGR). As such, utilisation is forecasted to increase 16 ppt from 73% to 89%.

Key GCC states like the KSA are expected to see some near-term softening of market conditions, with key drilling contractors such as H&P announcing a total of 26 rigs suspended since its acquisition of KCA Deutag. This is offset by drilling in unconventional gas plays, which is expected to drive demand over the forecast period. Other key drivers include workover requirements to maintain production on legacy oil wells, along with a steady return of conventional oil drilling given OPEC’s gradual unwinding of output cuts.

Over 2024-30, drilling rig demand in the UAE and Oman is expected to grow 73% (10% CAGR) and 15% (2% CAGR), respectively. While Oman’s growth is relative muted, activity is expected to remain stable as the country drills the largest number of wells in the GCC to combat against high decline rates.

Figure 15: GCC Land Rig Supply & Demand Outlook

Source: WGE Analysis



OFS Market Outlook

The global OFS market is estimated at $130 billion in 2024 and is expected to grow 4% to $135 billion in 2030. Global growth is relatively muted due to weakness coming out of North America. The “big 4” OFS companies of SLB, Halliburton, Baker Hughes, and Weatherford have voiced concerns relating to lower expected upstream spending in the US – citing potential oil price weakness and further uncertainty from the Trump administration’s sweeping global tariffs.

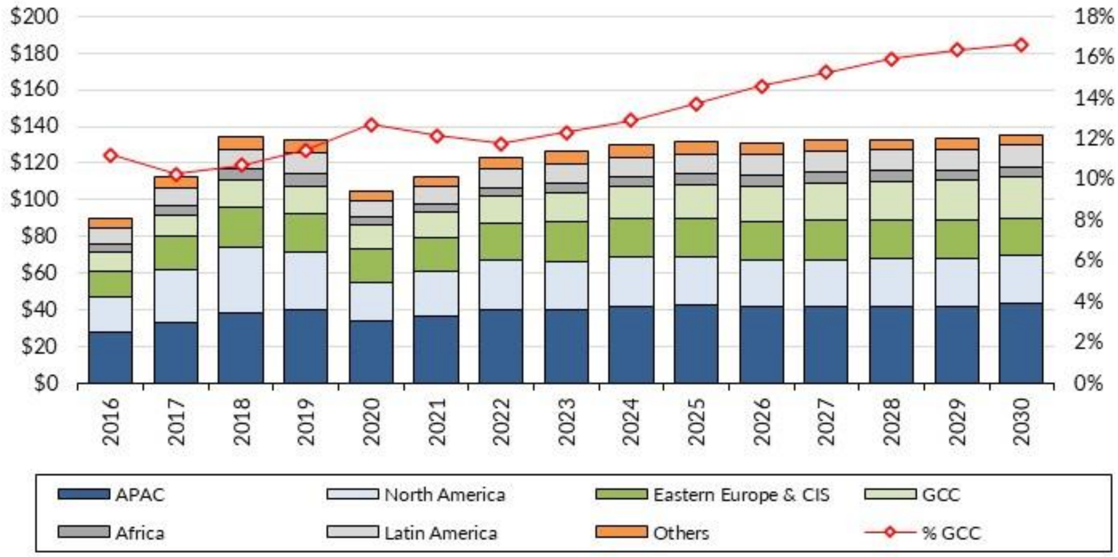
Growth outside the Middle East, particularly the GCC, is expected to remain relatively muted with North America expected to decline 2% from $26.7 billion in 2024 to $26.1 billion in 2030. Eastern Europe & CIS, driven by Russia, has an estimated $21.4 billion market in 2024 and is expected to decline 6% to $20.2 billion in 2030.

Latin America is expected to grow 10.5% from $10.5 billion in 2024 to $11.6 billion in 2030 but this is largely driven by offshore-related expenditure which accounts for 62% in 2024 and 65% by 2030. Asia, driven by China, is expected to grow 3% from $42 billion in 2024 to $43.4 billion by 2030. While onshore operations make up the majority of spend at 64% in 2024, this is expected to shrink to 58% by 2030 due to several field developments offshore China and SouthEast Asia.

Figure 16: Global OFS Expenditure by Region

Source: WGE Analysis

USD billions %



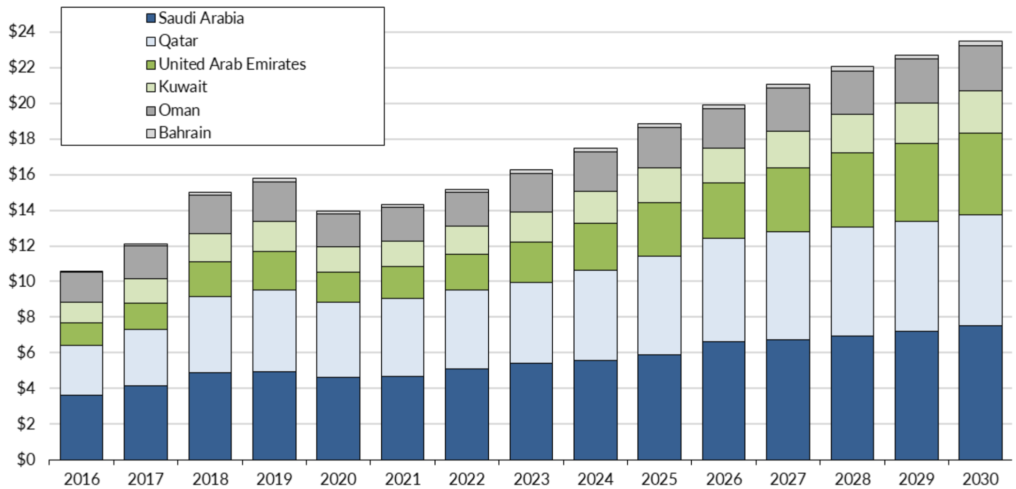
The GCC OFS market is estimated at $17.5 billion in 2024 and is expected to grow at 5% CAGR to $23.5 billion by 2030. Qatar and KSA are the largest markets, accounting for 61% of spend in 2024. Qatari OFS spend will be predominantly offshore due to the continued expansion of its North field, the world's largest offshore gas development. OFS-related expenditure will likely be driven by unconventional gas plays in Jafurah over the short-to-medium term, but also supported by life-of-field maintenance requirements in its legacy fields such as Ghawar.

Over 2024-30, the KSA market is expected to grow at a 5% CAGR from $5.4 billion to $7.3 billion. Other key GCC markets include the UAE, which is expected to grow at a 10% CAGR from $2.5 billion to $4.5 billion over the same period. This is driven by ADNOC's ambitious plans to ramp up gas production capacity and become a leading exporter of LNG by 2030. The UAE OFS market is made up of several regional players such as NESR and state-affiliated ADNOC Drilling, which, in recent years, has significantly expanded its OFS offerings to meet the requirements of ADNOC itself.

Figure 17: GCC OFS Market (Including ESPs)

Source: WGE Analysis

USD billions



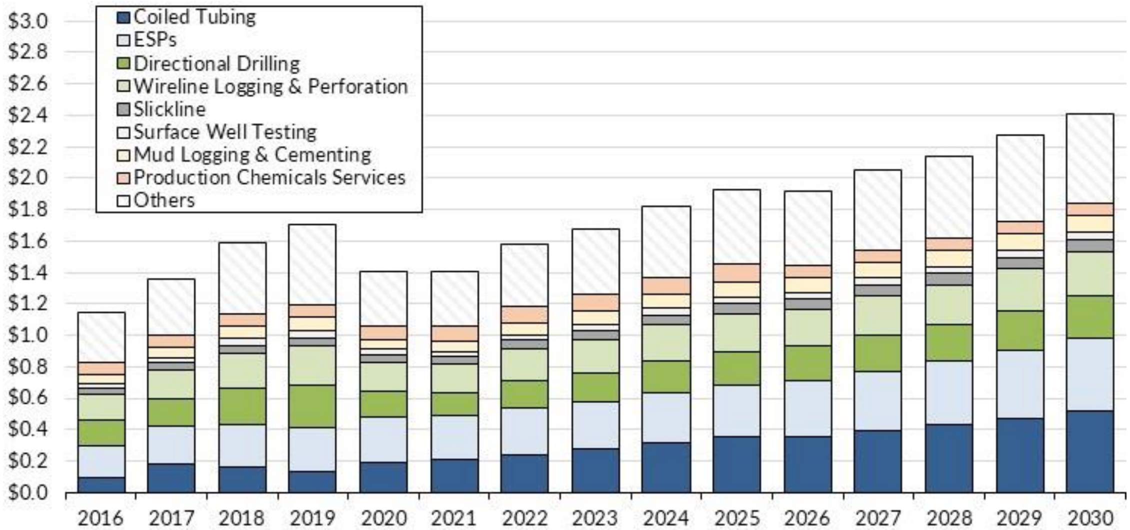
The Kuwait OFS market is estimated at $1.8 billion in 2024 and accounts for an estimated 10% of GCC OFS spend. The market is expected to grow at a 5% CAGR to $2.4 billion by 2030. AEC currently has contracts in several service lines such as mud logging, cementing, wireline, coiled tubing, and ESPs – with ESPs accounting for 42% of forecasted OFS FY25-30 revenues.

Over 2024-30, several key service lines relevant to AEC's current offerings are expected to see healthy growth projections. Coiled tubing is expected to post the strongest growth at a 9% CAGR, followed by ESPs at 7%, directional drilling at 4%, and wireline, slickline, surface well testing, mud logging & cementing operations at 3%. Such growth drivers will be largely supported not only by KOC's focus towards ramping up oil & gas production capacity but also by combating the natural decline of the existing installed base of hydrocarbon wells via OFS stimulation offerings like ESPs.

Figure 18: Kuwait OFS Expenditure by Service Lines*

Source: WGE Analysis

USD billions



The oilfield services (OFS) sector underpins upstream oil and gas operations by delivering the equipment, technology, and technical expertise required to drill, complete, and maintain wells. Its scope covers a diverse set of functions that directly influence well productivity, cost efficiency, and project economics. These functions range from routine well monitoring and logging to complex interventions such as cementing, stimulation, and directional drilling. Artificial lift systems further extend field life by sustaining output in maturing reservoirs. OFS offerings can be classified based on the conveyance and equipment utilized, such as slickline, wireline, or coiled tubing, and between technological-intensive or manpower intensive service delivery. Typically, Large OFS companies prefer providing asset-light and technologically intensive services, whereas smaller domestic OFS companies provide and compete for more manpower intensive services.

AEC is the only Kuwaiti-based contractor that offers integrated drilling and OFS solutions. Through direct service offerings and strategic JV partnerships, the company successfully diversified its service portfolio by including a wide range of OFS offerings. A key testament to AEC's OFS-related success includes a $245 million contract to provide electrical submersible pumps (ESPs) to over 500 wells in Kuwait. The ESP market is a high-value and technologically sophisticated OFS offering, with only 9 contractors currently pre-qualified by KOC, which includes the "big 3" OFS companies. AEC’s OFS offering is expected to expand further as it undergoes pre-qualification for mud logging and perforation services.

Figure 19: Kuwait OFS Competitor Matrix

Source: WGE Analysis; KOC; Company Websites

● (green) Service pre-qualified by KOC
● (amber) Service not pre-qualified by KOC/not provided in Kuwait
● (red) Company has no capability in this service
✔ Present
✖ Not Present

Key Details		Kuwait Rigs		Key Services													Conveyancing Tools			Geography		
Contractor Name	HQ	>=1,500HP	<1,500HP	Fishing	Inspection & H2S	Nitrogen Lifting*	SWT	Drilling Fluids	Wellhead Maintenance*	Mud Logging	Well Cementing	Acidisation*	Directional Drilling	Hydraulic Fracturing	Artificial Lift	Well Completion*	Coiled Tubing	Wireline	Slickline	Kuwait	Other GCC	Rest of MENA
Sinopec	China	52	1	Amber	Amber	Amber	Amber	Green	Amber	Green	Green	Amber	Green	Amber	Amber	Amber	+ (amber)	+ (green)	+ (amber)	✔	✔	✔
Burgan Drilling	Kuwait	15	25	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✖	✖
Kuwait Drilling	Kuwait	29	9	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	-	+ (green)	-	✔	✖	✔
Great Wall Drilling	China	21	6	Amber	Amber	Amber	Green	Green	Amber	Green	Green	Amber	Green	Amber	Amber	Amber	+ (amber)	+ (amber)	+ (green)	✔	✔	✔
AEC*	Kuwait	4	16	Amber	Green	Amber	Green	Amber	Amber	Amber	Amber	Amber	Green	Red	Green	Amber	+ (green)	+ (amber)	+ (green)	✔	✖	✖
ADES	KSA	13	3	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✔	✔
CNPC Bohai	China	-	10	Green	Amber	Amber	Amber	Green	Amber	Amber	Green	Amber	Green	Amber	Amber	Amber	+ (amber)	+ (amber)	+ (amber)	✔	✖	✖
ERCKW	Kuwait	-	1	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	-	-	-	✔	✖	✖
NDSC	Oman	3	6	Amber	Red	Red	Red	Amber	Red	Amber	Red	Red	Red	Red	Red	Red	-	-	-	✔	✔	✖
Modern Drilling	Egypt	-	6	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✖	✔
Grey Wolf	Canada	6	-	Red	Red	Red	Red	Red	Amber	Red	Red	Red	Amber	Red	Red	Amber	-	-	-	✔	✔	✔
H&P	USA	4	-	Red	Red	Red	Red	Red	Red	Red	Red	Red	Amber	Red	Red	Amber	-	-	-	✔	✔	✔
Nabors	USA	3	-	Red	Red	Red	Red	Red	Red	Red	Amber	Red	Amber	Red	Red	Amber	-	-	-	✔	✔	✔
KWDC	Kuwait	-	2	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✖	✖
ADNOC Drilling	UAE	2	-	Red	Red	Red	Red	Green	Red	Red	Green	Red	Amber	Amber	Amber	Amber	+ (amber)	+ (amber)	-	✔	✔	✖
Operational Energy	Kuwait	-	2	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✖	✖
Marriott Drilling	UK	-	2	Red	Red	Red	Red	Red	Red	Red	Red	Red	Amber	Red	Red	Red	-	-	-	✔	✖	✖
Imkan International	Kuwait	-	2	Red	Green	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	-	-	-	✔	✖	✖
Ensign Energy	Canada	2	-	Amber	Red	Red	Red	Red	Red	Red	Red	Red	Amber	Red	Red	Amber	-	-	-	✔	✔	✖
Zenith Group	Kuwait	-	2	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	+ (green)	-	-	✔	✖	✖
Abraj	Oman	1	1	Amber	Red	Red	Amber	Amber	Amber	Red	Green	Amber	Red	Amber	Red	Amber	+ (amber)	-	-	✔	✔	✖
MB Petroleum	Oman	-	2	Amber	Amber	Amber	Amber	Amber	Amber	Amber	Red	Amber	Red	Red	Amber	Amber	+ (amber)	+ (amber)	+ (green)	✔	✔	✖
Gitco International	Kuwait	1	-	Red	Green	Red	Red	Red	Amber	Amber	Red	Red	Amber	Red	Red	Amber	-	-	-	✔	✖	✖

Direct Drilling Competitors

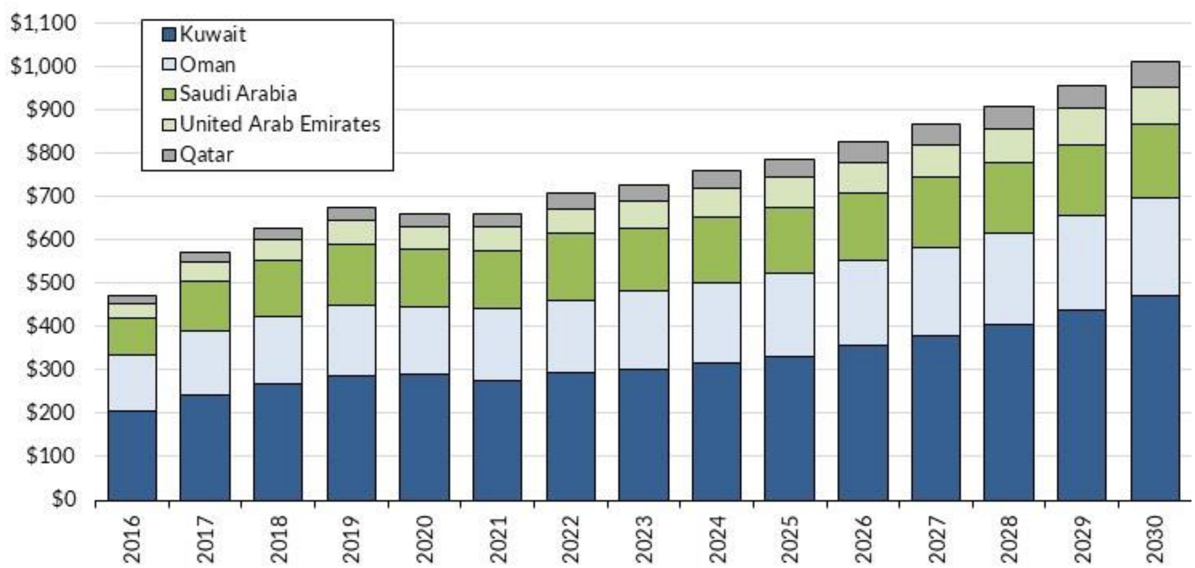
\+ (green) Conveyance service pre-qualifed by KOC
\+ (amber) Conveyance service not pre-qualifed by KOC/not provided in Kuwait
\- Company has no capability in this service

GCC & Kuwait ESP Market

Figure 20: GCC ESP Expenditure by Country

Source: WGE Analysis

USD millions

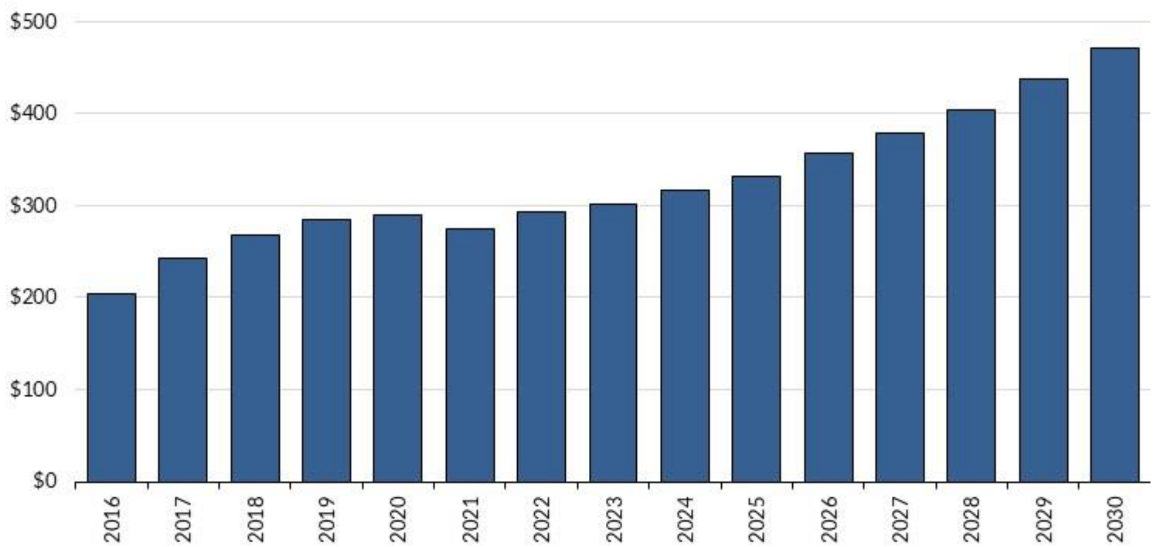


The GCC ESP market is currently estimated at $760 million in 2024 with Kuwait being the largest country market, accounting for 42%. Over 2024-30, the market is expected to grow at a 5% CAGR to $1 billion.

Oman is estimated to be the second-largest ESP market in the GCC and has historically relied on ESPs to combat its high production decline rates. ESP market leaders like Russia-based Borets (now Levare) have expanded further into the Omani market by setting up two local manufacturing facilities to build ESPs and critical components such as permanent magnetic motors. Over 2024-30, Oman's ESP market is expected to grow at a 3% CAGR from $186 million to $226 million.

The KSA is another key country market where the last several years have seen a rapid adoption of artificial lift systems, particularly ESPs, to maximize production from its wells. Over 2024-30, KSA's ESP market is expected to grow at a 2% CAGR from $150 million to $171 million. Other country markets like Qatar have limited use of ESPs as the technology is predominantly used onshore.

Figure 21: Kuwait ESP Expenditure
Source: WGE Analysis
USD millions



The Kuwait ESP market is expected to grow at a 7% CAGR from $317 million in 2024 to $471 million in 2030. It is currently the largest country market in the GCC, accounting for 42% of the estimated spend in 2024.

AEC has a 7-year ESP contract with KOC worth $245 million and commencing in 2026. This will involve over 500 wells with work conducted in partnership with Global Production Solutions, an Ohio-based ESP manufacturer.

The ESP market is a highly specialized and high-value-added service provision, with only nine pre-qualified contractors by KOC. This includes: the "big 3" OFS (SLB, Baker Hughes, Halliburton), three Russia-based companies (Levare, Novomet & Rimera), two Chinese-based companies (Tianjin Rongheng & Zhongcheng Machinery), and one KSA-based company (Alkhorayeff Petroleum).

Kuwait Key Government Initiatives

1. Local Content "Kuwaitization" Policy

KOC's local content "Kuwaitization" policy mandates a 30% Kuwaiti manpower ratio within awarded contract provisions. In addition, there is a 20% price preference for local products during the bid evaluation of contracts. As of FY24/25, KOC has achieved 35.7% of total contracts and materials spent with local contractors and suppliers and is aiming to further increase this local content ratio across its supply chain. As one of the largest integrated local drilling & OFS specialists, AEC's younger and more technologically advanced fleet relative to its peers is well-positioned to capture a greater share of the market. Unlike its international peers, AEC's strong local presence ensures that it has already achieved an attractive Kuwaitization manpower ratio and does not require additional spending to reorganize manpower in adherence to KOC's local content policy.

2. Heavy Oil & Gas Development Plans

KOC has ambitious plans to further develop its heavy oil reservoirs in the Lower Fars region, which will require more sophisticated drilling and OFS requirements. Since 2020, KOC's continuous efforts to develop heavy oil resources have resulted in a current peak production of 95 kboepd with potential plans for higher production given nine contracts recently awarded to local Kuwaiti drilling contractors for heavy oil operations.

KOC also announced record gas production of 0.68 bcfd of gas production in November 2024 and plans to further increase production to 0.98 bcfd by FY28/29. This will involve the development of the Jurassic gas reservoirs as well as the first phase of the Mutribah field. KOC has stated that it will employ enhanced drilling techniques to accelerate production, putting AEC as the potential frontrunner for such commercial opportunities due to a younger, technologically advanced fleet together with a wide range of OFS service offerings.

3. Complex Well Service Requirements

In addition to capacity increases through the drilling of new wells, KOC has the added focus of combating the natural decline of existing wells via the adoption of more complex and sophisticated OFS service offerings. This includes ESPs, to which the Kuwait market is estimated to be the largest player in the GCC, accounting for 42% of ESP spend in 2024. The ESP market is a highly niche and esoteric service offering with only nine pre-qualified contractors by KOC – three of which are the "big 3" OFS contractors (SLB, Baker Hughes, Halliburton). While AEC is not a pre-qualified ESP contractor, the company was still awarded a massive $245 million contract to provide ESPs to over 500 wells in Kuwait. The contract award is a testament to AEC's strong technological expertise, backed by a longstanding relationship with KOC.

4. Complex Well Service Requirements

KOC has set out a clear roadmap for the energy transition in line with KPC's 2050 targets. A key priority is eliminating routine gas flaring by 2030, supported by new sour gas processing facilities, expanded pipeline networks, and tighter methane management. These efforts have already reduced flaring dramatically from 17% in 2005 to just 0.51% in FY24/25. KOC is also working to enhance energy efficiency by 8–12% by 2045, including electrifying well operations and replacing diesel-powered generators with grid electricity.

Alongside efficiency, KOC is exploring renewable energy and hydrogen to diversify its energy mix. A feasibility study for 17 GW of renewable capacity (including 3 GW of storage) is underway, with plans to install 1 GW to meet part of its electricity demand, while green hydrogen is also being assessed. To complement these measures, KOC is investing in carbon offsetting by supporting natural carbon sinks and biodiversity, planting mangroves and native species such as Ghaf and Acacia in partnership with national stakeholders. Together, these initiatives underline KOC's commitment to reducing emissions, driving sustainable operations, and contributing to Kuwait's net-zero ambitions.

AEC's track record of building a young, technologically advanced rig fleet while rapidly expanding its OFS service offerings in recent years suggests a strong ability to adapt quickly – enabling the company to expand into renewables and hydrogen pilot projects ahead of commercial opportunities.

5. Offshore Opportunities

The recent Al-Nokhatha and Al-Julaiah discoveries offshore Kuwait present a massive opportunity with discoverable oil & gas resources estimated at a total 1.9 bnboe. AEC has a JV partnership with Chinese offshore drilling contractor COSL, which is pre-qualified to capture KOC's upcoming offshore expansion.

Kuwait Pre-qualification Criteria

The upstream oil & gas sector in Kuwait requires strict compliance with the regulations of the national oil company, KOC. Only pre-approved and pre-qualified contractors are eligible to participate in KOC's tenders. The rigorous and stringent pre-qualification process by KOC requires a strong operational history, track record, current workload requirements, and local asset & manpower requirements. Like many NOCs in the region, KOC emphasizes local participation and local value creation, including the hiring of Kuwaiti nationals, working with Kuwaiti subcontractors, and contributing to the Kuwaiti economy. Stricter requirements may apply for larger, non-Kuwaiti drilling companies. Higher value OFS-related work, like ESPs, directional drilling, and coiled tubing operations, is generally met with more stringent pre-qualification requirements compared to more commoditized services like slickline work.

AEC is the sole local drilling company that offers both integrated drilling and oilfield services. It maintains a competitive edge as a fully Kuwaiti-owned company with a localized structure and lower overhead cost. AEC also has a proven and reliable track record in drilling with KOC, and it has partnerships with global technological leaders in drilling, such as Jereh and Kerui.

Figure 22: Kuwait OFS Regulatory Environment

Source: WGE Analysis; KOC

Service Line	Operational History Requirements	Track Record Requirements	Current Workload Requirements	Asset/Manpower Requirements
Directional Drilling	Applicant has minimum 5 years in providing Directional Drilling, MWD & LWD Services - Unconventional services. Applicant has O&G Drilling Field experience of minimum 3 years whereas JV partner has minimum 5 years in providing Directional Drilling, MWD & LWD Services - Unconventional.	Applicant has executed contracts with similar scope of services within last 5 years: At least 3 contracts, each of minimum 1 year with International Oil Company; At least 1 contract of value at least USD 10m per year and the other two contracts are at least USD 5m per year. Applicant confirms its financial strength to provide Directional Drilling, MWD & LWD Services in excess of USD 10m per year for a contract period of five years aggregating the value in excess of USD 50m.		Applicant confirms that it or its JV Partner has capability, and resources to provide Directional Drilling, MWD & LWD services. Applicant has a base or is ready to set up a base in Kuwait, duly equipped with relevant tools with maintenance & calibration facilities and suitably qualified & experienced personnel to provide services at short notice to KOC, if the contract is awarded.
ESPs	The applicant has minimum 5 years experience, at 'Home' and 'Overseas' in providing 'Electrical Submersible Pumping Services for Oil Wells" for production wells.		The applicant has a current workload which shows that it is now active in the stated Services and that this workload is consistent with its current resources, manpower and financial standing, and that additional work of the magnitude being considered by the Company would not stretch the applicant's capabilities.	Key operational personnel (Operation Managers and Area Engineers) should have minimum relevant 5 years experience out of which 2 years should be abroad.
Wireline Logging & Perforation (L&P)	The applicant has at least 10 years of continuous experience in Wireline logging & perforation services in its home region. The applicant has continuously been providing Wireline logging & perforation services for the past 5 years in at least two regions simultaneously outside its home region.	The applicant completed minimum three contracts (at least 1 of them outside home region), each of minimum USD 30m AND minimum 3 years contract period.	The applicant has at least 3 ongoing contracts (at least 1 of them outside home region) each of minimum USD30m and minimum 3 years contract period.	The applicant has at least 100 trained & qualified field personnel with at least 2 years of L&P Services experience AND qualified, experienced HSE officers for handling oilfield explosives & chemical radioactive sources in multiple locations. The applicant agrees to set up an operations base in Kuwait and mobilize equipment & personnel within 6 months of awarding contract to execute L&P services with its own resources, manpower and expertise, without subcontracting its core activities.
Slickline & Surface Well Testing	Kuwaiti company engaged in stated services in Kuwait or abroad for at least 6 years. International company engaged in stated services for at least 10 years, with at least 4 years outside its home country.	Able to perform slickline/surface well testing service contracts of at least USD3.5 m in value with own resources, manpower and expertise without requiring to subcontract. The applicant has independently performed at least 2 slickline contracts with a total value exceeding USD 7m.		

Figure 23: Kuwait Oil Company Drilling Pre-qualification Requirements

Source: KOC

Service Line	Operational History Requirements	Track Record Requirements	Current Workload Requirements	Asset/Manpower Requirements
Shallow Drilling	Kuwaiti company: engaged in drilling contracting business in Kuwait or abroad for at least 6 years. International company: engaged in drilling contracting business for at least 10 years and at least 6 years abroad.	Applicant independently executed at least 2 contracts for drilling services of shallow oil/water wells of a maximum depth of 5,400 ft (drilling) which have a total value in excess of USD 15m and each individual contract not valued under USD 5m. Applicant confirms that it can perform drilling services contracts of value in excess of USD 15m with its own resources, manpower and expertise, without requiring to subcontract.		Applicant's office staffed with adequate personnel including technical, admin, and support clerical staff with no less than 2 continuous years of relevant experience with the applicant to run at least 4 rigs at a time.
Medium Drilling	Onshore drilling experience of at least 5 years, with at least 2 years outside home country.	Applicant independently completed at least 1 contract with 1500 HP (minimum) Land Rig in the last 5 years of the following contract value and duration: Contract of at least two years duration and at least USD 12m in contract value. (Running contracts having completed at least 2 years and US $12 million worth of works/projects shall also be considered)		Ability to execute at least USD 20m contract with own resources.
Deep Drilling	Company should be engaged for at least 10 years, and at least 4 years engaged outside its home country. (Majority or fully-owned Kuwait company is exempt from this requirement)	The applicant must have satisfactorily completed at least 3 contracts utilizing 2000 HP/3000 HP Land Rig and drilled & completed O&G wells of minimum 16k feet depth (TVD) / 20-25k feet depth (MD) over the past 10 years with a contract requirement of: >3 years duration and have at least USD 45m contract value (Running contracts having completed at least 2 years and USD 30m worth of works/projects shall also be considered)	Applicant has a current workload demonstrating that it is now active in the provisioning of deep drilling, onshore land drilling and workover.	

Key Risk Factors and Considerations

Before deciding whether to invest in the Shares, Prospective Investors should carefully consider all information contained in this Offering Memorandum, particularly the risk factors set out below. These risk factors may not represent all the risks the Company may face, and additional risks that are not currently known, or that are considered immaterial at present, may later become material and adversely impact the Company's business, financial condition, results of operations, and future prospects.

The Company's business, financial position, results of operations, and prospects could be materially and adversely affected if any of the risks identified in this section, or other currently unforeseen risks, were to materialize. Consequently, the forward-looking statements, projections, and expectations discussed in this Offering Memorandum may not occur as anticipated, or at all.

When evaluating the risks described below, Prospective Investors should also review, among other information included in this Offering Memorandum, the details provided in "The Company" section, "Business Overview" section, and "Material Litigation" section.

The Directors confirm that, to the best of their knowledge and belief, there are no material risks other than those disclosed in this section which, if omitted, would be likely to influence an investor's decision to invest in the Shares as of the date of this Offering Memorandum.

The occurrence of any of the risk factors mentioned below, or other risks not currently identified, could adversely affect the Company's business and financial performance and may lead to a decline in the market price of the Shares.

An investment in the Shares is only suitable for investors who are able to assess the risks and merits of such an investment and who have adequate financial resources to bear potential losses. Prospective Investors who are uncertain as to the action they should take are advised to consult a financial advisor licensed by the CMA.

The risks and uncertainties outlined in this "Key Risk Factors and Considerations" section are not presented in order of significance or likelihood of occurrence. They do not constitute a complete or exhaustive description of all risks that may affect the Company or its operations, assets, or markets.

Risks Related to the Company's Business and Operations

1. **Multi-year contracts are subject to fixed pricing, early termination, or suspension, which could prevent the Company from fully recovering its costs and materially affect revenues and margins**

The Company primarily enters into multi-year drilling, workover, and well services contracts with KOC, its principal customer. While these contracts provide visibility of future revenues, they typically allow termination for convenience (generally on 90 days' notice along with compensation) or for default, non-performance, or HSE-related issues, and may also be suspended without adequate compensation in circumstances such as force majeure or operational incidents. Although KOC has not historically terminated contracts early, the risk remains inherent in the Company's business. In addition, many contracts are fixed-rate or subject to cost caps, limiting the Company's ability to recover unexpected increases in input costs, and customers may seek discounts during periods of fiscal constraint.

The Company reports backlog based on contracted firm periods. There can be no assurance that such revenues will be realized in the anticipated amounts or timeframes. Backlog is subject to risks including early termination, suspension, operational downtime, labor stoppages, equipment breakdowns, severe weather events, or other factors beyond the Company's control. If contracts are cancelled, amended, or repriced, or if backlog assumptions prove inaccurate, the Company may fail to realize a substantial portion of its reported backlog, which could materially adversely affect its business, financial condition, results of operations, and prospects.

2. The Company may not be able to renew or obtain new awards on favorable terms, which could materially adversely affect utilization, backlog, revenues, and profitability

The Company's ability to maintain utilization depends on renewing expiring contracts and securing new awards from KOC and other key clients. Tendering is highly competitive, with evaluation criteria including pricing, technical compliance, operational record, HSE performance, and mobilization readiness. There can be no assurance that expiring contracts will be renewed, that customer options will be exercised, or that new awards will be secured on acceptable commercial terms.

Failure to secure renewals or new contracts, or delays in securing such contracts on favorable terms, would directly impact the Company's revenues, profitability, and cash flows. While the Company factors potential renewal gaps into its forecasts, any delays in tender processes or unexpected interruptions in contract coverage may create inefficiencies and financial strain.

3. The Company may be unable to obtain or maintain required pre-qualifications and certifications, which could result in suspension or termination of existing contracts and prevent the Company from bidding for new work

The Company is required to maintain pre-qualification status with KOC in order to be eligible to participate in tenders for onshore drilling and workover services in Kuwait. As of the date of this Offering Memorandum, the Company has not lost its pre-qualification status with KOC, and intends to maintain such status on an ongoing basis.

Failure to obtain or renew pre-qualification could result in suspension or termination of existing contracts and prevent the Company from bidding for or securing new work. Renewal of pre-qualification is subject to KOC's technical and HSE standards, inspection of rig condition, and demonstration of a satisfactory operational track record. To comply with evolving requirements, the Company may be required to undertake refurbishment programs or incur additional capital expenditures.

There can be no assurance that the Company will continue to obtain or retain the pre-qualifications required to operate in Kuwait, or that such approvals will be renewed without delay or additional cost. Any inability to secure or maintain pre-qualification would have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

4. **Dependence on KOC exposes the Company to concentration risk, which could materially adversely affect the Company's business, financial condition, results of operations, and prospects**

A substantial majority of the Company's revenue (over 90% as of 30 June 2025) is derived directly from KOC, with the balance also linked to counterparties that provide services to KOC. This high concentration exposes the Company to risks such as non-renewal or termination of existing contracts, reduction of scope, suspension, early termination, delays in renewal or payment, and requests for discounts. Although contracts are typically multi-year, they allow for termination for convenience, default, or non-performance, and may be suspended without adequate compensation in certain circumstances.

The Company's performance is also tied to the fiscal health and strategic direction of the State of Kuwait. While management believes the risk of termination is remote based on its strong and long-standing relationship with KOC and contractual protections, any loss of, or material reduction in activity by, KOC would have a significant adverse effect on the Company's revenues, financial condition, results of operations, and future prospects.

5. **Dependence on Assignment and/or Novation Arrangements in KOC Contracts**

A number of contracts entered into with KOC prohibit the assignment of contractual rights or the subcontracting of performance to third parties without KOC's prior written consent. Notwithstanding these provisions, and in line with prevailing industry practice in Kuwait, certain contracts awarded to unrelated third parties are currently being operated by the Company pursuant to assignment or novation arrangements, whereby the Company assumes day-to-day responsibility for execution, performance, and delivery of services, without being the legal counterparty to the relevant KOC contract.

While such arrangements are commercially customary and operationally necessary in many cases, they remain subject to KOC's absolute discretion to approve or reject any subcontractor or delegate. As of the date of this Offering Memorandum, the Company is actively operating one or more KOC contracts without having been formally named as a subcontractor or delegate in accordance with the terms of the relevant KOC contract, and without having received express written consent from KOC for its involvement.

If KOC were to determine that these operational arrangements breach the terms of its contracts, it may exercise its rights to suspend, terminate, or otherwise challenge the performance of such contracts. In such an event, the Company could lose access to material contracts, be exposed to reputational and legal risk, and may be unable to recover costs incurred or compensation for services already rendered. Moreover, the Company may be precluded from bidding on future KOC tenders involving similar structures if found to be in breach.

Although the Company believes these operational arrangements are aligned with prevailing market practice in Kuwait's oilfield services sector, the lack of formal recognition or written approval creates a material degree of regulatory and contractual uncertainty. Any enforcement action by KOC in this context may adversely affect the Company's revenue streams and overall financial condition.

6. The Company may fail to perform its drilling and workover contracts in accordance with their terms, which could materially adversely affect its business, financial condition, results of operations, and prospects.

In case of interruptions, delays, or suspensions of drilling or workover operations due to equipment breakdowns, repairs, inspections, modifications, insufficient staffing, or other unforeseen issues, the Company does not receive payments from clients for the affected rigs beyond certain agreed thresholds. If the Company breaches its obligations under such contracts, it may also be required to pay damages to clients, including liquidated damages for delay.

Poor performance under existing contracts, including adverse HSE incidents or extended rig downtime, may lead to contract termination or disqualification from future tender awards. Given the Company's reliance on long-term contracts with KOC, any significant non-performance could materially impact utilization rates, delay revenue recognition, and damage the Company's reputation with its most important customer.

There can be no assurance that instances of non-performance will not occur in the future. Any such events could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

7. Dependence on joint venture partners for certain service lines and pre-qualifications may limit the Company's ability to bid and execute work

The Company conducts part of its activities and service offering through joint venture arrangements with international partners, including KCA Deutag (deep drilling rigs), COSL (wireline, logging, and perforation services), Jereh (operations and maintenance services), TRG (ESP services), Expert Optima (slickline services), Kerui (oil service workshop), NaftoServ (directional drilling), and CPVEN/NESR (rental services). These partnerships enable the Company to broaden its technical capabilities, access service lines that it cannot provide independently, and participate in tenders where eligibility requires prequalification held by the partner. For service lines where the Company does not itself hold the required prequalification, it would be unable to bid for contracts in the absence of these joint venture arrangements.

While these partnerships are strategically important, they expose the Company to risks inherent in joint operations. In particular, the Company does not have full control over the performance of its partners and must rely on them to deliver specialized services, maintain their prequalification status, and comply with contractual and regulatory obligations. If a partner were to withdraw, underperform, lose prequalification, or fail to comply with required standards, the Company could lose access to certain tenders, face project delays, or incur additional costs to source replacement capabilities.

The Company is actively obtaining pre-qualifications in its own name for a number of service lines, which reduces dependency on joint venture partners over time. There can be no assurance that the Company's joint ventures will always perform as intended or that partners will maintain the pre-qualifications necessary for continued tender participation. Any underperformance, loss of prequalification, or failure by joint venture partners to meet their obligations could materially adversely affect the Company's business, financial condition, results of operations, and prospects.

8. The Company may not be able to successfully execute its strategy, which could adversely affect its business, financial condition, results of operations, and prospects

The Company's growth strategy is centered on (i) increasing the number of rigs in its fleet, (ii) expanding its service offering both independently, where it holds prequalification, and through joint venture partners in specialized service lines, and (iii) pursuing regional expansion opportunities outside Kuwait. The successful delivery of this strategy depends on several factors, many of which are outside the Company's control.

Fleet expansion carries inherent risks, including delays in rig delivery, higher-than-expected commissioning and mobilization costs, or staffing challenges, all of which could erode expected profitability even where contracts are already secured.

Expansion into new service lines also presents execution challenges. Where the Company relies on joint venture partners to provide services in which it does not yet hold prequalification, its ability to participate in tenders depends on the continued performance and certification of those partners. Even where the Company holds prequalification independently, there can be no assurance that the Company will win new work or operate new services at the anticipated margins. Failure to integrate new services effectively could result in operational inefficiencies, higher costs, or reputational damage.

Regional expansion exposes the Company to additional risks, including unfamiliar regulatory frameworks, heightened competition from incumbents, increased operating costs, and the diversion of management attention. There can be no assurance that these efforts will generate the anticipated financial or strategic benefits, or that the assumptions underlying the Company's market assessments will prove correct.

If the Company is unable to successfully deliver on any element of its growth strategy, whether due to idle assets, increased costs, partner underperformance, or misjudgment of regional opportunities, its business, financial condition, results of operations, and prospects could be materially and adversely affected.

9. Shifts in client requirements toward higher-specification rigs could increase competitive pressure

The Company's fleet consists primarily of onshore rigs with capacities ranging from 550 HP to 3,000 HP, which are well-suited to KOC's current drilling and workover requirements. While these rigs meet current specifications and operational standards, there can be no assurance that future customer preferences will not shift toward different rig requirements.

If such a shift occurs, competitors with larger fleets of more advanced rigs may have an advantage in tenders, which could increase pricing pressure and reduce the Company's share of contract awards.

Any sustained shift in customer demand toward higher-specification rigs, or greater competitive entry of such rigs into the Company's core market, could materially adversely affect the Company's business, financial condition, results of operations, and prospects.

10. The Company's operations involve hazards, and any major accident or environmental incident could materially harm its reputation and business prospects

Drilling and oilfield services activities are inherently hazardous and subject to risks such as well blowouts, equipment malfunctions, rig fires or explosions, toxic gas releases, injuries or fatalities, and environmental contamination from spills or improper disposal of drilling fluids. Such incidents could result in suspension of operations, remediation costs, liability claims, contract termination, and reputational harm. In today's information environment, even relatively minor incidents can attract significant media and regulatory attention, while major accidents may have lasting effects on client trust and public perception. Customers such as KOC place significant weight on health, safety, and environmental (HSE) records in tender evaluations, and a material incident could therefore impair the Company's ability to win future contracts. Although the Company maintains insurance coverage and has implemented strong HSE controls, which have resulted in minimal LTI incidents in recent years, such insurance may not be sufficient to fully cover the financial, reputational, and operational impacts of a serious incident.

11. The Company may be unable to attract and retain skilled personnel, which could materially adversely affect its business, financial condition, results of operations, and prospects

The Company's operations depend on drilling crews, engineers, and technical specialists. The oilfield services industry faces shortages of skilled personnel, intensified by competition from larger international firms and national oil companies. The Company relies heavily on expatriate labor from South and Southeast Asia. Changes in immigration policy, stricter labor nationalization rules, or political instability in labor-supplying countries could reduce workforce availability. Competition for talent may also drive wage inflation, increasing the cost base. If the Company cannot attract, retain, and train skilled personnel, service quality, contract execution, and operational continuity could be adversely affected

12. The Company is exposed to supply-chain disruption and cost inflation, which could materially adversely affect operations

The Company depends on global and regional supply chains for tubular goods, rig components, drilling mud chemicals, and spare parts. These supply chains are vulnerable to disruption from geopolitical tensions, trade restrictions, shipping delays, and manufacturing bottlenecks. Any delay in procuring critical equipment may result in missed schedules, contractual penalties, or operational downtime. Inflationary pressures in steel, fuel, and chemicals further increase operating costs. While some contracts allow partial pass-through, many are fixed-rate and expose the Company to margin compression. Prolonged disruption or inflation could materially adversely affect operations, profitability, and cash flows.

13. The Company’s rigs require continuous availability and integrity to meet customer and regulatory requirements

The Company’s fleet must undergo regular maintenance, inspection, and certification to remain in compliance with KOC’s technical and operational standards. Unexpected breakdowns, accidents, or extended downtime can result in lost revenues and contractual penalties. As rigs age, maintenance costs increase and reliability declines; older rigs may also fail to satisfy evolving technical or safety standards imposed by KOC or regulators.

Each rig is also subject to periodic certification and audit processes to confirm its fitness for service. These requirements, which cover equipment condition, safety systems, and operational performance, are becoming increasingly stringent. Delays in obtaining or renewing rig certifications, or failures identified during audits, could prevent rigs from being deployed, even where the Company holds overall pre-qualification with KOC.

Without timely refurbishment, recertification or replacement, rigs risk being withdrawn from service or excluded from new tenders. Extended downtime or loss of rig-specific certification could also damage the Company’s reputation and materially adversely affect its business, financial condition, results of operations and prospects.

14. The Company may rely on debt financing to fund a portion of its capital expenditure, and any inability to procure financing on acceptable terms or at all could restrict its ability to achieve its strategy.

To fund future investments in income-generating assets and fleet expansion, the Company may need to utilize external debt financing, including term loans with fixed repayment profiles or working capital facilities. Access to such financing may be available at less favorable terms than anticipated. The Company's ability to raise debt could be influenced by its capital structure, compliance with existing obligations, shifts in applicable laws or their interpretation, or wider market and economic conditions.

15. The Company's information technology systems are subject to cybersecurity risks and failures, which could materially disrupt operations and damage its reputation

The Company relies heavily on information technology systems to support rig monitoring, payroll, procurement, logistics, and financial reporting. Cyberattacks, ransomware incidents, or system failures could disrupt operations, compromise sensitive customer data, delay procurement processes, and result in financial losses, contractual penalties, regulatory exposure, and reputational damage.

The oilfield services sector is an attractive target for cybercriminals due to the value of operational data and the potential disruption caused by halting drilling activities. Even short-term outages may impact project execution and lead to penalties under client contracts.

The Company also depends on third-party IT and cloud service providers for certain functions, which introduces risks beyond its direct control. If these providers experience outages, breaches or failures, the Company's operations may still be materially impacted. Although cybersecurity protections and disaster recovery protocols have been implemented, there can be no assurance that such measures will prevent or mitigate all potential threats.

16. The Company is subject to environmental, health, safety, and labor laws and regulations, which may increase compliance costs and operational risks

The Company's operations are governed by regulations issued by KOC, Kuwait's Ministry of Oil, the Environmental Public Authority (EPA), and other governmental authorities. These cover a wide range of areas, including drilling waste disposal, air emissions, water management, handling of hazardous substances, noise levels, occupational safety, and labor policies.

Compliance requires continuous investment in equipment, processes, and training. For example, compliance may necessitate proper treatment and disposal of drilling fluids and produced water, installation of emissions monitoring systems, or upgrades to rigs to meet evolving HSE standards. KOC tenders also increasingly require minimum percentages of Kuwaiti nationals in the workforce, raising labor costs and necessitating training programs.

Failure to comply with these requirements could result in financial penalties, contract suspension, revocation of licenses, or disqualification from future tenders. Non-compliance would also harm the Company's reputation with KOC, for whom HSE and nationalization performance are critical tender evaluation criteria. Furthermore, regulatory frameworks are subject to change, and new obligations may be introduced without prior notice, materially increasing operating costs and reducing margins.

17. The Company is exposed to climate change risk, including regulatory scrutiny, investor expectations, and extreme weather events, which could materially adversely affect its operations and prospects

Oilfield service providers such as the Company face increasing scrutiny related to climate change and the global energy transition. While Kuwait continues to prioritize oil production, international pressure for alignment with climate commitments is growing, and KOC has articulated its own ESG-related targets. The Company's operations inherently contribute to greenhouse gas emissions, particularly through fuel use in drilling rigs, well testing, and transportation. Regulators or clients may impose stricter emissions standards, mandatory reporting, and reduction targets, which could require additional capital expenditure on more efficient equipment, methane detection systems, or flaring reduction technologies.

At the same time, investor expectations are shifting. Global institutional investors increasingly consider ESG performance when allocating capital. Poor ESG scores or negative perception of environmental impact could limit access to financing and reduce investor appetite for the Company's shares, particularly as capital markets shift away from high-carbon intensity sectors.

Climate change is also expected to increase the frequency and severity of extreme weather events, such as sandstorms, flooding, and prolonged heatwaves. These conditions can disrupt drilling operations, damage equipment, and pose health and safety risks to employees, potentially requiring reduced working hours under labor laws and increasing maintenance costs. Severe weather events may also delay rig mobilization or cause temporary suspension of operations.

Failure to adapt to evolving climate-related requirements, investor expectations or physical risks could materially adversely affect the Company's operations, financial condition, reputation and prospects.

18. Employee misconduct, errors, or non-compliance with policies could expose the Company to financial losses, regulatory penalties, or reputational harm

The Company's employees interact with clients, regulators, and other third parties, and misconduct or errors could lead to breaches of laws, regulations, or internal policies. Examples include failure to follow procedures, inadequate documentation, unauthorized commitments, or breaches of HSE and compliance standards. Such incidents may result in financial penalties, regulatory sanctions, litigation, or reputational damage, and could also jeopardize the Company's eligibility for tenders and pre-qualifications.

Despite internal controls and training, there can be no assurance that employee misconduct or errors will not occur, any of which could materially adversely affect the Company's business, financial condition, results of operations, and prospects.

19. Increasing expectations regarding workforce nationalization

The Company's operations are subject to workforce nationalization requirements that mandate the employment and training of Kuwaiti nationals. These policies may increase labor costs, require additional training and upskilling, and result in short-term productivity challenges as new employees gain experience. Failure to meet applicable thresholds, including those specified in KOC tenders, could result in penalties, restrictions on tender participation, or other adverse measures. Any such outcome could materially affect the Company's operations, competitiveness, and ability to secure new contracts

20. Increasing expectations regarding ESG Reporting

There is increasing client and investor demand for transparent ESG reporting, including disclosures relating to emissions, resource use, workforce diversity, safety, and governance practices. Compliance with these expectations requires the Company to implement new systems, allocate dedicated resources, and align with evolving international standards. Failure to provide credible ESG disclosures could reduce the Company's competitiveness in tenders, weaken investor confidence, and adversely affect its reputation and ability to access capital.

21. The Company could be adversely affected by workforce disruptions, strikes, or labor disputes

AEC's operations depend on the availability and productivity of rig crews, the majority of whom are expatriates. Labor disruptions can arise from wage disputes, unfavorable working conditions, changes in immigration laws, or mass resignations triggered by competitor offers.

Any strike, protest, or collective action could materially disrupt operations, particularly since drilling contracts are highly time-sensitive and subject to penalties for delays. Even short-term disruptions may damage the Company's reputation with KOC and lead to financial losses.

Moreover, Kuwaiti labor laws impose strict requirements on worker welfare, including accommodation standards, heat stress management, and working hours. Non-compliance could lead to regulatory penalties, reputational harm, or increased risk of disputes. Meeting these requirements increases operating costs and requires continuous monitoring.

22. The Company may not be able to adapt quickly enough to technological advancements, which could result in loss of market share, reduced profitability, and erosion of competitive advantage

The oilfield services sector is evolving rapidly due to digitalization, automation, and advanced drilling technologies. Examples include automated rigs, predictive analytics for drilling optimization, remote monitoring systems, and integrated well service platforms.

Competitors adopting these technologies may deliver services more efficiently, at a lower cost, with improved safety performance, giving them a competitive advantage in tenders. In contrast, failure by AEC to adopt such technologies could reduce its attractiveness to clients and erode its market share.

Adoption of new technology, however, carries its own risks. Significant capital investment is required, and there is no guarantee of achieving expected efficiency gains. Implementation may also face challenges, including compatibility with Kuwait's regulatory framework or KOC's standards, operational disruption during rollout, and uncertain returns on investment.

If the Company fails to invest, it risks losing competitiveness; conversely, if it invests heavily in unproven technologies, it may not realize expected efficiency gains. Balancing the cost of adoption with the risk of obsolescence will be critical. Failure to manage this balance could materially affect the Company's competitiveness, profitability, and long-term sustainability.

23. Uncertainty of Enforceability of Nominee Shareholding Structures

The Company relies on nominee shareholding arrangements to hold beneficial interests in certain subsidiaries. These structures are customary in Kuwait but are not formally recognized or registered with public authorities. As a result, their enforceability ultimately depends on contractual interpretation and the cooperation of nominee holders. There can be no assurance that such arrangements will be upheld in all circumstances, and any adverse outcome could impair the Company's ability to exercise control over its subsidiaries, consolidate results of operations, or protect its beneficial interests, which could have a material adverse effect on the Company's business, financial condition, and prospects.

24. The Company's management has limited experience in managing companies listed on public stock exchanges

Prior to Admission, the Company has been managed as a closely held joint-stock company. While certain members of the Board and senior management have experience serving on the boards of listed companies, the management team as a whole has limited experience in overseeing a company listed on Boursa Kuwait or other public markets. Senior management, together with the Board of Directors, will be required to ensure the Company's compliance with CMA Law, Boursa Kuwait listing rules, and ongoing disclosure requirements, with which they may not be familiar and which could divert their attention from overseeing and managing the Company's business and strategy.

The Company's failure to comply with applicable laws and regulations imposed on listed companies, disclosure requirements, and continuing obligations in a timely manner and without any delay could result in the Company violating the rules set by the CMA, Boursa Kuwait, or other regulatory authorities. This could lead to the imposition of fines or penalties, reputational harm, or the suspension of the Company's listing on Boursa Kuwait, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

25. The Company may face delays in the collection of retention receivables, which could affect some of its liquidity and financial performance

The Company may be exposed to delays or defaults in the collection of receivables, including tax retention amounts. Any prolonged collection period or non-payment may adversely affect the Company's liquidity position, working capital availability, and overall financial performance. Although the Company maintains internal controls and engages actively with customers to mitigate such risks, there can be no assurance that all receivables will be collected in a timely manner or in full.

26. The Company may be subject to litigation or other legal proceedings, which could materially adversely affect its business, financial condition, results of operations, and prospects

The Company may, in the course of its business, face lawsuits and claims related to its operations. The Company cannot guarantee that disputes will not arise, which may result in proceedings being brought by or against the Company before the competent judicial authorities. Consequently, the Company may also face legal actions by governmental bodies and departments and investigations under new regulatory controls applicable to its business operations. The Company cannot predict the outcomes of such proceedings when initiated, nor guarantee that they will not have a material impact on its financial position and results of operations. The Company is likewise unable to accurately anticipate the costs of lawsuits or legal proceedings brought by or against it, or the ultimate outcomes of such claims or judgments, including potential losses and penalties. Any adverse results in such legal proceedings materially adversely affect the Company's business, financial condition, results of operations, and prospects.

27. The Company's insurance coverage may be inadequate to protect against all potential operational and liability risks, which could materially adversely affect its business, financial condition, results of operations, and prospects

The Company maintains insurance coverage for all drilling rigs in functional use; the insured amounts are, on average, approximately 15% lower than the rigs' carrying values. In the event of a total loss or significant damage to a rig, insurance proceeds may therefore be insufficient to fully recover the asset's carrying value, requiring the Company to absorb material replacement or repair costs. Although the Company mitigates this risk through frequent inspections, preventative maintenance, and refurbishment programs, there can be no assurance that such measures will fully eliminate the risk of financial loss in the event of a major incident.

28. The Company has engaged, and may continue to engage, in transactions with related parties, which could give rise to conflicts of interest and may not always be on arm's length terms

The Company has entered into a number of arrangements with related parties, including ACB and its affiliates, that are integral to its operations. Under the Beneficial Rights Agreement between Sun Drilling, AEC, and ACB, all employees are contractually required to be hired by either AEC or ACB. As of 30 June 2025, approximately 96 employees were under AEC's residency sponsorship, while the remaining 1,169 were under ACB, although all employees are operationally managed by AEC, including payroll processing. Any amendment to, or termination of, this arrangement, or any disruption in ACB's ability to maintain residency sponsorship, could adversely affect the Company's ability to retain and manage its workforce, which in turn could impair contract execution, operational performance, and financial results.

In addition, under agency agreements, ACB receives a percentage of revenues from KOC contracts and from contracts performed by certain subsidiaries, including Sun Drilling Kuwait. These arrangements may not always reflect arm's length terms, may give rise to conflicts of interest, and could reduce the Company's ability to realize the full economic benefit of its operations.

There can be no assurance that these or future related party transactions will not be amended, terminated, or otherwise disrupted, or that they will always be conducted on terms favorable to the Company. Any such developments could have a material adverse effect on the Company's business, financial condition, and results of operations.

29. The Company could be exposed to risks related to fluctuating interest rates of borrowings

The Company's existing credit facilities accrue interest at rates that are linked to the Central Bank of Kuwait's (CBK) discount rate. Accordingly, any increase in the CBK discount rate would result in higher interest expenses, which could materially and adversely affect the Company's business operations, financial condition, future prospects, and results of operations. Furthermore, such increases in interest rates may significantly impact the Company's cash flows and its long-term ability to meet debt service obligations. In addition, the Company may be required to obtain additional debt financing at rates linked to the CBK discount rate to support the execution of new contracts.

Risks Related to the Industry and Market

30. Dependence on national oil company budgets exposes the Company to oil price and fiscal volatility

Demand for the Company’s drilling, workover, and well services is closely tied to the investment programs of national oil companies (“**NOCs**”), most notably KOC. These programs are influenced by prevailing and expected oil prices, as well as by government budgets and national energy strategies.

Periods of fiscal constraint, whether arising from fluctuations in oil prices, government budgetary pressures, or broader economic conditions, may result in reductions, delays, or cancellations of drilling programs by national oil companies. Such developments typically lead to slower tender issuance, increased competition, and compressed dayrates.

In Kuwait, the State derives the majority of its revenues from oil exports, and fluctuations in government income directly affect KOC’s capital expenditure allocations. Budget approvals may be delayed by parliamentary processes, and disbursements may lag due to administrative constraints or procurement reforms, causing project deferrals or payment delays to contractors. The Company, being heavily reliant on KOC contracts, is directly exposed to these risks.

Over the longer term, structural factors such as OPEC+ production policies, geopolitical conflicts, global economic cycles, and energy transition initiatives may further influence NOC priorities. For example, KOC may shift its focus toward gas development, well maintenance, or decarbonization projects at the expense of new drilling. Any sustained reduction in NOC budgets or reprioritization of spending would materially adversely affect the Company’s utilization, revenues, profitability and financial condition

31. The oilfield services industry in Kuwait is highly competitive, and increased competition could materially adversely affect the Company’s business

The drilling and well services market in Kuwait is intensely competitive, with participation from both large international drilling contractors and regional companies. Larger international firms typically benefit from stronger balance sheets, access to the latest drilling technology, and global experience, enabling them to offer comprehensive service packages that smaller local firms cannot easily replicate.

At the same time, regional players often operate with lower cost structures, leveraging locally sourced labor and equipment, which enables them to submit aggressive bids. In some cases, government backing or affiliation with state entities provides them with advantages in contract awards.

Tender evaluations are based on multiple criteria, including:

- technical compliance with KOC's specifications (rig horsepower, age, and equipment condition);
- pricing competitiveness, particularly in dayrate bids;
- health, safety, and environmental (HSE) performance history;
- prior performance and relationships with KOC;
- local content contributions, including workforce nationalization and training; and
- ability to mobilize rigs quickly and meet project timelines.

AEC competes across all these dimensions; however, there can be no assurance that it will consistently secure tenders. Heightened competition may require the Company to submit it bids at lower dayrates, resulting in margin compression. In extreme cases, contracts may be awarded at uneconomic levels, which could increase financial strain across the industry and adversely affect the Company's financial performance

32. Changes in Kuwaiti tax laws or customs practices could increase the Company's liabilities and reduce profitability

The Company's financial position could be adversely affected by changes in tax laws, customs regulations, or the interpretation and enforcement of such rules in Kuwait. Potential reforms, including the introduction of value-added tax (VAT), corporate income tax, or new customs duties, could materially increase the Company's liabilities and operating costs.

In addition, changes in the Company's effective tax rate or customs fees in any fiscal year may arise from modifications in the interpretation of existing laws by local authorities or the introduction of new policies. Such developments could result in higher tax payments, lower margins, and reduced profitability.

While the Company monitors legislative and regulatory developments on an ongoing basis, there can be no assurance that future changes in Kuwaiti tax or customs regimes will not materially adversely affect its financial condition, results of operations, and prospects.

33. The energy transition and global shift toward renewables may reduce long-term demand for oilfield services

Global energy policies are shifting toward decarbonization, renewables, and energy efficiency, supported by international agreements such as the Paris Climate Accord. As governments implement stricter climate policies, long-term demand for hydrocarbons may decline, reducing the need for drilling services.

While Kuwait is expected to maintain oil production as its economic backbone for the foreseeable future, diversification into alternative energy sources is becoming a strategic priority. Over time, this may result in slower growth in upstream drilling activity. For instance, future capex may increasingly be allocated to natural gas development, downstream projects, or renewable energy investments, leaving fewer opportunities in oilfield drilling.

International investors are also placing increasing emphasis on ESG compliance when evaluating capital allocation. This could limit the availability of financing to oilfield service companies like AEC and reduce investor appetite for hydrocarbon-linked businesses. The perception of oilfield services as high-carbon activities may constrain the Company's ability to grow or access competitive financing.

Although oil demand is expected to remain strong in the medium term, the long-term outlook is uncertain, and the global transition toward renewables may adversely affect the Company's growth trajectory and valuation.

34. Geopolitical instability in the Middle East could materially adversely affect the Company's operations

Kuwait is situated in a geopolitically sensitive region. Regional instability, conflicts, or sanctions could disrupt supply chains, delay equipment shipments, restrict access to expatriate labor, and increase security costs. Instability could also reduce government focus on upstream development, thereby reducing drilling activity. Even if the Company is not directly impacted, its business, financial condition, results of operations, and prospects could be materially adversely affected. Potential risks include:

- Sabotage targeting oil infrastructure;
- blockades or sanctions disrupting trade flows;
- political instability affecting regulatory approvals or contract enforcement; and
- increased security costs required to safeguard personnel and assets.

Risk Related to the Offer Shares

35. Timing of Listing on Boursa Kuwait

At present, the Shares are not traded or listed on any stock exchange or market. However, on 30 October 2025, the CMA provided the Company with conditional approval to list its Shares on Boursa Kuwait after fulfilling all the CMA listing rules after the Offering. It is important to note that there is no guarantee that the CMA will approve such a listing.

36. The Offer may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline

Prior to the Offer, there has been no public trading market for the Shares. The Company cannot guarantee that an active trading market will develop or be sustained following the completion of the Offer, or that the market price of the Shares will not decline thereafter below the Offer Price. The trading price of the Shares may be subject to fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in Kuwait.

The Company will apply for the Shares to be listed on Boursa Kuwait. Boursa Kuwait was established in 2014, but its future success and liquidity in the market for the Shares cannot be guaranteed. Boursa Kuwait is substantially smaller in size and trading volume than other established securities markets, such as those in other GCC countries, the United States, and the United Kingdom. There can be no assurance that the liquidity of the Shares will be sufficient to enable investors to sell their holdings without adversely affecting the market price, or that investors will be able to sell the Shares at or above the Offering Price.

37. Sales of a large number of Shares by existing shareholders following the completion of the Offer could adversely affect the market price of the Shares

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offer, the major Shareholders of the Company (holding 20% or more of the Company's share capital) will be subject to lock-up periods during which they undertake not to dispose of their shareholding in the Company from the date of listing, except in accordance with the percentages and timeframes permitted under Article 2-1-4 of Chapter Two (Listing of Shareholding Companies' Shares on the Exchange) of Book Twelve (Listing Rules) of the Executive Bylaws of the Law Establishing the Capital Markets Authority and Regulating Securities Activity, as amended. The sale of a substantial number of Shares by shareholders following the expiry of the lock-up period could have an adverse effect on the market for the Shares and may result in a lower market price.

38. The issuance of new Shares by the Company could dilute shareholders' ownership and adversely affect the market price of the Shares

If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market or dilute the current shareholders' ownership percentage in the Company if they do not subscribe to such newly issued Shares.

The Company may issue shares or other securities from time to time as consideration for, or to finance, future acquisitions or investments, or for other capital needs. The Company cannot predict the size of future issuances of the shares or the effect, if any, that future sales or issuances of shares would have on the market price of the shares. If any such acquisition, investment or capital need is significant, the number of shares or the number or aggregate principal amount, as the case may be, of other securities that the Company may issue may in turn be substantial and may result in dilution to the Company's Shareholders.

39. The Offering Price of the Shares may not be indicative of the market price of the Shares following the Offer, and the market price of the Shares may be volatile and may decline below the Offering Price

The Offering Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes, and an assessment of the Company's management, operations, and financial results.

Following completion of the Offering, the Offering Price may not be equal to the price at which the Shares will be traded. Investors may not be able to resell the Shares at or above the Offering Price, or may not be able to sell them at all. The stock market in Kuwait may experience price and volume fluctuations from time to time. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares.

The price of the Shares may be negatively affected by various factors, including the Company's results and prospects, changes in earnings estimates or forecasts, changes in applicable laws and regulations, terrorist acts, escalation of hostilities, or other adverse events. Any of these factors could adversely affect the market price of the Shares, result in investors losing all or part of their investment, or cause the Shares to trade below the Offering Price.

40. A delay in the closing of the Offering or in the commencement of trading of the Shares on Boursa Kuwait could have an adverse effect on the value of the Shares

A private offering of Shares to be listed on Boursa Kuwait typically closes concurrently with the Shares being admitted for trading on Boursa Kuwait. There can be no assurance that the listing of the Shares on Boursa Kuwait will commence as expected.

Any delay in the closing of the Offering and listing of the Shares for trading on the Exchange could result in investors being unable to commence trading of their Shares on Boursa Kuwait on its expected listing date, which may adversely affect the liquidity and value of their investment.

41. The publication of research regarding the Company may affect the market price of the Shares

The trading price and volume of the Shares will depend in part on the research and recommendations published by securities or industry analysts about the Company and its business. If research analysts do not publish research or publish inaccurate or unfavorable research about the Company, the market price of the Shares could decline.

If one or more research analysts cease coverage of the Company, or fail to publish reports on it regularly, visibility in the financial markets may be reduced, which in turn could cause the market price of the Shares to decline significantly.

42. Control by Existing Shareholder

Upon the Offering's completion, one party will become the beneficial owner of approximately 30% of the Shares. As a result, such a controlling party may have substantial voting power and potentially influence decisions requiring a General Assembly or Extraordinary General Assembly of Shareholders, such as amendments to the Articles, approval of significant acquisitions or disposals, share buybacks or other purchases of Shares or treasury shares, or capital increases.

43. Future dividends

The distribution of cash or stock dividends by the Company depends on several factors, including the future operational results, profit, financial position, capital requirements and expansion plan, statutory reserve requirements, amount of distributable reserves, available credit of the Company, and general economic conditions and other factors that the Directors deem significant from time to time. Even though the Company has provided its target dividend policy, there can be no guarantees that favorable conditions will occur that allow it to distribute dividends to its Shareholders.

44. Investing in securities involving emerging markets generally involves a higher degree of risk

Investors in emerging markets, such as Kuwait and the MENA region, should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, higher volatility, limited liquidity, and changes in the political and economic environment. In addition, there can be no assurance that the market for securities bearing emerging market risk will not be affected negatively by events elsewhere, especially in emerging markets.

The economies of Kuwait and other countries with business operations are mainly driven by revenues from oil exports and, therefore, exposed to volatility in oil prices. The national economies of these countries have expanded significantly in recent years, in large part as a result of historically high oil prices. A sustained deterioration in the economies of these countries or political upheaval in the region could have a material adverse effect on the Company and its subsidiaries' business, financial condition, results of operations, or prospects.

In addition, although economic conditions are different in each country in the MENA region, investors' reactions to developments in one country may affect the price of securities of companies in other countries in the MENA region, including Kuwait.

Specific risks in the countries of operations that could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects include, without limitation, the following:

- Political, economic, or social instability;
- External acts of warfare, civil clashes, or other hostilities or conflict;
- Domestic unrest or violence;

- Increases in inflation and the cost of living;
- Change in tax regimes and tax laws, including the imposition of taxes in tax-free jurisdictions or the increase of taxes in low-tax jurisdictions;
- Government interventions and protectionism;
- Potential adverse changes in laws and regulatory practices, including legal structures and tax laws;
- Difficulties in staffing and managing operations;
- Legal systems which could make it difficult for the Company to enforce its intellectual property and contractual rights;
- Restrictions on the right to convert or repatriate currency or import/ export assets;
- Greater risk of uncollectible accounts and longer collection cycles;
- Currency fluctuations; and
- Logistical and communications challenges.

Accordingly, Prospective Investors should exercise particular care in evaluating the risks involved and must determine for themselves whether, in light of those risks, subscribing to the Shares is appropriate.

Generally, investment in emerging markets is only suitable for Sophisticated Investors who fully appreciate the significance of the risk involved.

Risks Related to the Legal and Regulatory Environment

45. Corporate Governance Rules

Prior to the Company's listing, the Board of Directors will adopt an internal corporate governance manual that includes rules and procedures related to corporate governance derived from the corporate governance regulations issued by the CMA. The proper implementation of corporate governance rules and procedures by the Company will depend on the extent of comprehension and understanding of these rules and proper execution of these rules by the Board of Directors, various committees, and senior executives. Failure to comply with the mandatory provisions of the corporate governance regulations issued by the CMA would subject the Company to regulatory penalties and would have a material adverse effect on the Company's operations, financial position, results of operations, and prospects.

46. Bankruptcy under Kuwaiti law

All claims or rights claimed by Shareholders in the Shares, or their representatives, are equal in rank and without any discrimination with the existing Shares of the Company. In the event of bankruptcy, any claims from the Company's Shareholders are subordinated by law to the claims of the State, Government, tax agencies and departments, labor, mortgage creditors, and all other creditors of the Company.

Also, obtaining a final bankruptcy judgment in Kuwait may take several years. Therefore, there is no assurance that Shareholders will ever receive the full value of their claims in the event of bankruptcy of the Company.

47. Force Majeure

Unexpected changes may occur that impede the Company's fulfillment of its obligations with respect to current and planned operations in the future. Cases of force majeure include, for example, the occurrence of accidents, the outbreak of wars, revolutions, riots, civil disobedience, judicial events, fate, natural disasters, strikes, or labor disputes. There is no guarantee that the Company's financial performance will continue in the future.

The financial performance of the Company since its inception has been supported by the strong economic conditions in Kuwait and the GCC region during that period against the backdrop of relative political stability and the continuous rise in oil prices. There can be no guarantee that the financial performance of the Company will continue in the future, or that the growth and stability of the markets in which the Company operates and invests in will continue. In view of the interrelationships between global financial markets, investors should note that the Company's activity and financial performance could be negatively affected by political, economic, and other related developments, both within and outside the GCC and Middle East regions. In the event that the Company is not able to provide satisfactory or appropriate investment returns on an ongoing basis, existing customers may decide to reduce or liquidate their investments.

The Company continues to develop its systems in response to the expected growth, increased accuracy, and specialization in managing its assets and various investments. While the Company believes that it has the appropriate financial and administrative controls, any mismanagement, fraud, fraud, or failure to fulfill the operational responsibilities of the Company, or the negative publicity arising from those actions, or an accusation from any other party to it, could adversely affect the ability of the Company to maintain or increase income from the credit portfolio and various investments.

48. Change in law

No assurance can be given as to the impact of any possible change to Kuwaiti law or to administrative practice after the date of the Offering Memorandum, nor can any assurance be given as to whether any such change could adversely affect the ability of the Company to make payments and/or make deliveries under the Shares, as applicable.

49. The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Shares that are "non-GCC corporate entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances

Article 150 (bis) of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities, introduced pursuant to Law No. 22 of 2015 ("Article 150 (bis)"), provides that, without prejudice to the tax exemptions from the prescribed tax on profits arising from the disposal of securities issued by companies listed on the Boursa Kuwait, the returns in respect of securities, bonds, financial sukuk and all other similar securities, regardless of the nature of the issuer, are exempt from Kuwaiti tax.

In addition, the Kuwait Ministry of Finance has issued Administrative Resolution No. 2028 of 2015 (the "**Administrative Resolution**"), which essentially endorses the provisions of Article 150 (bis). However, the Kuwait Ministry of Finance's Department of Income Tax ("**DIT**") has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, to the extent that the exemption afforded by Article 150 (bis) is held not to apply to the Shares, or to a particular holder of Shares, such Shareholders that are non-GCC corporate entities may become subject to income tax in Kuwait (see "Taxation" section for further details).

In addition, neither Article 150 (bis) nor the Administrative Resolution addressed the issue of whether or not there remains an obligation (as described under the "Taxation" section) to deduct five per cent (5%) of the amount of any payments made by the Company to Shareholders. Accordingly, there is a possibility that the deduction of the five percent obligation may be applied in certain circumstances, pending resolution of their tax position. The deduction of five percent (5%) would be released by the Company upon presentation to it by the Shareholder of a tax clearance certificate from the DIT.

To date, there has been no official statement made publicly by the DIT regarding its interpretation of Article 150 (bis) or the Administrative Resolution and/or their application. Similarly, the Kuwaiti courts (who will be the final arbiters on the matter) have not been required to interpret such a provision to date. Therefore, it is not possible to state definitively how the DIT and/or the Kuwaiti courts may implement or enforce the Taxation Laws (as defined in the "Taxation" section), including Article 150 (bis) in practice.

Prospective Investors are advised to consult their tax advisers as to the consequences under Kuwaiti and other applicable tax laws of acquiring, holding and disposing of Shares and receiving payments under the Shares. See "Taxation" for further details.

50. The GCC Countries may enter into a Monetary Union

There is a possibility that the Kingdom of Bahrain, the State of Kuwait, the Kingdom of Saudi Arabia, and the State of Qatar will abandon their respective national currencies in favor of a unified Gulf currency in the future with the exception of the Sultanate of Oman and the United Arab Emirates who have announced that they will not adopt the new currency until further notice. If a unified Gulf currency is adopted, the necessary convergence and compatibility of laws, policies, and procedures will bring about major changes to the economic and political infrastructure in every country of the Gulf Cooperation Council. So far, no official timeline for the development of the monetary union has been announced, and there are currently no details of new legislation or policies. However, Shareholders and Prospective Investors should be aware that new legislation and any resulting shift in monetary policies and procedures in Kuwait may affect the Company's ability to meet its obligations arising from the Shares.

Financial Risks

51. Risks Related to Concentration of Revenue from KOC

The Company provides drilling and oilfield services to KOC, which is the primary upstream state-owned oil and gas company in Kuwait. As at 30 June 2025, the Company has contracts with KOC for 20 rigs. The Company derives more than 90% of its direct revenues from the KOC, while the balance of its revenues is also generated from clients that provide services to the KOC. Consequently, the Company's business is highly dependent on its ability to maintain and strengthen its relationship with KOC.

Any non-renewal or termination of existing contracts, delay in renewal, or changes in terms and conditions could materially and adversely affect the Company's revenues, results of operations, financial condition, or future prospects, and therefore the Company's share price.

The concentration of revenues is a result of the structure of the oil and gas sector in Kuwait and the nature of services provided by the Company. The Company, however, has a strong working relationship with KOC and has been able to grow the volume of its business with KOC over time. Based on the management's experience, the risk of termination of contracts is remote. Further, there are appropriate contractual protections for terminations or changes of terms available if such instances were to arise.

52. Risks Related to Execution of Growth Strategy

The Company is pursuing a high-growth strategy, as demonstrated by the significant volume of newly awarded contracts and the pipeline of planned tenders in the drilling business, alongside a substantial expansion into related business activities.

The simultaneous ramp-up of additional contracts may give rise to execution challenges, requiring increased investment in capital expenditure, working capital, and skilled manpower.

The Company's ability to scale its execution capabilities in line with expected contract timelines is therefore critical to sustaining growth and avoiding operational disruptions.

The Company has increased its drilling manpower considerably, including bringing in experienced senior hires to support this growth. Management is also pursuing enhancement of the Company's capabilities inorganically, including the recent acquisition of a major stake in Target NDT, which specializes in inspection and testing services

53. Risks Related to the Drilling Rights Arrangement with Sun Drilling

AEC, ACB, and Sun Drilling (Kazakhstan) are parties to a joint agreement under which Sun Drilling has granted AEC the beneficial rights to provide drilling services in Kuwait under its name, with ACB acting as Sun Drilling's representative and agent in the country. Pursuant to this arrangement, AEC currently operates 16 rigs under contracts executed by Sun Drilling with KOC, representing a cumulative contract value of KD 158.6 million, or approximately 68.3% of AEC's total operational contracts. Given that a significant proportion of AEC's operations are currently linked to this arrangement, any adverse change in the relationship with Sun Drilling or in the enforceability of the underlying contracts could have a material negative impact on the revenue and continuity of the business operations. During FY24, AEC has established a new Sun Drilling entity based in Kuwait with 100.0% ownership, and all the relevant contracts will be transferred under Sun Drilling Kuwait. This development effectively increases AEC's control over the arrangement with Sun Drilling.

54. Risks Related to Term Loan Structure and Refinancing

The Company relies on debt financing for any rig acquisitions or for any major capital expenditure to bring the relevant rigs into operational condition. Such financing is secured by the pledge of the Company's assets, viz., mainly its rigs, and the assignment of proceeds from contracts awarded to the Company.

The loan repayments are structured as a proportion of receipts from KOC/KCAD under the terms of the Company's facilities. However, the tenor of these facilities is generally shorter than the time required for full repayment, resulting in a balloon payment becoming due at maturity, which is typically renewed or refinanced close to the due date of the balloon payment.

Any inability to refinance balloon payments on maturity, coupled with the potential enforcement of lender security rights, could materially and adversely affect the Company's liquidity, results of operations, and future prospects.

Taxation

The following summary of certain tax consequences of ownership of Shares is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice, and judicial decisions in effect at the date of this Offering Memorandum. Legislative, judicial, or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Shares.

This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Shares. Each Prospective Investor is urged to consult its own tax adviser as to the particular tax consequences to such holder of the acquisition, ownership and disposition of the Shares, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as at the date of this Offering Memorandum, and of any actual changes in applicable tax laws after such date.

Kuwait Taxation

This summary of taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955 (the "**Decree**"), as amended by Law No. 2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955" (the "**Amendment**"), the Executive Bylaws of the Amendment (the "**Regulations**"), and various ministerial resolutions and circulars relating thereto issued by the Administrative Resolution (as defined below) and Decree Law No. 157 of 2024 Concerning the Taxation of Multinational Enterprises (the "**DMTT Law**"), together with its implementing Executive Bylaws issued under Ministerial Resolution No. 55 of 2025 (the "**DMTT Executive Regulations**") (together, the "**Taxation Laws**"), as interpreted and implemented by the DIT as at the date of this Offering Memorandum. Any subsequent changes in either the Taxation Laws or the interpretation or implementation of the same by the DIT would alter and affect this summary.

Income tax

Based on the Decree, income tax is at a flat rate of 15 per cent. is levied on, inter alia, the net income and capital gains realized by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait.

However, the DIT to date has granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Offering Memorandum as "**GCC Corporate Entities**") and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Offering Memorandum as "**Non-GCC Corporate Entities**") which, for the avoidance of doubt, includes Shareholders of GCC Corporate Entities which are themselves Non-GCC Corporate Entities, in each case, conducting business in Kuwait.

The following paragraphs in this section are therefore applicable only to Non-GCC Corporate Entities.

Pursuant to the Regulations, income generated from the holding of Shares inside Kuwait is considered to be income realized from the conducting of business in Kuwait, and is therefore subject to income tax. Notwithstanding the above, pursuant to Article 150 bis introduced by virtue of Law No. 22 of 2015 amending Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities (the "**CML Law Amendment**"), yields of securities, bonds, sukuk and all other similar securities regardless of the issuer thereof shall be exempted from taxation. The CML Law Amendment was acknowledged by the Ministry of Finance Administrative Resolution No. 2028 of 2015.

However, see "Risk Factors - The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Shares which are "Non-GCC corporate Entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances".

As of the date of this Offering Memorandum, individuals are not subject to any Kuwaiti income tax on their income or capital gains.

Retention

Under the Regulations, a Kuwaiti-based party making a payment (being referred to in this section as the “**Payer**”) to any other party (being referred to in this section as the “**Payee**”), wherever incorporated, is obliged to deduct five per cent. of the amount of each such payment until such time as the DIT issues a tax clearance certificate approving the release of such amount. Unlike with withholding tax, the Payer is not required to transfer directly the deducted amount to the DIT immediately, but instead retains such amount and releases it either: (i) to the Payee upon presentation to the Payer by such Payee of a tax clearance certificate from the DIT confirming that the Payee is not subject to or is exempt from income tax, or has realized a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand.

According to a literal interpretation of the Regulations, payments that are subject to a deduction as described above would include dividend payments. Given that neither CML Law Amendment nor the Administrative Resolution addresses the issue of whether or not there remains an obligation, as described above, to make a deduction, the Company could be required to deduct 5 per cent. from every payment made by it to a Payee (such as the holder of Shares), which amount would be released by the Company upon presentation to it by the relevant Payee of a tax clearance certificate from the DIT.

Taxation on Multinational Entities

Multinational group entities ("**MNE**s") with an operating presence in Kuwait (including, but not necessarily limited to, through permanent establishments) are subject to the relevant provisions of the DMTT Law which was promulgated into law on 31 December 2024.

As of 1 January 2025, the MNE Law imposes a top-up 15 per cent. corporate income tax on MNEs with revenues of at least €750 million for a minimum of two tax periods among the four tax periods immediately preceding the relevant tax period from the ultimate parent company of a multinational group entity. The DMTT Law purports to exempt MNEs subject to the DMTT Law from the application of a number of tax laws, including the Taxation Laws. There are uncertainties surrounding the implementation and application of the DMTT Law due to its novel nature, the absence of any further definitive guidance and/or directives of the DIT in relation to the DMTT Law, and the lack of any judicial precedent concerning the DMTT Law and the DMTT Executive Regulations. The application of this new tax law in Kuwait is still in its early stages.

Other taxes

Save as described above, all payments in respect of the Shares may be made without withholding, deduction, or retention for, or on account of, present taxes, duties, assessments, or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration, or similar duties or taxes will be payable in Kuwait by holders of Shares in connection with the issue or any transfer of the Shares.

Material Litigation

To the best of the Selling Shareholders and the Company's knowledge, the Company is not involved in any pending litigation or present arbitration proceedings which may constitute, and to the best of the Selling Shareholders and the Company's knowledge, a threat to the Company or to any of its subsidiaries or which would reasonably have a material adverse effect on its financial position.

Material Contracts

The Company has entered into a number of agreements in the ordinary course of its business, including rig lease agreements, agency arrangements, subcontracting frameworks, and property leases. The following is a summary of those agreements that the Company considers to be material or otherwise relevant to a prospective investor's assessment of the Offer Shares.

The Company believes that all such agreements, in addition to the key provisions thereunder, have been included in this section and that there are no other agreements that are material in the context of the Company's business that have not been disclosed. As of the date of this Offering Memorandum, the Company has not breached any provisions of its material business agreements and is not aware of any event that, with the passage of time, may result in a breach or default under any such agreement.

These summaries do not purport to describe all the terms of the agreements but are intended to highlight those provisions considered most relevant to a subscriber's investment decision.

1. Kuwait Oil Company – Sun Drilling LLP Contracts

Sun Drilling LLP, a Kazakhstan-based drilling services provider, has been awarded multiple contracts by KOC for the provision of drilling and workover services using 1500 HP and 750 HP rigs in Kuwait. As of the date of this Prospectus, three awarded tenders have been executed between Sun Drilling LLP and KOC (collectively, the "**KOC Sun Drilling Contracts**"), each governing the deployment of rigs and performance of associated services under KOC's upstream operations framework. The aggregate value of these contracts is KD 158.6 million.

The contracts are operated by the Company pursuant to a Master Services Agreement dated 27 October 2014 (as amended on 27 December 2016) (together, the "**Master Agreement**") entered into among the Company, Sun Drilling LLP and ACB., wherein the Company is responsible for full execution along with all obligations and receives the full economic benefit of the work performed under KOC Sun Drilling Contracts.

No notices of default, breach, or penalty have been issued by KOC in relation to these contracts as of the date of this Offering Memorandum.

2. Kuwait Oil Company – Action Energy Company Contracts

The Company has entered into two memoranda of agreement dated 4 July 2024 (together, the "**KOC Company MoAs**") with KOC for the provision of drilling, completion, and workover services relating to oil and gas wells in Kuwait. The aggregate value of these contracts is approximately KD 21.9 million.

The Company is responsible for full execution along with all obligations and receives the full economic benefit of the work performed under this, and it has entered into supporting technical services arrangements to enhance its performance under these agreements.

3. Technical Services Agreement with Sun Drilling LLP.

On 10 February 2025, the Company entered into a Technical Services Agreement (the "**Sun Drilling TSA**") with Sun Drilling LLP. Under this agreement, Sun Drilling LLP provides consultancy, training, and operational support, including secondment of key personnel and structured knowledge transfer programs, to ensure the Company's effective execution of its KOC contracts.

No notices of default, breach, or penalty have been issued by KOC in relation to these contracts as of the date of this Prospectus.

4. Kuwait Oil Company – Target NDT Contract

Target NDT Co., a subsidiary of the Company, has entered into an agreement with KOC for the provision of oilfield services (the "**KOC Target NDT Contract**"). The agreement is for inspection and related oilfield support services under KOC's upstream operations framework. The effective date of the KOC Target NDT aggregate value of the contract is approximately KD 1.2 million.

Target NDT is responsible for the execution of the scope of work, including mobilization of equipment, provision of personnel, reporting, and compliance with KOC's operational and safety standards, while the Company consolidates the revenues and assumes the underlying commercial benefit and exposure through its ownership of Target NDT.

No notices of default, breach, or penalty have been issued by KOC in relation to this contract as of the date of this Prospectus.

5. Kuwait Oil Company – Sun Drilling Kuwait W.L.L. Contract

Sun Drilling Kuwait has entered into a Memorandum of Agreement with KOC for the design, rental, and operational deployment of Once Through Steam Generators (OTSGs) in connection with KOC's upstream heavy oil operations in South Ratqa (the "**KOC Sun Drilling Kuwait Contract**").

The KOC Sun Drilling Kuwait Contract was executed in the form of a Memorandum of Agreement, and covers the design, engineering, procurement, installation, commissioning, operation and maintenance, and ultimate decommissioning of the OTSGs. The scope of work is divided into three portions (Portion I–III), with the operation and maintenance phase scheduled for five years and subject to extension. The aggregate contract value is KWD 3.78 million.

No notices of default, breach, or penalty have been issued by KOC in relation to this contract as of the date of this Prospectus.

6. Kuwait Oil Company – Expert Optima Contract

Expert Optima LLP, a Kazakhstan-based oilfield services provider, has entered into an agreement with KOC for the provision of slickline and associated services in Kuwait (the "**KOC Expert Optima Contract**"). The effective date of the KOC Expert Optima aggregate value of the contract is approximately KD 11.6 million.

The Company is the beneficial and operational party pursuant to a Memorandum of Understanding dated 13 June 2022 (the "**Expert Optima MoU**") entered into between the Company and Expert Optima, whereby Expert Optima irrevocably delegated to the Company the authority and responsibility for execution of the contract, including provision of bank guarantees, financing, operational management, and assumption of liabilities, while retaining only a nominal role in respect of KOC.

In addition, the Company entered into a Consortium Agreement dated 28 May 2025 with Jereh Energy Services Corporation ("**Jereh**") to jointly perform the KOC Expert Optima Contract. Under the terms of the Consortium Agreement:

- The Company provides bank facilities, financial guarantees, and project funding;
- Jereh provides day-to-day operations, technical support, and execution expertise;
- Net profits are shared equally (50:50) between the Company and Jereh;
- Both parties are jointly and severally liable towards KOC under the contract.

No notices of default, breach, or penalty have been issued by KOC in relation to this contract as of the date of this Prospectus.

7. KCAD Rig Lease Agreements

The Company has entered into two long-term rig lease agreements with KCA Deutag Drilling GmbH (KCAD), dated 2 December 2019, for the provision of rigs T-82 and T-83 (the KCAD Rig Lease Agreements). Each agreement has a term of nine years and provides for daily lease payments of approximately USD 20,500 per rig, in addition to mobilisation fees and a monthly recovery component for the first three years.

The Company is responsible for procuring, delivering, and maintaining the rigs to KOC's specifications, while KCAD deploys them under its drilling contract with KOC. Maintenance costs above an annual cap are shared between the Company and KCAD on a 51:49 basis.

Related Party Transactions

As of the date of this Offering Memorandum, the Company has entered into a number of related party arrangements with entities affiliated with the Company's major shareholder, AREC, and ACB, a commercial agent and service provider to the Company and certain of its subsidiaries. The following transactions are considered material and have been entered into in the ordinary course of business:

1. Fee Transfer Agreement between ACB and AEC

On 1 October 2021, AEC entered into a remuneration transfer agreement with ACB pursuant to which AEC is entitled to receive 1.07 per cent. of KCAD revenues received by ACB from KOC contracts each annual quarter. The agreement remains in effect until terminated in writing by both parties.

2. Agency Agreement between AEC and ACB

On 16 October 2024, AEC appointed ACB as its exclusive commercial agent in Kuwait for a term of five years (binding until completion of ongoing projects and any related extensions). Under the terms of the agreement, ACB is entitled to a 1 per cent. commission on revenues earned by AEC under KOC contracts that are attributable to ACB's efforts, including local representation, PQ support, compliance assistance, and tender support.

3. Agency Agreement between Sun Drilling Kuwait and ACB

On 10 January 2025, Sun Drilling Kuwait (a subsidiary of AEC) appointed ACB as its exclusive commercial agent in Kuwait under similar terms. The agency agreement is valid for a period of five years and remains binding until the completion of ongoing projects and related extensions. ACB is entitled to a 1 per cent. commission on revenues earned under KOC contracts that are attributable to ACB's efforts.

4. Leasing Arrangements with AREC

The Company leases multiple premises from AREC, including its headquarters in the Kuwait Free Trade Zone and other facilities used for drilling operations and staff accommodation. These leases are conducted on arm's length terms and reflect prevailing market rates. Monthly rental payments range from KWD 300 to KWD 5,689, depending on the facility and its use.

5. Employee Registration Agreement with ACB

The Company has entered into an agreement with ACB, dated 19 October 2022, under which AEC's employees are legally registered under ACB's name for regulatory and administrative reasons, including the sponsorship and visa processes required under Kuwaiti law. AEC remains financially responsible for all salaries, benefits, and associated costs of such employees. These employees are engaged by the Company on a project-specific basis, primarily in connection with KOC contracts.

Additional Company Information

Establishment

The Company is a closed Kuwaiti shareholding company established on 18 May 2015 in accordance with the provisions of the Companies Law. The Company was registered with the Kuwaiti Commercial Register under Commercial Registration No. 358153.

Objectives

The main objectives for which the Company is incorporated are:

1. Drilling Services

The Company offers comprehensive oil, gas, and water well drilling services, including both exploration and development activities. These services cover:

- Oil well drilling
- Natural gas well drilling
- Water well drilling and maintenance
- Installation of casing and production pipes
- Drilling rig platform infrastructure
- Roads and access paths for drilling rigs

2. Field Development and Oilfield Services

Supporting upstream operations, the Company delivers critical services across the life cycle of oil and gas fields, including:

- Gas injection into oil fields
- Services related to the extraction of oil and natural gas (excluding surveying)
- Maintenance of oil facilities, wells, and refineries
- Thermal insulation for oil and gas industries
- Supply of oil well drilling materials

3. Petroleum Infrastructure & Civil Works

The Company undertakes major civil and industrial infrastructure works for the petroleum sector, such as:

- Petroleum infrastructure works

- Infrastructure for gathering centers, refineries, and pump stations

4. Inspection, Testing & Technical Services

Specialized technical services are offered to support quality assurance and safety, including:

- Soil and material testing
- Industrial and radiological inspection

5. Power & Energy Services

The Company is involved in conventional and renewable energy development, covering:

- Power generation and development
- Operation of power plants
- Renewable energy
- Maintenance of pumps and energy equipment
- Maintenance of oil pipelines

6. Professional and Administrative Services

Complementary business lines include IP support and manpower supply:

- Trademark and patent registration
- Trademark registration agency

Supply of administrative and technical staff to companies, institutions, and foreign entities for maintenance and related services

Control/Supervision of the Company

The Company is a closed shareholding company operating in the State of Kuwait and licensed pursuant to the Companies Law. Therefore, it is subject to the supervision of the CMA and MOCI.

Independent Auditors

The Company has appointed Ernst & Young, Al Aiban, Al Osaimi & Partners as independent auditors. The consolidated financial statements of the Company as at and for the financial years ended on 31 December 2024, 31 December 2023, and 31 December 2022, were audited by Ernst & Young, Al Aiban, Al Osaimi & Partners, without expressing any qualification in any of the above years.

Fiscal Year

From 01 January to 31 December

Resolution of the General Assembly approving the listing of the Company

On 19 August 2025, the General Assembly of the Company approved the listing of the Company and the Shares for trading on Boursa Kuwait and authorized the Board of Directors of the Company to initiate actions to list the Company on Boursa Kuwait.

Official Consent

On 29 September 2025, the Company obtained a positive recommendation from Boursa Kuwait and a conditional approval on 30 October 2025 from the CMA to list the Company and the Shares for trading on Boursa Kuwait, subject to successful completion of the Offering to satisfy the minimum float and number of Shareholders required for listing and remaining procedures for listing and trading of the Shares. At this stage, no public market exists for the Shares, and no assurance can be given that a public market for the Shares will develop or be sustained in the future or before the listing. The CMA has approved and authorized this Offering Memorandum and the Offering of the shares on 12 November 2025.

Capital and Major Shareholders prior to the Offering

The authorized capital of the Company is KD 100,000,000, while the issued and paid-up capital amounts to KD 47,200,000 divided into 472,000,000 shares at 100 Fils per share.

Major Shareholders	Number of Shares	Stake
Action Real Estate Company K.S.C.C.	371,246,250	78.65%
Gulf Investment Corporation G.S.C.	97,000,000	20.55%

Board of Directors

Name	Title
Sheikh Mubarak Al-Sabah	Chairman
Eng. Rawaf Bourisli	Vice Chairman
Mr. Ahmad Al-Ajlan	Board Member and the CEO (Representative of AREC)
Mr. Vikas Arora	Board Member (Representative of AREC)
Mr. Talal Al-Qassar	Board Member (Representative of AREC)

Management

Name	Tenure with the Company	Position
Mr. Ahmad Al-Ajlan	3 years	Chief Executive Officer
Mrs. Wafaa Al-Shatti	6 years	General Manager – HR & Admin
Mr. Jainuddin Jhabuawala	8 years	General Manager – Finance
Mr. Craig Rasmussen	9 years	General Manager – Drilling Operations
Mr. Ivan Chikunov	5 years	General Manager – Oil & Gas Services
Mr. Shane Welles	1.5 years	Country Operations Manager
Mr. Egbert Micame	9 years	Health, Safety, & Environment Manager

Changes Made to the Supplementary Prospectus

Following the approval of the Prospectus on 6 October 2025, the Company increased its share capital as per the following details:

1. Increase in Authorized Share Capital

On 5 October 2025, the Company's Extraordinary General Assembly resolved to increase the authorized share capital from KWD 55 million (Kuwaiti Dinars Fifty-Five Million only) to KWD 100 million (Kuwaiti Dinars One Hundred Million only) and authorized the Board of Directors to call for the increase in the issued and paid-up share capital in one or multiple tranches. The increase was registered in the Commercial Register on 22 October 2025.

2. Increase in Issued Share Capital (Against Issuance of Bonus Shares)

On 5 October 2025, the Company's Extraordinary General Assembly resolved to increase the issued and paid-up share capital from KWD 20 million (Kuwaiti Dinars Twenty Million only) to KWD 37.5 million (Kuwaiti Dinars Thirty-Seven Million and Five Hundred Thousand only) through the issuance of bonus shares to shareholders registered in the Company's records as of the date of the General Assembly. This increase was registered in the Commercial Register on 22 October 2025.

3. Increase in Issued Share Capital (Through Conversion of Preferred Shares into Ordinary Shares)

On 21 October 2025, the Board of Directors resolved to increase the issued and paid-up share capital through the conversion of preferred shares into ordinary shares, from KWD 37.5 million (Kuwaiti Dinars Thirty-Seven Million and Five Hundred Thousand only) to KWD 47.2 million (Kuwaiti Dinars Forty-Seven Million and Two Hundred Thousand only), by issuing ordinary shares amounting to KWD 9.7 million (Kuwaiti Dinars Nine Million and Seven Hundred Thousand only), in addition to a share premium of 95.32 fils per share, in accordance with the asset valuer's report. This increase was registered in the Commercial Register on 3 November 2025.

4. Call for an Increase in Issued Share Capital

On 4 November 2025, the Board of Directors approved an increase in the issued and paid-up share capital from KWD 47.2 million (Kuwaiti Dinars Forty-Seven Million and Two Hundred Thousand only) to KWD 56.2 million (Kuwaiti Dinars Fifty-Six Million and Two Hundred Thousand only), by issuing ordinary shares amounting to KWD 9.0 million (Kuwaiti Dinars Nine Million only), with the share premium to be determined in accordance with the book-building mechanism.

The table below illustrates the movements in the Company's share capital pertaining to ordinary shares:

Year	Share Capital Before Increase (KWD)	Amount of Increase (KWD)	Share Capital After Increase (KWD)	Remarks
2021	100,000	-	100,000	Capital upon establishment
2022	100,000	19,900,000	20,000,000	As per the amendment deed dated 30 June 2022, bonus shares granted to shareholders registered in the Company's records
2025	20,000,000	17,500,000	37,500,000	As per the resolution of the Extraordinary General Assembly dated 5 October 2025, bonus shares granted to shareholders registered in the Company's records (registered on 22 October 2025)
2025	37,500,000	9,700,000	47,200,000	As per the Board resolution dated 21 October 2025 – conversion of preferred shares into ordinary shares (registered on 3 November 2025)
Call for Issued and Paid-up Capital				
2025	47,200,000	9,450,000	56,650,000	As per the Board resolution dated 12 November 2025, within the listing process

5. Related Party Transactions

Further to the previous amendments, a separate section has been added with related party transactions (page 193).

6. Modification in the Articles of Association

As of October 2025, the Company's Articles of Association were amended to increase the number of Board members from five (5) to seven (7) and the two additional members will be elected in the coming period in accordance with the applicable regulatory and supervisory procedures.

Appendix: Articles of Incorporation

وزارة العـــدل
إدارة التوثيــق

٢٠١٥
العقود و الشركات - فرع وزارة التجارة
الرقم: ٦٢١

عقد تأسيس شركة ذات مسئولية محدودة

الموثقة

إنه في يوم : الاربعاء الموافق:٢٠١٥\٠٣\١٨ ميلادى الوقت: ١١:٤١:٤٩ ق.ظ.
لدى أنا : منيرة سالم الجيران الموثق رقم المعامله : ٢٥١٧٠٧٤

حضر لدى كل من :

هامـــش

طرف أول /
الشيخ مبارك عبدالله المبارك الصباح كويتي الجنسية بطاقة مدنية ٢٧٦٠٥١٨٠١٤٩٧

طرف ثاني /
رواف ابراهيم حمود بورسلي كويتي الجنسية بطاقة مدنية ٢٧٧٠٢١٦٠٠١٣٨

و طلبوا و هم بكامل الأهلية توثيق العقد الأتى نصه:

اسم الشركة: شركة العمليه لحفر و صيانة الابار النفطية

عنوانهـــا: رواف ابراهيم حمود بورسلي و شريكه

رأس مال الشركة: ١٠٠٠٠٠ / مائة ألف دينار كويتى لا غير

مادة ١

اسم الشركة و عنوانها شركة العمليه لحفر و صيانة الابار النفطية / رواف ابراهيم حمود بورسلي و شريكه

مادة ٢

يقع مقر الشركة في دولة الكويت و يجوز لمديري الشركة أن يقرروا نقل المقر الرئيسي إلى أية جهة أخرى في الكويت و فتح فروع

ووكالات للشركة داخل و خارج الكويت

مادة ٣

المدة المحددة للشركة هي سنتين بدأ من تاريخ تسجيل الشركة في السجل التجاري وتجدد تلقائياً لمدد مماثلة ما لم يخطر أحد الشركاء الأطراف الأخرى كتابياً برغبته بعدم التجديد بمدة لا تقل عن شهرين قبل انتهاء مدة هذا العقد أو أية مدة مجددة مع إبلاغ الجهات المختصة بذلك.

مادة ٤

مع عدم الإخلال بأحكام قانون الشركات التجارية رقم ٢٥ لسنة ٢٠١٢ والتعديلات اللاحقة عليه، فإن الأغراض التى أسست من أجلها الشركة هي :
حفر و صيانة الابار النفطية

مادة ٥

حدد رأس مال الشركة بمبلغ قدره ١٠٠٠٠٠ د.ك. - مائة ألف دينار كويتي لا غير. - مقسم الى ١٠٠ حصه ، قيمة الحصه الواحده ١٠٠٠ د.ك موزعه بينهم على النحو التالي :

توزيع حصص الشركة :-

م	إسم صاحب الحصة	عدد الحصص	قيمتها بالدينار
١	الشيخ مبارك عبدالله المبارك الصباح	٩٩	٩٩٠٠٠
٢	رواف ابراهيم حمود بورسلي	١	١٠٠٠
	الإجمالي	١٠٠	١٠٠٠٠٠

ويقر الشركاء بأن رأس المال مدفوع بالكامل باسم ولحساب الشركة فى بنك الخليج بموجب شهادة البنك المعتمدة و المؤرخة فى ٢٠١٤/١١/٢٥والمرفقة بأصل هذا العقد.

مادة ٦

كل حصة فى رأس مال الشركة تخول صاحبها الحق فى حصة متعادلة في أرباح الشركة في ملكية موجوداتها ولا يلتزم الشركاء إلا في حدود قيمة حصصهم والحقوق والإلتزامات المتعلقة بالحصة تتبعها في أيدي من تؤول إليه ملكيتها ويترتب حتما على ملكية الحصة قبول أحكام هذا العقد وقرارات الجمعية العمومية للشركة.

595081

هامـــش

مادة ٧

لا يجوز تداول حصص رأس مال الشركة ذات المسؤولية المحدودة الا وفقا لأحكام هذا القانون ، و يتم التنازل عن الحصص بموجب محرر كتابي و لباقي الشركاء الحق في استرداد الحصص بذات الشروط اذا كان التنازل لغير الشركاء.
في حالة التنازل عن الحصة لغير الشركاء يجب الحصول على موافقة باقي الشركاء ، فاذا تعذر الحصول على موافقة باقي الشركاء وجب نشر شروط التنازل بالجريدة الرسمية ، فاذا انقضت خمسة عشر يوما دون ان يتقدم أحد الشركاء للوزارة بطلب يبدي فيه رغبته في استعمال حق الاسترداد كان للمتنازل التصرف في حصته ، و اذا استعمل حق الاسترداد أكثر من شريك ، قسمت الحصة المبيعة بينهم بنسبة حصة كل منهم في رأس المال.
و لا يعتد بطلب الاسترداد اذا لم يكن مرفقا به شيك مصدق باسم المتنازل بكامل قيمة الحصة المتنازل عنها ، و يسلم للمتنازل بعد اتمام اجراءات التنازل ، و في حالة رفض المتنازل اتمام التنازل جاز للشريك طالب الاسترداد اما الرجوع عن الاسترداد أو الزام المتنازل بذلك بموجب حكم قضائي.
و يتم تعديل عقد الشركة بما يفيد التنازل بمحرر رسمي يوقع عليه المتنازل و المتنازل اليه دون حاجة لتوقيع باقي الشركاء ، أو بحكم قضائي بصحة و نفاذ الاسترداد.
و لا يكون النزول عن الحصة أثر بالنسبة الى الشركاء أو الغير الا من وقت القيد.

مادة ٨

توزع الأرباح الصافية للشركة على الوجة التالي :-
أولاً : تقتطع نسبة ١٠% تخصص لحساب الاحتياطي الإجباري.
ثانياً : تقتطع نسبة ١٠% تخصص لحساب الاحتياطي الاختياري ويوقف هذا الاقتطاع بقرار من الجمعية العامة العادية للشركة بناء على اقتراح مديري الشركة.
ثالثاً : يقتطع جزء من الأرباح بناء على اقتراح مديري الشركة لمواجهة الالتزامات المترتبة على الشركة بموجب قوانين العمل.
رابعاً : يوزع الباقي من الأرباح بعد ذلك على الشركاء بنسبة الحصص التى يمتلكها كل منهم فى رأس مال الشركة.

مادة ٩

يتولي إدارة الشركة : رواف ابراهيم حمود بورسلي (منفردا بالإدارة)
يمثل المدير الشركة فى علاقتها مع الغير وله منفردا أوسع السلطة للتعامل باسمها وإبرام كافة العقود والمعاملات الداخلة ضمن أغراض الشركة وعلى الأخص تعيين ووقف وعزل وكلاء ومستخدمي الشركة وتحديد مرتباتهم وأجورهم ومكافآتهم وقبض ودفع المبالغ وتوقيع وتحويل وإبرام جميع العقود والاتفاقيات والصفقات التي تتعلق بمعاملات الشركة وتحقيق أغراضها بالنقد أو بالأجل وتوكيل من يشاء فى كل أو بعض صلاحيات الإدارة. و يجوز له فتح حسابات لدى البنوك . ولا يجوز لمدير الشركة بيع عقارات الشركة أو رهنها أو إعطاء الكفالات أو عقد القروض إلا بناء على قرار جماعي من الشركاء.

مادة ١٠

المديرون مسئولون بالتضامن تجاه الشركة و الشركاء و الغير عن مخالفتهم لأحكام القانون أو هذا العقد أو الخطأ في الإدارة وفقا للقواعد المنصوص عليها فى قانون الشركات التجارية الكويتى و القوانين المعدلة أو المكملة له.

مادة ١١

لا يجوز لأى من مديري الشركة - بغير موافقة الشركاء-أن يتولى الإدارة في شركة آخري منافسة أو ذات أغراض مشابهة أو أن يقوم لحسابه أو لحساب الغير بأعمال منافسة أو مماثلة لأعمال الشركة ويترتب على مخالفة ذلك جواز عزل المدير المخالف وإلزامه بتعويض الشركة.

مادة ١٢

يكون للشركة مراقب حسابات أو أكثر من المحاسبين القانونيين يعينه ويقدر أتعابه الشركاء أو من يوكل بذلك من قبلهم وعليه مراقبة حسابات السنة المالية التى عين لها.

مادة ١٣

تبدأ السنة المالية للشركة فى أول يناير وتنتهي فى آخر ديسمبر من كل عام ما عدا السنة الأولي فتبدأ من تاريخ قيد الشركة بالسجل التجاري وتنتهي فى آخر ديسمبر من العام التالي.

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وزارة العـــدل

إدارة التوثيـــق

هامـــش

مادة ١٤

تتبع جميع الأحكام المنصوص عليها في القانون رقم ٢٥ لسنة ٢٠١٢ الخاص بالشركات التجارية والقوانين المعدلة أو المكملة له فيما لم يرد بشأنه نص خاص في هذا العقد.

مادة ١٥

حرر هذا العقد بناءا على كتاب وزارة التجارة والصناعة رقم ٥١٨٧ بتاريخ ٢٠١٥/٢/١٩ والمسجل بوارد مراقبة العقود والشركات بوزارة العدل برقم ٢٥١٧٠٧٤ بتاريخ ٢٠١٥/٣/١٨

الاسم	الاسم / التوقيع
طرف أول / مبارك عبدالله المبارك الصباح	
طرف ثاني / رهاف ابراهيم بورسلي	

- وبما ذكر تحرر هذا العقد وبعد تلاوته على الحاضرين وقعوه.

- تحرر من أصل وعدد (٢) نسخة ومكون من عدد (٥) صفحة.

- القدر من الكتابة وليس به شطب أو إضافة ومرفقاته.

وزارة العدل إدارة التوثيق

الموثقة

منيرة سالم الجيران

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Ministry of Justice

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العقود و الشركات
الرقم: ١٩٣٣

إدارة التوثيق
Department of Authentication

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عقد تعديل شركة ذات مسئولية محدودة

إنه فى يوم : الخميس　　الموافق: ٢٠١٨\٠٥\١٠ ميلادى　　الوقت: ١٢:٢٧:٣٢ ب.ظ.

لدى أنا : دلال اسماعيل حسين الكندري　　الموثق　　رقم المعامله : ٣٧٠١٧٣١

حضر لدى كل من :

هامش

طرف أول / شريك

الشيخ مبارك عبدالله المبارك الصباح　　كويتي　　الجنسية بطاقة مدنية　٢٧٦٠٥١٨٠١٤٩٧

طرف ثاني / شريك

رواف ابراهيم حمود بورسلي　　كويتي　　الجنسية بطاقة مدنية　٢٧٧٠٢١٦٠٠١٣٨

طرف ثالث / شريك

شركه العمليه العقاريه شركة مساهمة كويتية مقفلة موثق عقد تأسيسها برقم٥٤٠٦جلد١بتاريخ٢٠٠٥/١٠/٤ ويمثلها بالتوقيع الشيخ/مبارك عبدالله المبارك الصباح كويتي الجنسية يحمل بطاقه مدنية برقم٢٧٦٠٥١٨٠١٤٩٧ بصفته رئيس مجلس الادارة بموجب شهادة لمن يهمه الامر الصادرة من وزارة التجارة والصناعة برقم٠٤٠٩٨_٢٠١٨ بتاريخ٢٠١٨/٢/١٢　　أخرى

وزارة العدل
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وزارة العدل
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و طلبوا وهم بكامل الأهلية توثيق العقد الآتي نصه:

اسم الشركة: شركة العمليه لحفر وصيانة الابار النفطية

عنوانهـــا: شركة ذات مسئولية محدودة

رأس مال الشركة: ١٠٠٠٠٠ / مائة ألف دينار كويتي لا غير

هامـــش

تمهيد

بموجب العقد الرسمي الموثق برقم ٦٢١بتاريخ ٢٠١٥/٣/١٨تأسست بين الطرفين الاول والثاني شركة ذات مسئولية محدودة باسم وعنوان/شركة العمليه لحفر وصيانة الابار النفطية -رواف ابراهيم حمود بورسلي وشريكه، برأسمال وقدره ١٠٠٠٠٠د.ك (مائة ألف دينار كويتي) موزعاً بينهما على النحو الوارد بعقد التأسيس ولرغبة الطرف الاول بالتنازل عن جزء من حصصه بالشركة إلى الطرف الثالث بصفته القابل لذلك ولينضم الطرف الثالث بصفته كشريك جديد بالشركة وبموافقة الطرف الأول والثاني ولرغبة الاطراف الأول والثاني والثالث بصفته في إعادة توزيع رأس المال فقد تم الاتفاق بينهم على الآتي:

مادة ١

يعتبر التمهيد السابق جزءاً لا يتجزأ من هذا العقد .

مادة ٢

يقر الطرف الاول بتنازله عن جزء من حصصه بالشركة بمقدار٩٨حصة (ثمانية وتسعون حصة) من مجموع حصصه بالشركة والبالغ عددها ٩٩حصة (تسعه وتسعون حصة) بكافة عناصرها المادية والمعنوية وبما لها من حقوق وما عليها من التزامات قبل الشركة والغير إلى الطرف الثالث بصفته القابل لذلك وموافقة الطرف الثاني وذلك بمقابل مدفوع ومتفق عليه فيما بينهم خارج مجلس هذا العقد .

مادة ٣

يقر الطرف الثالث بصفته بأنه قد أطلع على عقد التأسيس وموافقته على ما ورد به من مواد واحكام .

مادة ٤

اتفق الاطراف الاول والثاني والثالث بصفته على تعديل المادة الخامسة من عقد التأسيس والخاصه برأسمال الشركة وذلك باعادة توزيعه فيما بينهم ليصبح نصها كالاتي : - حدد رأس مال الشركة بمبلغ قدره ١٠٠٠٠٠ د.ك. - مائة ألف دينار كويتي لا غير. - مقسما الى ١٠٠حصة (مائة حصة)قيمة الحصة الواحدة١٠٠٠د.ك(ألف دينار كويتي)موزعا بينهم على النحو التالي:

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هامـــش

توزيع حصص الشركة :-

م	إسم صاحب الحصة	عدد الحصص	قيمتها بالدينار
١	الشيخ مبارك عبدالله المبارك الصباح	١	١٠٠٠
٢	رواف ابراهيم حمود بورسلي	١	١٠٠٠
٣	شركه العمليه العقاريه	٩٨	٩٨٠٠٠
	الإجمـــالـــي	١٠٠	١٠٠٠٠٠

مادة ٥

تظل كافه أحكام عقد التأسيس سارية المفعول ونافذه قانونا فيما لا يتعارض مع ما جاء بهذا العقد .

مادة ٦

يبدأ سريان هذا العقد من تاريخ توقيعه وقيده بالسجل التجاري .

مادة ٧

يقر الشركاء بأن الشركة مازالت مستمرة قانونا و انها لم تفسخ و لم يصدر ضدها اي احكام تفيد بعدم نفاذ العقود السابقة او انقضائها او حلها او تصفيتها وفي حالة عدم صحة ما جاء بهذا الاقرار يتحمل الشركاء ما قد يترتب علي ذلك من مسئولية .

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مـادة ٨

حرر هذا العقد بناء على كتاب التجارة والصناعة برقم ٢٠١٨/٢٧٧٨٢ بتاريخ ٢٠١٨/٤/٢٢والمسجل بوارد مراقبة توثيق العقود والشركات برقم آلي٣٧٠١٧٣١ بتاريخ ٢٠١٨/٤/٢٩.

الاسم	الاســـم / التوقيـــع
طرف أول / مبارك عبدالله الصباح	
طرف ثـانـي / نواف ابراهيم بورسلي	
طرف ثـالـث /	

- وبما ذكر تحرر هذا العقد وبعد تلاوته على الحاضرين وقعوه.

- تحرر من أصل وعدد (٢) نسخة ومكون من عدد (٤) صفحة.

- القدر من الكتابة وليس به شطب أو إضافة ومرفقاته. بالاصل

وزارة العدل إدارة التوثيق
الموثقة
أ/ ولاء اسماعيل الكندري

٢٠١٨/٥/١٠م

وزارة العدل
إدارة التوثيق

تأشيرة سجل تجاري

تشهد إدارة السجل التجاري بأن:	الشركه العمليه للطاقه
الرقم المركزي:	2012201501148
الكيان القانوني:	شركة ذات مسؤلية محدودة
مسجلة بالسجل التجاري تحت رقم:	358153
بتاريخ:	28/01/2019
العنوان التجاري:	.رواف ابراهيم حمود بورسلي وشركاه
جرى التأشير في السجل التجاري بما يلي :	
رقم التأشيرة:	123979
تاريخ تسجيل التأشيرة:	21/12/2020
الإجراءات:	تعديل الاسم التجارى - بناء على طلب برقم (123979) بتاريخ (21/12/2020)

* تعديل الاسم التجارى (من شركه العمليه لحفر وصيانه الابارالنفطيه إلى الشركه العمليه للطاقه) .

تأشيرة سجل تجاري

تشهد إدارة السجل التجاري بأن:	الشركه العمليه للطاقه

الرقم المركزي:	2012201501148	**الكيان القانوني:**	شركة ذات مسؤلية محدودة
مسجلة بالسجل التجاري تحت رقم:	358153	**بتاريخ:**	28/01/2019

العنوان التجاري:	.رواف ابراهيم حمود بورسلي وشركاه

جرى التأشير في السجل التجاري بما يلي :	**رقم التأشيرة:**	815570	**تاريخ تسجيل التأشيرة:**	05/06/2022

الإجراءات: زيادة رأس المال - بناء على طلب برقم (815570) بتاريخ (02/06/2022)

,

* زيادة رأس المال (من 100000 إلى 20000000) .

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٢٠٢٢
العقود و الشركات - فرع وزارة التجارة
الرقم: ١٧٨٦

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عقد تعديل شركة ذات مسئولية محدودة و تحويل كيانها القانوني إلى شركة مساهمة مقفلة

إنه في يوم : الخميس الموافق: ٢٠٢٢\٠٦\٣٠ ميلادى الوقت: ١٠:٠١:٣٩ ص
لدى أنا : الموثق فراس سالم الروضان الموثق رقم المعاملة : ٥٢٨٧٨٠٤

حضر لدى كل من :

هامش

طرف أول /
الشيخ مبارك عبدالله المبارك الصباح كويتي الجنسية بطاقة مدنية ٢٧٦٠٥١٨٠١٤٩٧

طرف ثاني /
شركه المعليه العقاريه شركة أخرى
مساهمة كويتية مقفلة موثق عقد
تاسيسها برقم ٦٥٤٠ جلد ١ بتاريخ
٤/١٠/٢٠٠٥ ويمثلها بالتوقيع الشيخ /
مبارك عبدالله المبارك الصباح - كويتي
الجنسية يحمل بطاقة مدنية رقم
٢٧٦٠٥١٨٠١٤٩٧ بصفته رئيس مجلس
الادارة بموجب شهادة لمن يهمه الامر
صادرة من وزارة التجارة والصناعة
برقم ٥٠٧٢٧ بتاريخ ٢٠٢٢/٦/٢٦

طرف ثالث /
رواف ابراهيم حمود بورسلي كويتي الجنسية بطاقة مدنية ٢٧٧٠٢١٦٠٠١٣٨

طرف رابع /
احمد فلاح مهنا الرشيدي كويتي الجلنسية بطاقة مدنية ٢٧٣٠٥٢٩٠١٠٦٦

طرف خامس /
فيصل عبيد جعيثن المطيري كويتي الجنسية بطاقة مدنية ٢٧٤١٢٠٢٠١١٣٩

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و طلبوا و هم بكامل الأهلية توثيق العقد الآتي نصه:

اسم الشركة: شركة العملية للطاقة

عنوانها: شركة مساهمة كويتية مقفلة

رأس مال الشركة: ٢٠٠٠٠٠٠٠ / عشرين مليون دينار كويتي لا غير

هامش

تمهيد

بموجب العقد الرسمي الموثق برقم ٦٢١ بتاريخ ٢٠١٥/٥/١٨ والمعدل بالعقد الموثق برقم ١٩٣٣ بتاريخ ٢٠١٨/٥/١٠ تاسست بين اطراف هذا العقدما عدا الطرفين الرابع والخامس شركة ذات مسئولية محدودة باسم وعنوان/ شركة العملية لحفر وصيانة الابار النفطية شركة ذات مسئولية محدودة - وتم تعديل الاسم التجاري للشركة ليصبح شركة العملية للطاقة - بموجب تاشيرة في السجل التجاري برقم ١٢٣٩٧٩ بتاريخ ٢٠٢٠/١٢/٢١ , برأسمال وقدره ١٠٠٠٠٠د.ك (مائة الف دينار كويتي) وتم زيادة راسمال الشركة ليصبح (٢٠٠٠٠٠٠٠ د.ك) (عشرون مليون دينار كويتي) بموجب تاشيرة في السجل التجاري رقم ٨١٥٥٧٠ بتاريخ ٢٠٢٢/٦/٥موزعا بينهم على النحو الوارد بعقد التعديل .
ولرغبة الطرف الثاني بصفتها بالتنازل عن جزء من حصصها الى الطرفين الرابع والخامس القابلين لذلك بموافقة الطرفين الاول والثالث ودخول الطرفين الرابع والخامس كشريكين جديدين بالشركة ولرغبة الاطراف الأول والثاني بصفتها والثالث والرابع والخامس في تحويل الكيان القانوني للشركة من شركة ذات مسئوليه محدودة الى شركة مساهمه كويتيه مقفله وإعادة توزيع رأس المال - فقد تم الاتفاق بينهم على الآتي:

تمهيد

تقر الطرف الثاني بصفتها بتنازلها عن جزء من حصصها بالشركة بمقدار (٢٠٠٠ سهم) من مجمع اسهمها والبالغة ()بكامل عناصرها المادية والمعنوية بما لها من حقوق وما عليها من التزامات قبل الشركة والغير الى الطرفين الرابع بمقدار(١٠٠٠ سهم)الخامس بمقدار (١٠٠٠ سهم) القابلين بذلك وذلك بمقابل ودفوع ومتفق علية خارج مجلس هذا العقد .

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إدارة التوثيق
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يعتبر التمهيد السابق جزءا لا يتجزا من هذا العقد .

- اتفق الاطراف على تعديل المادة الاولى من عقد التأسيس والخاصة باسم الشركة وعنوانها ليصبح نصها كالآتي :اسم الشركة وعنوانها - /شركة شركة العملية للطاقة/شركة مساهمة كويتية مقفلة . ومن المتفق عليه أن هذا التعديل بالاسم التجاري للشركة لا يغير على ما للشركة من حقوق وما عليها من التزامات قبل الشركة والغير نتيجة مزاولة نشاطها التجاري بالاسم التجاري السابق .

هامش

يقر المؤسسون بأن الشركة تأسست طبقا لأحكام قانون الشركات رقم (١) لسنة ٢٠١٦ تعديلاته ولائحته التنفيذية وأحكام هذا العقد. وتتمتع الشركة بالشخصية الإعتبارية إعتبارا من تاريخ الشهر. ولا يجوز لها مزاولة نشاطها إلا من تاريخ الشهر إلا بموافقة الجهات الرقابية على مزاولتها للنشاط

-تظل كافة أحكام وبنود عقد التأسيس وعقود التعديل اللاحقة له سارية المفعول ونافذة قانونا فيمالا يتعارض مع ما جاء بهذا العقد.

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مدة هذه الشركة غير محددة وتبدأ من تاريخ الشهر.

يقع مركز الشركة الرئيسي في دولة الكويت وموطنها في دولة /الكويت ويجوز لمجلس الادارة نقل المركز الرئيسي إلى أي جهة أخرى داخل دولة الكويت وفتح فروع ووكالات للشركة داخل وخارج دولة الكويت ويكون للشركة مباشرة الأعمال السابق ذكرها في دولة الكويت وفي الخارج بصفة أصلية أو بالوكالة ويجوز للشركة أن تمارس أعمالا مشابهة أو مكملة أو لازمة أومرتبطة بأغراضها المذكورة.
ويعتبر مقر الشركة هو الموطن القانوني لها الذي يعتد به في توجيه المراسلات والإعلانات القضائية إليها وتثبت بياناته في السجل التجاري .ولايعتد بتغييرهذا المقر إلابعد قيده في السجل

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التجاري .

اتفق الشركاء على تحويل الكيان القانوني للشركة من شركة ذات مسئولية محدودة الى شركة مساهمة كويتية مقفلة .

مدة الشركة غير محددة من تاريخ قيدها في السجل التجاري ونشر المحرر الرسمي الخاص بتأسيسها في الجريدة الرسمية .

اسهم الشركة اسمية ويجوز لغير الكويتيين تملكها وفقا لأحكام القانون والقرارات الوزارية المنظمة لذلك.

تبدأ السنة المالية للشركة في الأول من يناير وتنتهي في آخر ديسمبر من كل عام

إذا كانت قيمة الأسهم الأصلية قد دفعت بالكامل. يجوز بقرار يصدر من الجمعية العامة غير العادية بعد موافقة الجهات الرقابية زيادة رأس مال الشركة المصرح به وذلك بناء على اقتراح مسبب من مجلس الإدارة وتقرير من مراقب الحسابات في هذا الشأن على أن يتضمن القرار الصادر بزيادة رأس المال مقدار وطرق الزيادة.

إذا تقرر زيادة رأس مال الشركة ولم يمارس بعض المساهمين حق أولوية الاكتتاب في أسهم زيادة رأس المال يتم تخصيص الأسهم غير المكتتب فيها لمن يرغب في ذلك من مساهمي الشركة، فإن تجاوزت طلبات الإكتتاب عدد الأسهم المطروحة تم تخصيصها على المكتتبين بنسبة ما اكتتبوا به.
وفي جميع الأحوال التي لا يتم الاكتتاب فيها في كامل الأسهم الجديدة جاز لمجلس الإدارة أن يقوم بتخصيص الأسهم غير المكتتب فيها لمساهمين جدد، وتعتبر الأسهم الجديدة غير المكتتب فيها

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ملغاة بقوة القانون.

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يتعهد المؤسسون الموقعون على هذا العقد بالقيام بجميع الإجراءات اللازمة لإتمام تأسيس الشركة ويلتزمون باستبعاد وإلغاء طلبات الإكتتاب الوهمية والمكررة وإتخاذ الإجراءات اللازمة لتحقيق ذلك. ولهذا الغرض وكلوا عنهم السيد (أنور أحمد عبدالرحيم إبراهيم) في إتخاذ الإجراءات القانونية وإستيفاء المستندات اللازمة وإدخال التعديلات التي ترى الجهات الرسمية ضرورة إدخالها في العقد أو في النظام الأساسي المرفق به.
وعلى المؤسسين خلال ثلاثة أشهر من تاريخ الإنتهاء من الإكتتاب وقبل اجتماع الجمعية التأسيسية أن يقدموا لوزارة التجارة والصناعة بيانا بعدد الأسهم التي اكتتب فيها كل مؤسس وبقيامهم بدفع الأقساط الواجب دفعها وأسمائهم وعناوينهم وقيمة السهم وما دفع من قيمته.

يترتب حتما على ملكية السهم قبول المساهم عقد التأسيس وأحكام النظام الأساسي للشركة وقرارات جمعياتها العامة.

مادة ١

تأسست الشركة طبقا لأحكام قانون الشركات رقم ٢٠١٦/١ وتعديلاته ولائحته التنفيذية وهذا النظام الأساسي واحكام هذا العقد وهذا النظام الاساسى المبينة احكامه فيما بعد شركة مساهمة كويتية مقفلة تسمى الشركة العملية للطاقة (ش.م.ك.م) .

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مادة ٢

مركز الشركة الرئيسي ومحلها القانوني في دولة الكويت الكائن في الجهراء مجمع النسيم التجارى وهو الموطن الذي يعتد به في توجيه المراسلات والإعلانات القضائية ولا يعتد بتغيير هذا الموطن إلا إذا تم التغيير بالسجل التجاري.
ويجوز لمجلس الإدارة أن ينشئ لها فروعا أو توكيلات أو مكاتب بدولة الكويت أو بالخارج.

مادة ٣

إسم الشركة / الشركة العملية للطاقة وعنوانها التجاري شركة مساهمة كويتية مقفلة .

مادة ٤

مع عدم الإخلال بأحكام قانون الشركات رقم ٢٠١٦/١ أغراض وأنشطة الشركة وتعديلاته ولائحته التنفيذية فإن الأغراض التي أسست من أجلها الشركة هي:

١. حفر آبار النفط
٢. الخدمات المتصلة باستخراج النفط والغاز باستثناء خدمات المسح
٣. صيانة المنشات النفطية والآبار ومصافي النفط والبتروكيماويات
٤. خفر آبار الغاز الطبيعي
٥. حقن الغازات في حقول النفط
٦. عمليات العزل الحراري لصناعات الغاز والنفط
٧. توريد لوازم حفر آبار النفط
٨. إنزال بطانة المواسير الغلافية والمواسير الإنتاجية وما خصها
٩. أعمال البنية التحتية للخدمات البترولية
١٠. أعمال البنية التحتية للسناتر ومصافي النفط ومضخات النفط
١١. أعمال البنية التحتية للطرق والممرات أجهزة حفر آبار النفط
١٢. أعمال البنية التحتية لمنصات أجهزة حفر آبار النفط
١٣. حفر آبار المياه وصيانتها.
١٤. تسجيل العلامات التجارية والبراءات .
١٥. فحص التربة والمواد الهندسية.
١٦. التفتيش الصناعي والخدمات الإشعاعية .
١٧. أعمال وتوليد و إستحداث الطاقة الكهربية
١٨. تشغيل محطات توليد الطاقة المتجددة والبديلة .
١٩. الطاقة البديلة.
٢٠. إصلاح وصيانة المضخات ومعدات الطاقة السائلة
٢١. إصلاح وصيانة الأنابيب النفطية .
٢٢. وكلاء تسجيل العلامات التجارية.

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٢٣. خدمات توفير العمالة الإدارية والفنية بجميع الشركات المحلية والخاصة وكذلك دور التعليم والشركات الأجنبية لخدمات صيانة المعدات والاليات الخاصة بأغراض الشركة

مادة ٥

حدد رأس المال المصرح به بمبلغ (٢٠،٠٠٠،٠٠٠ د.ك) فقط (عشرون مليون دينار لا غير) ورأس مال المصدر (٢٠،٠٠٠،٠٠٠ د.ك) فقط (عشرون مليون دينار لا غير) ورأس المال المدفوع (٢٠،٠٠٠،٠٠٠ د.ك) فقط (عشرون مليون دينار لا غير): وجميعه عيني وفقا للتقرير المقدم من مكتب العيبان والعصيمي والمؤرخ في ٢٠٢٢/٥/٢٢)

مادة ٦

مع عدم الإخلال بأحكام قانون الشركات رقم ٢٠١٦/١ أغراض وأنشطة الشركة وتعديلاته ولائحته التنفيذية فإن الأغراض التي أسست من أجلها الشركة هي :

١. حفر آبار النفط
٢. الخدمات المتصلة باستخراج النفط والغاز باستثناء خدمات المسح
٣. صيانة المنشآت النفطية والآبار ومصافي النفط والبتروكيماويات
٤. حفر آبار الغاز الطبيعي
٥. حقن الغازات في حقول النفط
٦. عمليات العزل الحراري لصناعات الغاز والنفط
٧. توريد لوازم حفر آبار النفط
٨. إنزال بطانة المواسير الغلافية والمواسير الإنتاجية وما خصها
٩. أعمال البنية التحتية للخدمات البترولية

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١٠. أعمال البنية التحتية للسناتر ومصافي النفط ومضخات النفط
١١. أعمال البنية التحتية للطرق والممرات أجهزة حفر آبار النفط
١٢. أعمال البنية التحتية لمنصات أجهزة حفر آبار النفط
١٣. حفر آبار المياه وصيانتها.
١٤. تسجيل العلامات التجارية والبراءات .
١٥. فحص التربة والمواد الهندسية.
١٦. التفتيش الصناعي والخدمات الإشعاعية .
١٧. أعمال وتوليد و إستحداث الطاقة الكهربية
١٨. تشغيل محطات توليد الطاقة المتجددة والبديلة .
١٩. الطاقة البديلة.
٢٠. إصلاح وصيانة المضخات ومعدات الطاقة السائلة
٢١. إصلاح وصيانة الأنابيب النفطية .
٢٢. وكلاء تسجيل العلامات التجارية.
٢٣. خدمات توفير العمالة الإدارية والفنية بجميع الشركات المحلية والخاصة وكذلك دور التعليم والشركات الأجنبية لخدمات صيانة المعدات والاليات الخاصة بأغراض الشركة

ويكون للشركة مباشرة الأعمال السابق ذكرها في دولة الكويت وفي الخارج بصفة أصلية أو الوكالة ،ويجوز للشركة أن تمارس أعمالا مشابهة أو مكملة او لازمة أو مرتبطة بأغراضها المذكورة .

مادة ٧

لا يجوز زيادة رأس المال المصرح به إلا إذا كانت قيمة الأسهم الأصلية قد دفعت كاملة، ويجوز للجمعية العامة غير العادية أن تفوض مجلس الإدارة في تحديد تاريخ تنفيذه، على أنه يجوز بقرار من مجلس إدارة الشركة زيادة رأس المال المصدر في حدود رأس المال المصرح به على أن يكون رأس المال المصدر قد تم سداده بالكامل.
ولا يجوز إصدار الأسهم الجديدة بأقل من قيمتها الإسمية .

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التوثيق
إدارة
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مادة ٨

حدد رأس مال الشركة بمبلغ قدره ٢٠٠٠٠٠٠٠ د.ك. - عشرين مليون دينار كويتي لا غير. - مقسمه الى ٢٠٠٠٠٠٠٠٠ سهم قيمه السهم الواحد ١٠٠فلس كويتي موزعه بين الشركاء على النحو التالى غير قابلة للتجزئه

توزيع حصص الشركة :-

هامـــــش

م	إسم صاحب الحصة	عدد الاسهم	قيمتها بالدينار
١	الشيخ مبارك عبدالله المبارك الصباح	١٠٠٠٠٠٠	١٠٠٠٠٠
٢	شركه العمليه العقاريه	١٩٧٩٩٨٠٠٠	١٩٧٩٩٨٠٠
٣	رواف ابراهيم حمود بورسلي	١٠٠٠٠٠٠	١٠٠٠٠٠
٤	احمد فلاح مهنا الرشيدي	١٠٠٠	١٠٠
٥	فيصل عبيد جعيثن المطيري	١٠٠٠	١٠٠
	الإجمـالـي	٢٠٠٠٠٠٠٠٠	٢٠٠٠٠٠٠٠

مادة ٩

ويقر المؤسسون بأنهم قاموا بإيداع قيمة رأس المال العيني للشركة بنسبة (١٠٠%) من قيمة رأس المال العيني للشركة من إجمالي قيمة الأسهم التي اكتتبوا بها وقدرها ٢٠،٠٠٠,٠٠٠ (فقط عشرون مليون دينار) كل منهم بنسبة إكتتابه وذلك بموجب التقرير المقدم من (مكتب العيبان والعصيمي بتاريخ ٢٠٢٢/٥/٢٢)

مادة ١٠

الإكتتاب

اكتتب المؤسسون الموقعون على عقد التأسيس في كامل رأس مال الشركة بأسهم يبلغ عددها (٢٠٠،٠٠٠،٠٠٠ سهم) فقط (مائتي مليون سهم لا غير) قيمتها الإسمية (١٠٠ فلسا) فقط (مائة فلسا) موزعة فيما بينهم كل بنسبة اكتتابه المبينه في عقد التأسيس وقد تم

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دفع قيمتها كاملا .

مادة ١١

يسأل مؤسسوا الشركة بالتضامن فيما بينهم عن تعويض الضرر الذي يصيب الشركة أو مساهميها أو الغير بسبب بطلان عقد الشركة

مادة ١٢

كل سهم يخول صاحبه الحق في حصة معادلة لحصة غيره بلا تمييز في ملكية موجودات الشركة وفي الأرباح المقسمة.

مادة ١٣

يكون للشركة سجل خاص يحفظ لدى وكالة مقاصة وتقيد فيه أسماء المساهمين وجنسياتهم وموطنهم وعدد الأسهم المملوكة لكل منهم ونوعها والقيمة المدفوعة عن كل سهم .
ويتم التأشير في سجل المساهمين بأي تغييرات تطرأ على البيانات المسجلة فيه وفقا لما تتلقاه الشركة أو وكالة المقاصة من بيانات ولكل ذي شأن أن يطلب من الشركة أو وكالة المقاصة تزويده ببيانات هذا السجل.

وزارة العدل إدارة التوثيق ١٧٣

مادة ١٤

الجمعية التأسيسية
على المؤسسين خلال ثلاثة أشهر من تاريخ الإكتتاب وقبل اجتماع الجمعية التأسيسية أن يقدموا لوزارة التجارة والصناعة بيانا بعدد الأسهم التي اكتتب بها وبقيام المكتتبين بدفع الأقساط الواجب دفعها وبأسماء المكتتبين وعناوينهم وعدد الأسهم التي اكتتب بها كل منهم وقيمة السهم وما دفع من قيمته.

مادة ١٥

على المؤسسين دعوة الجمعية التأسيسية للإنعقاد خلال ثلاثة أشهر من تاريخ الإنتهاء من الاكتتاب فإذا انقضت المدة دون أن تعقد

هامش

الجمعية قامت وزارة التجارة والصناعة خلال خمسة عشر يوما من تاريخ انقضاء المدة المذكورة بدعوة الجمعية التاسيسية للإنعقاد.

مادة ١٦

توجه الدعوة إلى حضور اجتماع الجمعية التأسيسية متضمنة جدول الأعمال وزمان ومكان انعقاد الاجتماع بأحد الطرق التالية:
١. خطابات مسجلة ترسل إلى جميع المكتتبين قبل الموعد المحدد لأنعقاد الاجتماع بأسبوعين على الأقل.
٢. الإعلان، ويجب أن يحصل الاعلان مرتين على أن يتم الإعلان في المرة الثانية بعد مضي مدة لا تقل عن سبعة أيام من تاريخ نشر الإعلان الأول وقبل انعقاد الاجتماع بسبعة أيام على الأقل لحضور ممثلها.
٣. يترأس إجتماع الجمعية التأسيسية من تنتخبه الجمعية لهذا الغرض
٤. أي وسيلة أخرى من وسائل الأتصال الحديثة المبينة باللائحة التنفيذية لقانون الشركات ويجب إخطار وزارة التجارة والصناعة كتابيا بجدول الأعمال وبميعاد ومكان الاجتماع قبل انعقاده بسبعة أيام على الأقل لحضور ممثلها.
يترأس اجتماع الجمعية التأسيسية من تنتخبه الجمعية لهذا الغرض

مادة ١٧

لا يكون إجتماع الجمعية التاسيسية صحيحا إلا إذا حضره مساهمون لهم حق حق التصويت يمثلون اكثر من نصف الأسهم المكتتب بها ، فإذا لم يتوفر هذا النصاب وجب دعوة الجمعية إلى إجتماع ثاني لذات جدول الاعمال يعقد خلال دة لا تقل عن سبعة أيام ولا تزيد عن ثلاثين يوما من تاريخ الإجتماع الأول ويكون الإجتماع الثاني صحيحا أيا كان عدد الحاضرين .
ويجوز ألا توجه دعوة جديدة للإجتماع الثاني إذا كان قد حدد تاريخه في الدعوى إلى الإجتماع الأول وتصدر القرارات بالأغلبية المطلقة للأسهم الحاضرة في الإجتماع .

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هامـــــش

مادة ١٨

تختص الجمعية التأسيسية بالمسائل التالية :.
-١الموافقة على إجراءات تتأسيس الشركة بع التثبت من صحتها وموافقتها لحكام قانون الشركات ولعقد الشركة .
-٢الموافقة على تقويم الحصص العينية إن وجدت نوذلك على النحو الوارد بالمادة (١١) من قانون الشركات
-٣إنتخاب أعضاء مجلس الإدارة الأول .
-٤إختيار مراقب الحسابات وتحديد أتعابه.
-٥ تعيين أعضاء هيئة الرقابة الشرعية (إذا كانت الشركة تزاول نشاطها وفقا لأحكام الشريعة الإسلامية)
-٦ إعلان تاسيس الشركة نهائيا.
وترسل صورة من محضر إجتماع الجمعية التأسيسية غلى وزارة التجارة والصناعة متضمنة القرارات التي اتخذت .
وعلى مجلس الإدارة الأول أن يقوم بنشر عقد الشركة وقيدها بالسجل التجاري خلال ثلاثين يوما من تاريخ إعلان تأسيس الشركة نهائيا .

مادة ١٩

حقوق والتزامات المساهمين
يتمتع العضو في الشركة بوجه خاص بالحقوق التالية:
١) قبض الأرباح والحصول على أسهم المنحة التي يتقرر توزيعها.
٢) المشاركة في إدارة الشركة عن طريق العضوية في مجلس الإدارة وحضور الجمعيات العامة والاشتراك في مداولاتها وذلك طبقا لأحكام قانون الشركات وهذا النظام ويقع باطلا أي إتفاق على خلاف ذلك.
٣) الحصول قبل اجتماع الجمعية العامة بسبعة أيام على الأقل على البيانات المالية للشركة عن الفترة المحاسبية المنقضية وتقرير مجلس الإدارة وتقرير مراقب الحسابات.
٤) التصرف في الأسهم المملوكة له والأولوية في الاكتتاب في الأسهم الجديدة.
٥) الحصول على نصيب من موجودات الشركة عند التصفية بعد الوفاء بما عليها من ديون.

مادة ٢٠

يلتزم العضو في الشركة بوجه خاص بما يلي:
١/ تسديد الأقساط المستحقة على ما يملكه من أسهم عند حلول مواعيد الاستحقاق ودفع التعويض عن التأخير في السداد.
٢/ دفع النفقات التي تكون الشركة قد تحملتها في سبيل استيفاء الأقساط غير المدفوعة من قيمة أسهمه وللشركة التنفيذ على الأسهم استيفاء لحقوقها.
٣/ تنفيذ القرارات التي تصدرها الجمعية العامة للشركة.

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٤/ الامتناع عن أي عمل يؤدي إلى الإضرار بالمصالح المالية أو الأدبية للشركة والإلتزام بتعويض الأضرار التي تنشأ عن مخالفة ذلك.

مادة ٢١

لا يجوز للجمعية العامة للمساهمين القيام بما يلي:
١) زيادة اعباء المساهم المالية أو زيادة قيمة السهم الأسمية.
٢) انقاص النسبة المئوية الواجب توزيعها من الأرباح الصافية على المساهمين والمحددة في عقد الشركة.
٣) فرض شروط جديدة غير الشروط المذكورة في عقد التأسيس أو هذا النظام تتعلق بأحقية المساهم في حضور الجمعيات العامة والتصويت فيها.
ويجوز الخروج على هذه الأحكام بقبول جميع المساهمين كتابيا أو بتصويت جماعي يشترك فيه جميع المساهمين، واستيفاء الإجراءات اللازمة لتعديل عقد الشركة

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إدارة التوثيق
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مادة ٢٢

- مجلس الإدارة
يتولى إدارة الشركة مجلس مكون من عدد (٥) اعضاء، وتكون مدة العضوية ثلاثة سنوات قابلة للتجديد.
وإذا تعذر انتخاب مجلس إدارة جديد في الميعاد المحدد لذلك استمر المجلس القائم في إدارة أعمال الشركة لحين زوال الأسباب وانتخاب مجلس إدارة جديد.

مادة ٢٣

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ينتخب المساهمون أعضاء مجلس الإدارة بالتصويت السري، ويجوز أن يشترط في عقد الشركة انتخاب عدد لا يجاوز نصف أعضاء مجلس الإدارة الأول من بين مؤسسي الشركة.

مادة ٢٤

ينتخب مجلس الإدارة بالاقتراع السري رئيسا للمجلس ونائبا للرئيس ويمثل رئيس مجلس الإدارة او نائبة الشركة في علاقاتها مع الغير وأمام القضاء إلى جانب الاختصاصات الأخرى المبينة بالعقد، ويعتبر توقيعه كتوقيع مجلس الإدارة في علاقة الشركة بالغير، وعليه تنفيذ قرارات المجلس وأن يتقيد بتوصياته، ويحل نائب الرئيس محل الرئيس عند غيابه، أو قيام مانع لديه من ممارسة اختصاصاته.

مادة ٢٥

يجوز أن يكون للشركة رئيسا تنفيذيا يعينه مجلس الإدارة من أعضاء المجلس أو من غيرهم يناط به إدارة الشركة ويحدد المجلس مخصصاته وصلاحياته في التوقيع عن الشركة.

مادة ٢٦

لمجلس الإدارة أن يوزع العمل بين أعضائه وفقا لطبيعة أعمال الشركة، كما يجوز للمجلس أن يفوض أحد أعضائه أو لجنة من بين أعضائه أو أحدا من الغير في القيام بعمل معين أو أكثر أو الإشراف على وجه من وجوه نشاط الشركة أو في ممارسة بعض السلطات أو الاختصاصات المنوطة بالمجلس.

مادة ٢٧

يجوز لكل مساهم سواء كان شخصا طبيعيا أو اعتباريا تعيين ممثلين له في مجلس إدارة الشركة بنسبة ما يملكه من أسهم فيها ويستنزل عدد أعضاء مجلس الإدارة المختارين بهذه الطريقة من مجموع أعضاء مجلس الإدارة الذين يتم انتخابهم، ولا يجوز للمساهمين الذين لهم ممثلون في مجلس الإدارة الاشتراك مع المساهمين الآخرين في انتخاب بقية أعضاء مجلس الإدارة إلا في حدود ما زاد عن النسبة المستخدمة في تعيين ممثليه في مجلس الإدارة ويجوز لمجموعة من المساهمين أن يتحالفوا فيما بينهم لتعيين ممثل أو أكثر عنهم في مجلس الإدارة وذلك بنسبة ملكيتهم مجتمعة.

ويكون لهؤلاء الممثلين ما للأعضاء المنتخبين من الحقوق والواجبات.

ويكون المساهم مسؤولا عن أعمال ممثليه تجاه الشركة ودائنيها ومساهميها.

هامش

مادة ٢٨

لا يكون اجتماع مجلس الإدارة صحيحا إلا إذا حضره نصف عدد الأعضاء على ألا يقل عدد الحاضرين عن ثلاثة، ويجوز الإتفاق على نسبة أو عدد أكبر، والاجتماع باستخدام وسائل الاتصال الحديثة وإتخاذ قرارات بالتمرير بموافقة جميع اعضاء المجلس.
ويجب أن يجتمع مجلس الإدارة ست مرات على الأقل خلال السنة الواحدة، ويجوز الإتفاق على عدد مرات أكثر.

مادة ٢٩

تدون محاضر اجتماعات مجلس الإدارة وتوقع من قبل الأعضاء الحاضرين وأمين سر المجلس، وللعضو الذي لم يوافق على قرار اتخذه المجلس أن يثبت أعتراضه في محضر الاجتماع.

مادة ٣٠

إذا شغر مركز عضو في مجلس الإدارة، خلفه فيه من كان حائزا على أكثر الأصوات من المساهمين الذين لم يفوزوا بعضوية مجلس الإدارة، وإذا قام مانع لديه خلفه من يليه، ويكمل العضو الجديد مدة سلفه فقط.
أما إذا بلغت المراكز الشاغرة ربع المراكز الأصلية، فإنه يتعيين على مجلس الإدارة دعوة الجمعية العامة للمساهمين لتجتمع في ميعاد شهرين من تاريخ شغر آخر مركز، وتنتخب من يملأ المراكز الشاغرة.

مادة ٣١

يجب أن تتوافر في من يرشح لعضوية مجلس الإدارة الشروط التالية:
١- أن يكون متمتعا بأهلية التصرف.

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٢- ألا يكون قد سبق الحكم عليه في جناية بعقوبة مقيدة للحرية أو جريمة إفلاس بالتقصير أو التدليس أو جريمة مخلة بالشرف أو الأمانة أو بعقوبة مقيدة للحرية بسبب مخالفته لأحكام القانون ما لم يكن قد رد إليه اعتباره.
٣- أن يكون مالكا بصفة شخصية أو الشخص الذي يمثله لعدد (١) من أسهم الشركة.
وإذا فقد عضو مجلس الإدارة أيا من الشروط المتقدمة زالت عنه صفة العضوية.

مادة ٣٢

لمجلس الإدارة أوسع السلطات في إدارة الشركة والقيام بجميع الأعمال التي تقتضيها إدارة الشركة وفقا لإغراضها ولا يحدد من هذه السلطة إلا مانص عليه القانون أوالنظام أو قرارات الجمعية العمومية العامة ، و يجوز لمجلس الإدارة بيع عقارات الشركة و رهنها و إعطاء الكفالات و عقد القروض والتسهيلات البنكية ولهم في ذالك اوسع الصلاحيات .

مادة ٣٣

لا تدخل العضوية في مجلس إدارة الشركة ضمن الحد الأقصى لعدد العضويات المشار إليها بالمادة (٢٣٤) من قانون الشركات .
ويجوز للشخص أن يكون رئيسا لمجلس إدارة أكثر من شركة مساهمة مقفلة.

مادة ٣٤

لا يجوز لرئيس أو عضو مجلس الإدارة، ولو كان ممثلا لشخص طبيعي أو اعتباري أن يستغل المعلومات التي وصلت إليه بحكم منصبه في الحصول على فائدة لنفسه أو غيره.
ويجوز لعضو مجلس الإدارة التصرف في أسهمه بالشركة اثناء عضويته بالمجلس وذلك دون إخلال بقيود التصرف في الأسهم المنصوص عليها في قانون الشركات أو عقد الشركة أو هذا النظام.

مادة ٣٥

لا يجوز لأعضاء مجلس الإدارة أن يفصحوا إلى المساهمين في غير اجتماعات الجمعية العامة أو إلى الغير عما وقفوا عليه من أسرار الشركة بسبب مباشرتهم لإدارتها وإلا وجب عزلهم ومسائلتهم عن

هامش

تعويض الأضرار الناتجة عن المخالفة.
لا يجوز لرئيس مجلس الإدارة أو لأي من أعضاء المجلس، أن يجمع بين عضوية مجلس إدارة شركتين متنافستين، أو أن يشترك في أي عمل من شأنه منافسة الشركة أو أن يتجر لحسابه الخاص أو لحساب غيره في أحد فروع النشاط الذي تزاوله الشركة، وإلا كان لها أن تطالبه بالتعويض أو باعتبار العمليات التي زاولها لحسابه كأنها أجريت لحساب الشركة، ما لم يكن ذلك بموافقة الجمعية العامة العادية

مادة ٣٦

لا يجوز تقدير مجموع مكافآت رئيس وأعضاء مجلس الإدارة بأكثر من عشرة بالمائة من الربح الصافي بعد استنزال الاستهلاك والاحتياطات وتوزيع ربح لا يقل عن ٣% من رأس المال على المساهمين.
ويجوز توزيع مكافأة سنوية لا تزيد على ستة آلاف دينار كويتي لرئيس مجلس الإدارة ولكل عضو من أعضاء هذا المجلس من تاريخ تأسيس الشركة لحين تحقيق الأرباح التي تسمح لها بتوزيع المكافآت وفقا لما نصت عليه الفقرة السابقة، ويجوز بقرار يصدر عن الجمعية العامة للشركة استثناء عضو مجلس الإدارة المستقل من الحد الأعلى للمكافآت المذكورة (إذا كان في الشركة أعضاء مستقلون).
ويلتزم مجلس الإدارة بتقديم تقرير سنوي يعرض على الجمعية العامة العادية للشركة للموافقة عليه على أن يتضمن على وجه دقيق بيانا مفصلا عن المبالغ والمنافع والمزايا التي حصل عليها مجلس الإدارة أيا كانت طبيعتها ومسماها.
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مادة ٣٧

لا يجوز أن يكون لمن له ممثل في مجلس الإدارة أو لرئيس أو أحد أعضاء مجلس الإدارة أو أحد أعضاء الإدارة التنفيذية أو أزواجهم أو أقاربهم من الدرجة الثانية مصلحة مباشرة أو غير مباشرة في العقود والتصرفات التي تبرم مع الشركة أو لحسابها إلا إذا كان

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ذلك بترخيص يصدر عن الجمعية العامة العادية.

مادة ٣٨

رئيس مجلس الإدارة وأعضاؤه مسؤولون تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإساءة استعمال السلطة، وعن كل مخالفة للقانون أو لعقد الشركة، أو عن الخطأ في الإدارة.
ولا يحول دون إقامة دعوى المسؤولية اقتراع من الجمعية العامة بإبراء ذمة مجلس الإدارة ولا يجوز لأعضاء مجلس الإدارة الاشتراك في التصويت على قرارات الجمعية العامة الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو لأزواجهم أو أقاربهم من الدرجة الأولى أو بخلاف قائم بينهم وبين الشركة.

مادة ٣٩

تكون المسؤولية المنصوص عليها في المادة السابقة إما مسؤولية شخصية تلحق عضو بالذات، وإما مشتركة فيما بين أعضاء مجلس الإدارة جميعا وفي الحالة الأخيرة يكون الأعضاء مسؤولين جميعا على وجه التضامن بأداء التعويض، إلا من اعترض على القرار الذي رتب المسؤولية وأثبت اعتراضه في المحضر

مادة ٤٠

للشركة أن ترفع دعوى المسؤولية على أعضاء مجلس الإدارة بسبب الأخطاء التي تنشأ عنها أضرار للشركة فإذا كانت الشركة في دور التصفية تولى المصفي رفع الدعوى

مادة ٤١

لكل مساهم أن يرفع دعوى المسؤولية منفردا نيابة عن الشركة في حالة عدم قيام الشركة برفعها، وفي هذه الحالة يجب اختصام الشركة ليحكم لها بالتعويض إن كان له مقتض، ويجوز للمساهم رفع دعواه الشخصية بالتعويض إذا كان الخطأ قد ألحق به ضررا، ويقع باطلا كل إتفاق يقضي بغير ذلك.

مادة ٤٢

ب - الجمعية العامة
تنعقد الجمعية العامة العادية السنوية بناء على دعوى من مجلس الإدارة خلال الثلاثة أشهر التالية لإنتهاء السنة المالية وذلك في

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الزمان المكان الذين يعينهما مجلس الإدارة، وللمجلس أن يدعو الجمعية العامة للإجتماع كلما دعت الضرورة إلى ذلك وعلى مجلس الإدارة أن يوجه دعوة الجمعية للإجتماع بناء على طلب مسبب من عدد مساهمين يملكون عشرة بالمائة من رأسمال الشركة، أو بناء على طلب مراقب الحسابات، وذلك خلال خمسة عشر يوما من تاريخ الطلب، وتعد جدول الأعمال الجهة التي تدعو إلى الاجتماع.
ويسري على إجراءات دعوة الجمعية العامة ونصاب الحضور والتصويت الأحكام الخاصة بالجمعية التأسيسية المنصوص عليها بقانون الشركات رقم ١ لسنة ٢٠١٦ وتعديلاته.

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مادة ٤٣

لكل مساهم أيا كان عدد أسهمه حق حضور الجمعية العامة، ويكون له عدد من الأصوات يساوي عدد الأصوات المقررة لذات الفئة من الأسهم، ولا يجوز للمساهم التصويت عن نفسه أو عمن يمثله في المسائل التي تتعلق بمنفعة خاصة له، أو بخلاف قائم بينه وبين الشركة، ويقع باطلا كل شرط أو قرار يخالف ذلك، ويجوز للمساهم أن يوكل في الحضور عنه وذلك بمقتضى توكيل خاص أو تفويض تعده الشركة لهذا الغرض.
ويجوز لمن يدعي حقا على الأسهم يتعارض مع ما هو ثابت في سجل مساهمي الشركة أن يتقدم إلى قاضي الأمور الوقتية لاستصدار أمر على عريضة بحرمان الأسهم المتنازع عليها من التصويت لمدة يحددها القاضي الآمر أو لحين الفصل في موضوع النزاع من قبل المحكمة المختصة وذلك وفقا للإجراءات المقررة في قانون المرافعات المدنية والتجارية.

مادة ٤٤

يخضع التصويت على المرشحين لعضوية مجلس الإدارة لنظام التصويت

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التراكمي، والذي يمنح كل مساهم قدرة تصويتية بعدد الأسهم التي يملكها، بحيث يحق له التصويت بها لمرشح واحد أو توزيعها بين من يختارهم من المرشحين دون تكرار لهذه الأصوات.

مادة ٤٥

يرأس اجتماع الجمعية العامة رئيس مجلس الإدارة أو نائبه أو من ينتدبه مجلس الإدارة لذلك الغرض أو من تنتخبه الجمعية العامة من المساهمين أو من غيرهم.

مادة ٤٦

مع مراعاة أحكام القانون تختص الجمعية العامة العادية في اجتماعها السنوي بإتخاذ قرارات في المسائل التي تدخل في اختصاصاتها وعلى وجه الخصوص ما يلي:

١. تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي للسنة المالية المنتهية.
٢. تقرير مراقب الحسابات عن البيانات المالية للشركة.
٣. تقرير بأية مخالفات رصدتها الجهات الرقابية وأوقعت بشأنها جزاءات على الشركة.
٤. البيانات المالية للشركة.
٥. اقتراحات مجلس الإدارة بشأن توزيع الأرباح.
٦. إبراء ذمة أعضاء مجلس الإدارة.
٧. انتخاب أعضاء مجلس الإدارة أو عزلهم وتحديد مكافآتهم.
٨. تعيين مراقب حسابات الشركة، وتحديد أتعابه أو تفويض مجلس الإدارة في ذلك.
٩. تعيين هيئة الرقابة الشرعية (إذا كانت الشركة تعمل وفقا لأحكام الشريعة الإسلامية) وسماع تقرير تلك الهيئة.
١٠. تقرير التعاملات التي تمت أو ستتم مع الأطراف ذات الصلة، وتعرض الأطراف ذات الصلة طبقا لمبادئ المحاسبة الدولية.

مادة ٤٧

يجوز بقرار يصدر عن الجمعية العامة العادية للشركة إقالة رئيس أو عضو أو أكثر من أعضاء مجلس الإدارة أو حل مجلس إدارة الشركة وإنتخاب مجلس إدارة جديد وذلك بناء على اقتراح يقدم بذلك من عدد من المساهمين يملكون ما لا يقل عن ربع رأسمال الشركة المصدر.

وعند صدور قرار بحل مجلس الإدارة، وتعذر انتخاب مجلس جديد في ذات الاجتماع يكون للجمعية أن تقرر إما أن يستمر هذا المجلس في تسيير أمور الشركة إلى حين انتخاب المجلس الجديد أو تعيين لجنة إدارية مؤقتة تكون مهمتها الأساسية دعوة الجمعية العامة لإنتخاب المجلس الجديد، وذلك خلال شهر من تعيينها.

وزارة العدل
إدارة التوثيق
١٢٢

هامش

مادة ٤٨

لا يجوز للجمعية العامة العادية مناقشة موضوعات غير مدرجة في جدول الأعمال إلا إذا كانت من الأمور العاجلة التي طرأت بعد إعداد الجدول أو تكشف في أثناء الاجتماع، أو إذا طلبت ذلك إحدى الجهات الرقابية أو مراقب الحسابات أو عدد من المساهمين يملكون خمسة بالمائة من رأسمال الشركة، وإذا تبين أثناء المناقشة عدم كفاية المعلومات المتعلقة ببعض المسائل المعروضة، تعين تأجيل الاجتماع مدة لا تزيد عن عشرة أيام عمل إذا طلب ذلك عدد من المساهمين يمثلون ربع رأس المال المصدر، وينعقد الاجتماع المؤجل دون الحاجة إلى إجراءات جديدة للدعوة.

مادة ٤٩

على مجلس الإدارة تنفيذ قرارات الجمعية العامة ما لم تكن تلك القرارات مخالفة للقانون أو عقد التأسيس أو هذا النظام.
وعلى مجلس الإدارة إعادة عرض القرارات المخالفة على الجمعية العامة العادية في اجتماع يتم الدعوة له لمناقشة أوجه المخالفة.

مادة ٥٠

تسري على الجمعية العامة غير العادية الأحكام المتعلقة بالجمعية العامة العادية مع مراعاة الأحكام المنصوص عليها في المواد التالية:

مادة ٥١

تجتمع الجمعية العامة غير العادية بناء على دعوة من مجلس الإدارة أو بناء على طلب مسبب من مساهمين يمثلون خمسة عشر بالمائة من رأسمال الشركة المصدر أو من وزارة التجارة

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هامش

والصناعة ويجب على مجلس الإدارة أن يدعو الجمعية العامة غير العادية للاجتماع خلال ثلاثين يوما من تاريخ تقديم الطلب.
وإذا لم يقم مجلس الإدارة بدعوة الجمعية العامة خلال المدة المنصوص عليها بالفقرة السابقة تقوم الوزارة بالدعوة للاجتماع خلال مدة خمسة عشر يوما من تاريخ انتهاء المدة المشار إليها في الفقرة السابقة.

مادة ٥٢

لا يكون اجتماع الجمعية العامة غير العادية صحيحا ما لم يحضره مساهمون يمثلون ثلاثة أرباع رأسمال الشركة المصدر، فإذا لم يتوافر هذا النصاب وجهت الدعوة إلى اجتماع ثان يكون صحيحا إذا حضره من يمثل أكثر من نصف رأس المال المصدر.
وتصدر القرارات بأغلبية تزيد على نصف مجموع أسهم رأسمال الشركة المصدر.

مادة ٥٣

مع مراعاة الاختصاصات الأخرى التي ينص عليها القانون تختص الجمعية العامة غير العادية بالمسائل التالية:
١. تعديل عقد الشركة.
٢. بيع كل المشروع الذي قامت من أجله الشركة أو التصرف فيه بأي وجه آخر.
٣. حل الشركة أو اندماجها أو تحولها أو انقسامها.
٤. زيادة رأسمال الشركة أو تخفيضه.

مادة ٥٤

كل قرار يصدر عن الجمعية العامة غير العادية لا يكون نافذا إلا بعد إتخاذ إجراءات الشهر.
ويجب الحصول على موافقة وزارة التجارة والصناعة إذا كان القرار متعلقا باسم الشركة أو أغراضها أو رأسمالها.

مادة ٥٥

يجوز لكل مساهم إقامة الدعوة ببطلان أي قرار يصدر عن مجلس الإدارة أو الجمعية العامة العادية أوغير العادية مخالفا للقانون أو عقد تأسيس الشركة أو هذا النظام أو كان يقصد به الإضرار بمصالح الشركة والمطالبة بالتعويض عند الاقتضاء.
كما يجوز الطعن على قرارات الجمعية العامة العادية وغير

هامش

العادية التي يكون فيها إجحاف بحقوق الأقلية ويتم الطعن من قبل عدد من مساهمي الشركة يملكون خمسة عشر بالمائة من رأسمال الشركة المصدر، ولا يكونوا ممن وافقوا على تلك القرارات.

مادة ٥٦

الشركة القابضة
تكون الشركة مسؤولة - على سبيل التضامن - عن ديون شركاتها التابعة في حالة توافر الشروط التالية:
١. عدم كفاية أموال الشركة التابعة للوفاء بما عليها من إلتزامات.
٢. أن تتملك الشركة في الشركة التابعة نسبة من رأس مالها تمكنها من التحكم في تعيين غالبية أعضاء مجلس الإدارة أو المديرين، أو في القرارات التي تصدر عن الإدارة.
٣. أن تتخذ الشركة التابعة قرارات أو تقوم بتصرفات تستهدف مصلحة الشركة المالكة والمسيطرة عليها وتضر بمصلحة الشركة التابعة أو دائنيها، وتكون هي السبب الرئيسي في عدم قدرة الشركة التابعة على الوفاء بما عليها من إلتزامات.
٤. وذلك كله ما لم تكن الشركة القابضة مسؤولة عن ديون الشركة التابعة استنادا إلى سبب آخر.

وزارة العدل
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١٧٣

مادة ٥٧

حسابات الشركة
تبدأ السنة المالية في الأول من يناير وتنتهي في الآخر من ديسمبر من كل عام.

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مادة ٥٨

يقتطع سنويا بقرار يصدر من الجمعية العامة العادية بناء على اقتراح مجلس الإدارة، نسبة لا تقل عن عشرة بالمائة من الأرباح الصافية لتكوين احتياطي إجباري للشركة.
ويجوز للجمعية وقف هذا الاقتطاع إذا زاد الاحتياطي الاجباري على نصف رأسمال الشركة المصدر.
ولا يجوز استخدام الاحتياطي الاجباري إلا في تغطية خسائر الشركة أو لتأمين توزيع أرباح على المساهمين بنسبة لا تزيد عن خمسة بالمائة من رأس المال المدفوع في السنوات التي لا تسمح فيها أرباح الشركة بتوزيع هذه النسبة وذلك بسبب عدم وجود احتياطي اختياري يسمح بتوزيع هذه النسبة من الأرباح.
ويجب أن يعاد إلى الاحتياطي الإجباري ما اقتطع منه عندما تسمح بذلك أرباح السنوات التالية، ما لم يكن هذا الاحتياطي يزيد على نصف رأس المال المصدر.
كما يقتطع (١%) تخصص لحساب مؤسسة الكويت للتقدم العلمي من الربح الصافي للشركة

مادة ٥٩

يقتطع سنويا من الأرباح غير الصافية نسبة يحددها مجلس الإدارة بعد أخذ رأي مراقب الحسابات لاستهلاك موجودات الشركة أو التعويض عن نزول قيمتها، وتستعمل هذه الأموال لشراء المواد والآلات والمنشآت اللازمة أو لإصلاحها، ولا يجوز توزيع هذه الأموال على المساهمين.
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وزارة العدل
التوثيق
إدارة
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مادة ٦٠

يجب على الجمعية العامة أن تقرر اقتطاع نسبة من الأرباح لمواجهة الالتزامات المترتبة على الشركة بموجب قوانين العمل والتأمينات الاجتماعية.
ويجوز إنشاء صندوق خاص لمساعدة عمال الشركة ومستخدميها.

مادة ٦١

يجوز أن يقتطع سنويا، بقرار يصدر من الجمعية العامة العادية بناء على اقتراح مجلس الإدارة نسبة لا تزيد على عشرة بالمائة من الأرباح الصافية لتكوين احتياطي اختياري يخصص للأغراض التي تحددها الجمعية.

مادة ٦٢

يجوز للجمعية العامة بناء على اقتراح مجلس الإدارة أن توزع في نهاية السنة المالية أرباحا على المساهمين ويشترط لصحة هذا

هامش

التوزيع أن يكون من أرباح حقيقية، ووفقا للمبادئ المحاسبية المتعارف عليها، وألا يمس هذا التوزيع رأس المال المدفوع للشركة.

مادة ٦٣

تطبق أحكام المواد الواردة بقانون الشركات رقم ٢٠١٦/١ وتعديلاته وهي المواد من رقم ٢٢٧ حتى٢٣٣.

مادة ٦٤

يجب على الشركة أن تعد في نهاية كل سنة مالية، ميزانية مجمعة وبيانات بالأرباح والخسائر لها ولجميع شركاتها التابعة مشفوعة بالإيضاحات والبيانات وفقا لما تتطلبه المعايير المحاسبية الدولية.

مادة ٦٥

انقضاء الشركة وتصفيتها
تنقضي الشركة بأحد الأمور المنصوص عليها في المواد من رقم ٢٦٦ حتى ٢٧٧ من قانون الشركات وتعديلاته ولائحته التنفيذية.

مادة ٦٦

تجري تصفية الشركة على النحو المبين بأحكام المواد من رقم ٢٧٨ حتى ٢٩٥ من قانون الشركات وتعديلاته ولائحته التنفيذية.

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مادة ٦٧

تطبق أحكام قانون الشركات رقم ٢٠١٦/١ وتعديلاته ولائحته التنفيذية في كل ما لم يرد بشأنه نص خاص في عقد التأسيس أو في هذا النظام.

مادة ٦٨

تحفظ نسخة أصلية من هذا العقد بمركز الشركة الرئيسي وعلى موقعها الإلكتروني، كما تحفظ نسخة أصلية من هذا العقد بملف الشركة لدى الإدارة المختصة بوزارة التجارة والصناعة.

مادة ٦٩

يقر المؤسسون بالآتي:
أولا: بأنهم قد اكتتبوا بجميع الأسهم، وأودعوا القدر الذي يوجب القانون أداءه من قيمتها في أحد البنوك المحلية تحت تصرف الشركة.
ثانيا: أن الحصص العينية قد قومت وفقا لأحكام القانون، وقد تم الوفاء بها كاملة.
ثالثا: بأنهم قد عينوا الأجهزة الإدارية اللازمة لإدارة الشركة.
رابعا: حفظ الأوراق والمستندات المؤيدة للإقرارات المتقدمة الذكر مع المحرر الرسمي.

وزارة العدل
إدارة التوثيق
١٧٣

مادة ٧٠

حرر هذا العقد بناء على كتاب وزارة التجارة والصناعة رقم (١٩٥٤٨) بتاريخ ٢٠٢٢/٦/٢٠ والمسجل بوارد مراقبه العقود والشركات رقم (٥٢٨٧٨٠٤) بتاريخ ٢٧ / ٦ / ٢٠٢٢

الاسم	الاســم / التوقيع
طرف أول / مبارك عبدالله الصباح	
طرف ثاني /	
طرف ثالث / رهاف إبراهيم يوسف سلي	
طرف رابع / احمد فلاح حسن المستشيري	
طرف خامس / عنبل حسين المطيري	

- وبما ذكر تحرر هذا العقد وبعد تلاوته على الحاضرين وقعوه.
- تحرر من أصل وعدد (٧) نسخة ومكون من عدد (٢٧) صفحة.
- القدر من الكتابة وليس به شطب أو إضافة ومرفقاته.

وزارة العدل
إدارة التوثيق
الموثق فراس سالم الروضان

وزارة العدل
إدارة التوثيق
١٧٣

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NEWKUWAIT

كويت جديدة

وزارة التجارة والصناعة

MINISTRY OF COMMERCE AND INDUSTRY

إدارة السجل التجاري - تأشيرة السجل التجاري

الكويت في : 16/10/2023

إسم الشركة و نوعها: الشركه العمليه للطاقه-(ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة

رقم القيد في السجل التجاري: 358153

بناء علي محضر جمعية عمومية غير عادية بتاريخ : 01/10/2023 **جرى التأشير بالسجل التجاري**

تم الموافقة علي الاتي :

زيادة رأس المال من 20,000,000.000 الي 55,000,000.000 بقيمة 35,000,000.000

/ بموجب قرار الجمعيه العموميه الغير عاديه للشركه العمليه للطاقه (ش م ك م) المنعقدة بتاريخ ١/١٠/٢٠٢٣ تم الموافقه علي زياده راس مال الشركه وتعديل نص الماده (٥) من عقد التاسيس والنظام الاساسي للشركه ليكون نصها كالتالي / 1- : الموافقة على زيادة رأسمال الشركة المصرح به والمصدر والمدفوع من مبلغ (20,000,000 د.ك) (عشرون مليون دينار كويتي) موزعة على (200,000,000) سهم(مائتا مليون سهم) والقيمة الإسمية لكل سهم (100فلس) ، إلى مبلغ (55,000.000 د.ك)(خمسة وخمسون مليون دينار كويتي) موزعة على (550,000,000) سهم(خمسمائة وخمسون مليون سهم)، والقيمة الإسمية لكل سهم (100 فلس) منها مبلغ وقدره (35,000,000 د.ك) (خمسة وثلاثون مليون دينار كويتي) نقداً ، تدفع عل دفعات تخصص للمساهمين الحاليين المسجلين في دفاتر الشركة في تاريخ هذا المحضر ، وكذلك لمساهمين جدد ، وتفويض مجلس الإدارة في إستدعاء زيادة رأس المال المصدر والمدفوع والتأشير بزيادة رأس المال المصدر والمدفوع في السجل التجاري وتحديد شروطه وضوابطه ، وتدفع على دفعات في حدود رأس المال المصرح به ، والموافقة على القرارات الصادرة عن مجلس الإدارة في هذا الشأن ، وذلك شرط إستيفاء الإجراءات التي نص عليها القانون وأن يتصرف في كسور الأسهم الناتجة عن الزيادة على الوجه الذي يراه ملائماً ، وتفويض مجلس الإدارة لتحديد او تفويض من يراه لتحديد تواريخ فترات الإكتتاب ، والتوزيع المتعلقة بزيادة رأسمال الشركة ، وأن يتخذ في هذا الشان كل مايلزم لذلك ويكون لمساهمي الشركة حق الأولوية في الإكتتاب في الزيادة النقدية ، إلا في حال إصدار الأسهم الممتازة ، كل بنسبة حصته في رأسمال الشركة لمدة لا تقل عن 15 يوماً ، من تاريخ فتح باب

مستند الكتروني لا يحتاج الي ختم او توقيع

إدارة السجل التجاري - تأشيرة السجل التجاري

الكويت في : 16/10/2023

إسم الشركة و نوعها: الشركه العمليه للطاقه-(ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة

رقم القيد في السجل التجاري: 358153

بناء علي محضر جمعية عمومية غير عادية بتاريخ : 01/10/2023 **جرى التأشير بالسجل التجاري**

تم الموافقة علي الاتي :

زيادة رأس المال من 20,000,000.000 الي 55,000,000.000 بقيمة 35,000,000.000

الإكتتاب، وبعدها يجوز لمجلس الإدارة تمديد مدة ممارسة حقوق الأولوية وتخصيص الفائض من الأسهم غير المكتتب فيها لمساهمين حاليين أو جدد ، طبقاً لأحكام القانون ، وله أيضاً أن يستعين أو يفوض من يراه في كل أو بعض ماذكر ، ومراعاة إستيفاء المتطلبات وإستصدار الموافقات اللازمة ، وفقاً لأحكام القانون واللوائح وتعليمات وقرارات الجهات الرقابية.

2- الموافقة على تعديل المادة (5) من عقد التأسيس و المادة (5) من النظام الأساسي ليكون نصها كالتالي حدد رأس المال المصرح به بمبلغ (20,000,000 د.ك) فقط (عشرون مليون دينار لاغير) ورأس المال المصدر (20,000,000 د.ك) فقط (عشرون مليون دينار لا غير) ورأس المال المدفوع (20,000,000

د.ك) فقط (عشرون مليون دينار كويتي لا غير) وجميعه عيني ، وفقاً للتقرير المقدم من مكتب بي دي أو للإستشارات (BDO) والمؤرخ في 7/ يوليو 2022

:النص المعدل :

حدد رأس مال الشركة المصرح به بمبلغ (55,000,000 د.ك) (خمسة وخمسون مليون دينار كويتي) موزع على (550,000,000سهم) (خمسمائة وخمسون مليون سهم) والقيمة الإسمية لكل سهم(100 فلس) وجميع الأسهم عينية ونقدية ، وحدد رأسمال الشركة المصدر والمدفوع بالكامل بمبلغ وقدره (20,000,000د.ك) (عشرون مليون دينار كويتي) موزع على (200,000,000سهم) (مائتا مليون سهم) والقيمة الإسمية لكل سهم (100فلس) ، وجميع الأسهم عينية ونقدية، وفقاً للتقرير المقدم من مكتب بي دي أو للإستشارات (BDO)

مستند الكتروني لا يحتاج الي ختم او توقيع

إدارة السجل التجاري - تأشيرة السجل التجاري

الكويت في : 16/10/2023

إسم الشركة و نوعها: الشركه العمليه للطاقه-(ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة

رقم القيد في السجل التجاري: 358153

بناء علي محضر جمعية عمومية غير عادية بتاريخ : 01/10/2023 جرى التأشير بالسجل التجاري

تم الموافقة علي الاتي :

زيادة رأس المال من 20,000,000.000 الي 55,000,000.000 بقيمة 35,000,000.000

والمؤرخ في 7/يوليو2022 ، ورأس المال النقدي مبلغ (35,000,000د.ك) خمسة وثلاثون مليون دينار كويتي) ، وراس المال العيني مبلغ (20,000,000 د.ك) (عشرون مليون دينار كويتي) لم يتم الاكتتاب في اسهم الزياده حتى تاريخه ويعدل القيد لاحقا لما يسفر عنه الاكتتاب.

مستند الكتروني لا يحتاج الي ختم او توقيع

إدارة السجل التجاري - تأشيرة السجل التجاري

إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 01/10/2023

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

رقم المعاملة : 49660 **بتاريخ :** 18/10/2023

١/ بموجب قرار الجمعيه العموميه الغير عاديه للشركه العمليه للطاقه (ش م ك م) المنعقدة بتاريخ ١/١٠/٢٠٢٣ تم الموافقه علي مايلي :
تعديل الماده 62 من عقد التاسيس والماده 62 من النظام الاساسي ليصبح
النص بعد التعديل :
يجوز للجمعية العامة العادية بناءً على إقتراح مجلس الإدارة ان توزع أرباحاً نقدية او عينية على المساهمين في نهاية السنة المالية أو نهاية نصف السنة المالية أو الفصل المالي سواءً بشكل ربع سنوي أو نصف سنوي أو للربع الثالث ، كما يجوز بقرار من الجمعية العامة العادية أن تفوض مجلس الإدارة مسبقاً في توزيع الأرباح
النقدية المرحلية بشكل ربع سنوي أو نصف سنوي أو للربع الثالث ، على أن يكون هذا التوزيع من أرباح حقيقية ، ووفقاً للمبادئ المحاسبية المتعارف عليها ولايمس هذا التوزيع رأس المال المدفوع للشركة.
2-موافقة الجمعية العامة الغير عادية للشركة بإصدار أسهم ممتازة و قابلة للتحويل إلى أسهم عادية في حدود مبلغ (21,000,000د.ك) :
موافقة الجمعية العامةالغير عادية للشركة بإصدار أسهم ممتازة قابلة للتحويل إلى أسهم عادية في رأس مال الشركة ، بحد أقصى مبلغ (21,000,000 د.ك) (واحد وعشرون مليون دينار كويتي فقط لا غير) لمدة لا تتجاوز ثلاث سنوات ، من خلال إصدار واحد أو عدة إصدارات ، وذلك في حدود مقدار رأس المال المصرح به مع خيار التحويل إلى أسهم عادية في إحدى الحالات التالية:
(1) في حال اتخاذ القرار بإدراج أسهم الشركة على أية سوق أوراق مالية داخل أو خارج الكويت، وفوراً قبل الإدراج، أو
(2) فور إصدار الشركة لبياناتها المالية المدققة للسنة المالية المنتهية في (31 ديسمبر) 2025،
أيهما أسبق ما لم تنص نشرة الاكتتاب دون ذلك، وذلك خلال فترة لا تجاوز ثلاث سنوات من تاريخ إصدارها في مطلق الأحوال، ويجوز للجهة المصدرة في حال عدم ممارسة حامل الأسهم الممتازة لحق التحويل أن تقوم باسترداد الأسهم الممتازة وفق الشروط المحددة في نشرة الاكتتاب ، إذا ورد نص بجواز استرداد الأسهم ويجوز للجهة المصدرة إقرار أي تاريخ تحويل إضافي آخر خلال تلك الفترة، وذلك وفق سعر تحويل يتم تحديده من مجلس الإدارة ، على ان لا يقل عن القيمة الاسمية وبعلاوة إصدار في حال قرر مجلس الإدارة إضافة علاوة

إصدار على السهم الممتاز، على أن تتضمن نشرة الإكتتاب كافة الشروط والأحكام والحقوق والمزايا الخاصة بالأسهم الممتازة وتفويض مجلس الإدارة في تنفيذ إصدار الأسهم الممتازة بشكل كامل أو جزئي من خلال إصدار واحد أو سلسلة إصدارات، وذلك بقرار منه يُحدّد فيه مقدار وسعر وطرق الطرح والاكتتاب وتاريخ أو
تواريخ الطرح والاكتتاب وسائر شروطه وأحكامه ومنها قواعد استرداد قيمتها في حال عدم تحويلها إذا نصت نشرة الاكتتاب على ذلك، وأن يتخذ في هذا الشأن كل ما يلزم لذلك ومنها زيادة رأس المال المُصدر والمدفوع في حدود رأس المال المصرح به، لإصدار الأسهم الجديدة اللازمة لتنفيذ التحويل بقرار منه، سيكون للأسهم الممتازة امتياز أولوية المشاركة في وتسديد الأرباح وتراكمها واسترداد الأسهم ، وتسديد قيمة رأس المال ، أي المبالغ المسددة مقابل الأسهم الممتازة ، والحصول على أسهم منحة على شكل أسهم عادية أو ممتازة وتسديد قيمة رأس المال أي المبالغ المسددة مقابل الأسهم الممتازة وحق التحويل إلى أسهم عادية في رأس مال الجهة المصدرة ، دون أن يكون للأسهم الممتازة حق التصويت أو حق المشاركة في فائض ناتج التصفية وسيتم ذكر كل الصلاحيات والمميزات الممنوحة للأسهم الممتازة وفق نشرة الاكتتاب ، بما فيه حق الحصول على أنصبة أرباح مرحلية فصلية ، نصف سنوية وسنوية نقدية أو عينية بما فيه أسهم منحة على شكل أسهم عادية أو

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إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 01/10/2023

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

رقم المعاملة : 49660 **بتاريخ :** 18/10/2023

ممتازة وله أيضا أن يستعين بمن يراه مناسباً في كل أو بعض ما ذُكر، وبمراعاة استيفاء المتطلبات واستصدار الموافقات وفقا لأحكام القانون واللوائح وتعليمات وقرارات الجهات الرقابية. على أن تتضمن نشرة الاكتتاب التصنيف الخاص بالأسهم الممتازة وقيمتها بموجب تقرير إبداء الرأي للمدقق وآلية إحتساب القيمةوالسعر الذي سوف يعتمد لتحويل الأسهم الممتازة إلى أسهم عادية ، ويجوز إصدار الأسهم الممتازة للإكتتاب الخاص من فئة معينة أو عملاء محترفين مع تنازل المساهمين عن حقهم في الإكتتاب في هذه الأسهم وفي الأسهم العاديةالناتجة عن تحويل الأسهم الممتازة .

3- موافقة الجمعية العامة غير العادية على إضافة مادة جديدة لعقد التأسيس برقم (71) والنظام الأساسي برقم (71):
للجمعية العامة غير العادية إذا كان عقد الشركة يرخص بذلك ، أن تقرر إمتياز لأسهم الزيادة ويتعين أن يتضمن القرار نوع الإمتياز الممنوح للأسهم.

4- موافقة الجمعية العامة غير العادية على إضافة مادة جديدة لعقد التأسيس برفم (72) والنظام الأساسي برقم (72) :
يجوز أن ينص عقد الشركة على تقرير بعض الإمتيازات لبعض أنواع الأسهم ، وذلك في التصويت أو الأرباح أو ناتج التصفية أو غير ذلك على ان تتساوى الأسهم من ذات النوع في الحقوق والواجبات والمميزات أو القيود ، ولايجوز تعديل الحقوق أو المميزات أو القيود المتعلقة بنوع من الأسهم إلا بقرار من الجمعية العامة غير العادية وبموافقة ثلثي حاملي نوع الأسهم الذي يتعلق به التعديل ، وتصدر الهيئة شروط وقواعد إصدار الأسهم الممتازة وتحويلها إلى أسهم عادية ، وشروط وإجراءات إستهلاكها من قبل الشركة ، كما تصدر الهيئة شروط وقواعد تداول الأسهم الممتازة .

5- موافقة الجمعية العامة غير العادية على إضافة مادة جديدة لعقد التأسيس برقم (73) والنظام الأساسي برقم (73):
إذا تقرر زيادة رأس مال الشركة عن طريق طرح أسهم للإكتتاب العام ، يكون للمساهمين حق الأولوية في الإكتتاب في الأسهم الجديدة بنسبة ما يملكه كل منهم من أسهم ، وذلك خلال خمسة عشر يوماً من تاريخ إخطارهم بذلك ، مالم يتضمن عقد الشركة نصاً يقضي بتنازل المساهمين مقدماً عن حقهم في أولوية الإكتتاب ، ويجوز للمساهم المتنازل عن حق الأولوية لمساهم آخر أو للغير بمقابل مادي أو بدون مقابل ، وفقاً لما يتم الإتفاق عليه بين المساهمين والمتنازل إليه ، وتبين اللائحة التنفيذية بيانات وإجراءات الإخطار والتنازل.

6- موافقة الجمعية العامة غير العادية على إضافة مادة جديدة لعقد التأسيس برقم (74) والنظام الأساسي برقم (74) :
- تضع الجهات الرقابية المعنية قواعد حوكمة الشركات الخاضعة لرقابتها ، بما يحقق أفضل حماية وتوازن بين مصالح إدارة الشركة والمساهمين فيها، وأصحاب المصالح الأخرى المرتبطة بها ، كما تبين الشروط الواجب توافرها في أعضاء مجلس الإدارة المستقلين .

7- موافقة الجمعية العامة غير العادية على إضافة مادة جديدة لعقد التأسيس برقم (75) والنظام الأساسي برقم (75) :
- للجهات الرقابية ان تلزم الشركات الخاضعة لرقابتها بأن يكون من بين أعضاء مجلس الإدارة ، عضواً أو أكثر من الأعضاء المستقلين من ذوي الخبرة ، والكفاءة تختارهم الجمعية العامة العادية ، وتحدد

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إدارة السجل التجاري - تأشيرة السجل التجاري

إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 01/10/2023

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

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مكافآتهم وفقاً لقواعد الحوكمة ، على ألا يزيد عددهم على نصف أعضاء مجلس الإدارة ، ولايشترط أن يكون العضو المستقل من بين المساهمين في الشركة .

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إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 15/01/2024

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

رقم المعاملة : 56110 **بتاريخ :** 29/01/2024

بموجب قرار الجمعيه العموميه الغير عاديه للشركه العمليه للطاقه (ش م ك م) المنعقدة بتاريخ 15 / 1 / 2024 تم الموافقه علي تعديل نص الماده (62)من عقد التاسيس والماده (62) من النظام الاساسي ليكون نصها كالتالي:يجوز للجمعية العامة العادية بناءً على إقتراح مجلس الإدارة أن توزع أرباحاً نقدية او عينية على المساهمين في نهاية السنة المالية أو نهاية نصف السنة المالية ، أو الفصل المالي ، سواءً بشكل ربع سنوي أو نصف سنوي ، أو للربع الثالث كمايجوز بقرار من الجمعية العامة العادية أن تفوض مجلس الإدارة مسبقاً في توزيع الأرباح السنوية المرحلية بشكل ربع سنوي أو نصف سنوي أو للربع الثالث ، على أن يكون هذا التوزيع من أرباح حقيقية وفقاً للمبادئ المحاسبية المتعارف عليها ، ولايمس هذا التوزيع رأس المال المدفوع للشركة،كما يجوز بقرار من الجمعية العامة العادية تفويض مجلس الإدارة في توزيع الأرباح للاسهم الممتازة من خلال توزيع أرباح نقدية ، تسدد بشكل نصف سنوي بمعدل 3% على رصيد المبلغ النقدي المتراكم وغير المسترد من أصل مبلغ الإكتتاب ، وذلك خلال فترة الإصدار وقبل تحويل الأسهم الممتازة لاسهم عادية، وفي حال عدم سداد أرباح الأسهم الممتازة ، تفوض الجمعية مجلس الإدارة دفع قيمة الأرباح المتراكمة في الفترة التالية بدون زيادة ، ولايجوز للجهة المصدرة أن تقوم بإسترداد الاسهم الممتازة.

1- موافقة الجمعية العامة الغير العادية للشركة بإصدار أسهم ممتازة قابلة للتحويل إلى أسهم عادية من رأس مال الشركة بحد أقصى مبلغ 17,038,975د.ك (سبعة عشر مليون وثمانية وثلاثون ألف وتسعمائة وخمسة وسبعون دينار كويتي لاغير).
وذلك لإصدار أسهم ممتازة قابلة للتحويل إلى أسهم عادية في رأسمال الشركة، بحد أقصى مبلغ 17,038,975 د.ك (سبعة عشر مليون وثمانية وثلاثون ألف وتسعمائة وخمسة وسبعون دينار كويتي فقط لا غير) وعدد أسهم ممتازة يصل إلى 170,389,750 (مائة وسبعون مليون وثلاثمائة وتسعة وثمانون ألف وسبعمائة وخمسون سهماً) لمدة لا تتجاوز ثلاث سنوات، من خلال إصدار واحد ، وذلك في حدود مقدار رأس المال المصرح به. ويكون للأسهم الممتازة الأولوية في توزيعات الأرباح من خلال توزيع أرباح نقدية تسدد بشكل نصف سنوي بمعدل 3% على رصيد المبلغ النقدي المتراكم وغير المسترد من أصل مبلغ الإكتتاب ويدفع نقداً بشكل نصف سنوي وفي حال عدم سداده يتم دفع قيمة الأرباح المتراكمة في الفترة التالية بدون زيادة، وتكون الأسهم قابلة للتحويل إلى أسهم عادية حيث يتم تحويل الأسهم الممتازة إلى أسهم عادية عند تحقق أي من الحالات التالية وذلك خلال فترة لا تتجاوز ثلاث سنوات من تاريخ إصدارها في مطلق الأحوال:
(أ) في حال اتخاذ القرار بإدراج أسهم الشركة في أية سوق أوراق مالية داخل أو خارج الكويت، وفوراً قبل الإدراج.
أو (ب) فور إصدار الشركة لبياناتها المالية المدققة للسنة المالية المنتهية في 31 ديسمبر 2025. كما أن الأسهم الممتازة الموافق على إصدارها غير قابلة للاسترداد ولا تمنح حاملها أي حقوق تصويت أو أي أولوية في توزيع أصول الشركة والمشاركة في فائض التصفية في حالة التصفية ، أو الإنهاء للشركة ما عدا الأولوية في استلام مبالغ الاكتتاب ، في الأسهم الممتازة واية أرباح متراكمة لم يتم دفعها من قبل الشركة. ويتنازل مساهمو الشركة الحاليون عن حق الأولوية في الإكتتاب في الاسهم الممتازة لصالح المستثمر المؤهل من غير مساهمي الشركة الحاليين، وتحديداً ، مؤسسة الخليج للاستثمار ش.م.خ.

2- موافقة الجمعية العامة الغير عادية على تفويض مجلس الإدارة في تنفيذ شروط وأحكام إصدار الأسهم الممتازة :
موافقة الجمعية العامة الغير العادية على تفويض مجلس الإدارة ، في تنفيذ إصدار الأسهم الممتازة بشكل كامل أو جزئي من خلال إصدار واحد وتحديد مقدار وسعر الطرح والاكتتاب ، وتاريخ الطرح وسائر شروطه وأحكامه ودعوة المستثمر ، مؤسسة الخليج للاستثمار ش.م.خ،

الرقم المركزي 201220227168

رقم القيد في السجل التجاري 358153

إدارة السجل التجاري - تأشيرة السجل التجاري

إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 15/01/2024

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

رقم المعاملة : 56110 **بتاريخ :** 29/01/2024

للاكتتاب الخاص وتفويض مجلس الإدارة لتحديد أو تفويض من يراه لتحديد تاريخ الإكتتاب، وأن يتخذ في هذا الشأن كل ما يلزم لذلك والموافقة على القرارات الصادرة عن مجلس الادارة في هذا الشان ، وذلك شرط استيفاء الإجراءات التي نص عليها القانون ولوائح هيئة أسواق المال و تفويض مجلس الإدارة في إقرار الأحكام والشروط الخاصة بالأسهم الممتازة ، وتحديد العدد النهائي للأسهم العادية المحولة من أسهم ممتازة عند تاريخ التحويل ، وكذلك تحديد سعر التحويل متضمناً قيمة علاوة الإصدار وتفويض مجلس الإدارة في اتخاذ كافة الإجراءات اللازمة لزيادة رأس المال المُصدر والمدفوع في حدود رأس المال المصرح به لإصدار الأسهم العادية الجديدة اللازمة لتنفيذ تحويل الأسهم الممتازة إلى أسهم عادية ، عند تحقق شروط التحويل، بما في ذلك اتخاذ كافة الإجراءات المطلوبة للتأشير بالزيادة في السجل التجاري لدى وزارة التجارة والصناعة وكافة الجهات الرقابية، وأن يسدد قيمة كسور الأسهم الناتجة عن تحويل الأسهم الممتازة إلى أسهم عادية نقديًّا ، بتاريخ التحويل وعند سداد الأرباح النقدية إلى حاملي الأسهم الممتازة، والموافقة على القرارات الصادرة عن مجلس الادارة في هذا الشان وذلك شرط استيفاء الإجراءات التي نص عليها القانون ولوائح هيئة أسواق المال.

الرقم المركزي 201220227168

رقم القيد في السجل التجاري 358153

إدارة السجل التجاري - تأشيرة السجل التجاري

إسم الشركة و نوعها: الشركه العمليه للطاقه - (ش.م.ك) مقفلة

الكيان القانوني : شركة مساهمة مقفلة **رقم القيد في السجل التجاري:** 358153

بناء علي محضر جمعية عمومية غير عادية **بتاريخ :** 21/02/2024

جرى التأشير بالسجل التجاري بالموافقة على التأشير بالتعديل على مواد النظام الاساسي الاخرى

رقم المعاملة : 61275 **بتاريخ :** 16/04/2024

بموجب قرار الجمعيه العموميه الغير عاديه للشركه العمليه للطاقه (ش م ك م) المنعقدة بتاريخ 21/02/2024 تم الموافقه علي مايلي :
تعديل الماده 32 من عقد التاسيس والماده 32 من النظام الاساسي ليصبح
النص بعد التعديل :
لمجلس الإدارة اوسع السلطات في إدارة الشركة والقيام بجميع الأعمال التي تقتضيها إدارة الشركة وفقاً لأغراضها ، ولا يحد من هذه السلطة إلا ما نص عليه القانون أو النظام أو قرارات الجمعية العمومية العامة ، ويجوز لمجلس الإدارة بيع عقارات الشركة ورهنها وإعطاء الكفالات وعقد القروض والتسهيلات البنكية ، والتحكيم والصلح والتبرعات ، ولهم في ذلك أوسع الصلاحيات.

الرقم المركزي 201220222716 8

رقم القيد في السجل التجاري 358153

Appendix: Consolidated Financial Statements for the Year Ended 31 December 2022

Action Energy Company K.S.C (Closed)
(formerly known as Action Energy Company - Rawaf Ibrahim Hamoud Bourisli and Partners W.L.L.) and its Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY (FORMERLY KNOWN AS ACTION ENERGY COMPANY - RAWAF IBRAHIM HAMOUD BOURISLI AND PARTNERS W.L.L.)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Action Energy Company K.S.C (Closed) (formerly known as Action Energy Company - Rawaf Ibrahim Hamoud Bourisli and Partners W.L.L.) (the "Parent Company") and its Subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY (FORMERLY KNOWN AS ACTION ENERGY COMPANY - RAWAF IBRAHIM HAMOUD BOURISLI AND PARTNERS W.L.L.) (continued)

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY [FORMERLY KNOWN AS ACTION ENERGY COMPANY - RAWAF IBRAHIM HAMOUD BOURISLI AND PARTNERS W.L.L.] (continued)

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

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

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory 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, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
(AL-AIBAN, AL-OSAIMI & PARTNERS)

30 May 2023
Kuwait

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	***2022*** ***KD***	*2021* *KD*
Revenue	3	**12,993,834**	13,926,361
Cost of revenue	4	**(5,306,525)**	(6,929,027)
GROSS PROFIT		**7,687,309**	6,997,334
General and administrative expenses	5	**(1,079,255)**	(948,843)
Finance costs		**(1,157,560)**	(1,179,695)
Foreign exchange gain (loss)		**51,400**	(2,946)
Other income		**16,907**	8,097
Gain on sale of a subsidiary		**-**	2,664,081
PROFIT FOR THE YEAR BEFORE TAXATION		**5,518,801**	7,538,028
Zakat		**(28,046)**	-
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(24,835)**	-
PROFIT FOR THE YEAR		**5,465,920**	7,538,028
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,465,920**	7,538,028

The attached notes 1 to 20 form part of these consolidated financial statements.

Action Energy Company K.S.C (Closed) and its Subsidiary
(Formerly known as Action Energy Company - Rawaf Ibrahim Hamoud Bourisli and Partners W.L.L.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	***2022 KD***	*2021 KD*
ASSETS			
Non-current assets			
Property and equipment	6	**72,489,193**	64,592,064
Investment property	8	**942,334**	-
		73,431,527	64,592,064
Current assets			
Inventories		**525,755**	519,309
Account receivables and prepayments	7	**5,182,126**	6,099,306
Amounts due from related parties	14	**-**	15,204
Bank balances and cash		**628,212**	21,321
		6,336,093	6,655,140
TOTAL ASSETS		**79,767,620**	71,247,204
EQUITY AND LIABILITIES			
Equity			
Capital	9	**20,000,000**	100,000
Statutory reserve	10	**596,592**	50,000
Retained earnings		**14,897,199**	19,877,871
Amount due to a shareholder	15	**-**	10,000,000
Total equity attributable to the shareholders of the Parent Company		**35,493,791**	30,027,871
Non-current liabilities			
Employees' end of service benefits	11	**411,218**	320,797
Bank borrowings	12	**36,028,569**	22,689,130
		36,439,787	23,009,927
Current liabilities			
Bank borrowings	12	**1,526,451**	7,439,546
Accounts payable and accruals	13	**2,900,393**	3,894,672
Amount due to related parties	14	**3,407,198**	6,875,188
		7,834,042	18,209,406
Total liabilities		**44,273,829**	41,219,333
TOTAL EQUITY AND LIABILITIES		**79,767,620**	71,247,204

Rawaf Ibrahim Hamoud Bourisli
Vice Chairman

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Capital *KD*	*Statutory reserve* *KD*	*Retained earnings* *KD*	*Subtotal* *KD*	*Non-controlling interests* *KD*	*Amount due to a shareholder* *KD*	*Total* *KD*
As at 1 January 2022	100,000	50,000	19,877,871	20,027,871	-	10,000,000	30,027,871
Total comprehensive income for the year	-	-	5,465,920	5,465,920	-	-	5,465,920
Transfer to statutory reserve (Note 10)	-	546,592	(546,592)	-	-	-	-
Increase in share capital (Note 9 & 14)	19,900,000	-	(9,900,000)	10,000,000	-	(10,000,000)	-
As at 31 December 2022	**20,000,000**	**596,592**	**14,897,199**	**35,493,791**	**-**	**-**	**35,493,791**
As at 1 January 2021	100,000	50,000	12,339,843	12,489,843	2,181,468	7,500,000	22,171,311
Total comprehensive income for the year	-	-	7,538,028	7,538,028	-	-	7,538,028
Transfer to statutory reserve	-	-	-	-	-	2,500,000	2,500,000
Arising from acquisition of a subsidiary	-	-	-	-	(2,181,468)	-	(2,181,468)
As at 31 December 2021	100,000	50,000	19,877,871	20,027,871	-	10,000,000	30,027,871

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	***2022 KD***	*2021 KD*
OPERATING ACTIVITIES			
Profit for the year		**5,465,920**	7,538,028
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation	6	**2,337,088**	3,481,286
Amortization of service charges	7	**109,020**	109,020
Provision for employees end of service benefits	11	**119,700**	96,370
Gain on disposal of subsidiary		**-**	(2,664,081)
Foreign exchange loss (gain)		**-**	2,946
Finance costs		**1,157,560**	1,179,695
Operating profit before working capital changes		**9,189,288**	9,743,264
Working capital adjustments:			
Account receivables and prepayments		**836,194**	(2,825,991)
Inventories		**(6,446)**	(36,704)
Trade and other payables		**(1,117,539)**	(270,157)
Cash flows from operations		**8,901,497**	6,610,412
Employees' end of service benefits paid	11	**(29,279)**	(12,044)
Net cash flow from operating activities		**8,872,218**	6,598,368
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(10,234,217)**	(4,728,021)
Decrease of bank balances and cash upon disposal of a subsidiary		**-**	(394,260)
Proceeds from sale of a subsidiary		**-**	8,324,219
Net cash flow on acquisition of a subsidiary	20	**3,901**	-
Net cash flows (used in) from investing activities		**(10,230,316)**	3,201,938
FINANCING ACTIVITIES			
Amount due to related parties		**(4,442,258)**	1,391,138
Amount due from related parties		**15,204**	15,204
Proceeds from bank borrowings	12	**11,000,000**	27,600,000
Repayment of bank borrowings	12	**(3,573,656)**	(38,204,243)
Finance cost paid		**(1,034,301)**	(973,050)
Net cash flow from (used in) financing activities		**1,964,989**	(10,170,951)
NET INCREASE (DECREASE) IN BANK BALANCES AND CASH		**606,891**	(370,645)
Bank balance and cash at 1 January		**21,321**	391,966
BANK BALANCES AND CASH AT 31 DECEMBER		**628,212**	21,321

NON-CASH TRANSACTIONS			
Consideration on acquisition of a subsidiary (adjusted with amount due to related parties)		**(974,268)**	-

The attached notes 1 to 20 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of Action Energy Company K.S.C (Closed) (formerly known as Action Energy Company - Rawaf Ibrahim Hamoud Bourisli and Partners W.L.L.) (the "Parent Company") and its Subsidiary (together the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Partners of the Parent Company on 30 May 2023.

The Parent Company is a Kuwaiti Shareholding Company, duly authenticated at the Ministry of Justice, Real Estate Registration and Authentication Department based on Memorandum of Incorporation under Ref, No. 621 / Volume No. 1 dated March 18, 2015 and its subsequent amendments, the latest of which was notarized in the Commercial Registry under Ref, No. 1786 dated May 30, 2022. The Parent Company got registered in the Ministry of Commerce and Industry on August 25, 2022 under commercial registration No. 358153.

The registered address of the Parent Company is Plot No. 002818, Block 5, Al Jahra area, State of Kuwait. The Parent Company has entered into an agreement with third party to obtain the beneficial rights for carrying out the drilling operations for Kuwait Oil Company. Accordingly, the Parent Company recognizes the revenue from drilling operations based on invoices raised by third party.

As per the Commercial Register under Ref. 40584 dated 25 August 2022 the name and the legal form of the Parent Company was changed to Action Energy Company K.S.C (Closed).

The main activities of the Parent Company are as follows:
- Oil well drilling.
- Providing services related to the extraction of oil and natural gas, excluding surveying.
- Maintenance of oil facilities, wells and oil and petrochemicals refineries.
- Natural gas well drilling.
- Gas injection in oil fields.
- Thermal insulation for oil and gas industries.
- Supply of oil well drilling requirements.
- Running casing pipes and pipes for production as well as related accessories.
- Undertaking infrastructure works for petroleum services.
- Undertaking infrastructure works for oil platforms, refineries, and pumps.
- Undertaking infrastructure works for roads and lanes needed for oil drilling equipment. .
- Undertaking infrastructure works for oil well drilling platforms.
- Drilling and maintenance of water wells.
- Registration of trademarks and patents.
- Inspection of soil and engineering materials.
- Industrial inspection and radiological services.
- Undertaking works of electricity as well as the introduction and generation thereof.
- Operating renewable and alternative energy generation plants.
- Providing alternative energy.
- Repairing and maintaining pumps and liquid energy equipment.
- Repairing and maintaining oil pipes.
- Acting as agents for trademark registration.
- Providing technical and administrative manpower for all local and private companies, training houses and overseas companies for maintenance of equipment and machineries related to the purposes of the Company.

The Ultimate Parent Company is Action Real Estate Company K.S.C.C. (the "Ultimate Parent Company").

2.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared under the historical cost convention.

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary (investee which is controlled by the Parent Company). 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; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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.

The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and losses are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiary not attributable directly, or indirectly, to the Partners of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity.

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

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

2.2 BASIS OF CONSOLIDATION (continued)

The subsidiary of the Parent Company is as follows:

Name of the entity	*Country of incorporation*	*Percentage of holding*		*Activity*
		2022	*2021*	
National Construction Real Estate Company W.L.L.	Kuwait	**100%**	-	Facilities management and real estate trading

* During the year, the Parent Company has acquired the above subsidiary (Note 20)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to IAS 16*
In May 2021, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IFRS 9 *Financial Instruments* – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*
In May 2021, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Reference to the Conceptual Framework – *Amendments to IFRS 3*
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent asset, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

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.

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Definition of Accounting Estimates - *Amendments to IAS 8*
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Disclosure of Accounting Policies - *Amendments to IAS 1 and IFRS Practice Statement 2*
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 making materiality judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. The Group identifies contracts with customers, when applicable; identifies the performance obligations; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that despite the transfer to the customer of the goods or services promised.

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

Revenue from drilling activities
The Group is in the business of drilling of oil wells and related services. The contract for drilling and related projects are considered to deliver a single performance obligation.

The performance obligation is satisfied over-time and revenue is recognised over-time on negotiated day rates (e.g. operating, standby with crew, standby without crew, rig move, force majeure, downtime). Revenue from variation claims are recognised over-time in the period such claims are approved.

Rendering of services
Recognition of revenue from services is expected to occur when the services are rendered, and the amount of revenues can be measured reliably.

Cleaning and maintenance services
Revenue from rendering of services is recognised in the accounting period in which service is rendered. The Group considered this service as a single performance obligation. Revenue from contract is recognised at a point in time as the customer receives and consumes the benefits of Group's performance when the service is performed.

Other income
Other income is recognised on accrual basis.

Finance costs
Finance costs are recognised in the consolidated statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability, when calculating the effective interest rate.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

	Useful lives	**Reassessed useful life**
Drilling rigs	20 years	30 years
Computer and office equipment	3 years	3 years
Furniture and fixtures	3-7 years	3-7 years
Vehicles	5-7 years	5-7 years
Camps	5 years	5 years

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of comprehensive income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Capital work-in-progress is stated at cost less impairment losses, if any, until the construction is complete. Upon the completion of construction, the costs of such asset together with the cost directly attributable to construction are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Depreciation is recognised in the consolidated statement of comprehensive income on straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

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

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent, registered real estate valuer with relevant experience in the market in which the property is situated. The valuation reflects market conditions as at the reporting date.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

Leases
The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use asset 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 adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

iii. Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). 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.

Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: purchase cost on weighted average basis
- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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 cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments
i) Financial assets

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

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets. 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 determined under IFRS 15.

Assessment of whether the contractual cashflows are solely payments of principal and interest (SPPI test)
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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include trade receivables, due from related parties and bank balances and cash.

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 De-recognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Group.

Financial assets at amortised cost
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 (accounts receivable and bank balances) meet these conditions, they are subsequently measured at amortised cost.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)

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

- The rights to receive cash flows from the asset have expired
- 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 asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred 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 a loss allowance for expected credit losses on financial assets that are measured at amortised cost. No impairment loss is recognised for equity instruments that are classified as financial assets at FVOCI. The amount of expected credit losses is updated at each reporting date.

The Group always recognises lifetime ECL for trade receivables which generally don't have a significant financing component. Amounts due from related parties that are interest free and receivable on demand, the Group expects no default on such amounts after reviewing and assessing the financial position of these parties. Accordingly, the measurement of amounts due from related parties under IFRS 9 doesn't have impact on the consolidated statement of comprehensive income of the Group.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a trade receivables.

Write-off of financial assets at amortised cost
The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of comprehensive income.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
i) Financial assets (continued)

Impairment of financial assets (continued)
For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in consolidated statement of comprehensive income for all financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

ii) Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group's financial liabilities include trade and other payables, amount due to related parties and bank borrowings.

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

Bank borrowings
After initial recognition, murabaha payables are subsequently measured at amortised cost using the EIR method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

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

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
iii) Offsetting of financial instruments (continued)

Current versus non-current classification (continued)
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.

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, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

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

Employees end of service benefits
The Group provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment. The Group's obligations are limited to these contributions which are expenses when due.

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

Foreign currency
Transactions and balances
Transactions in prevailing foreign currencies are translated to the respective functional currency of the Parent Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of comprehensive income is also recognised in other comprehensive income or consolidated statement of comprehensive income, respectively).

Fair value measurement
The Group measures financial instruments such as financial assets available for sale at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
The principal or the most advantageous market must be accessible to 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.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Control assessment
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.

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 several 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimations and assumptions
The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade and other receivables
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

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Provision for expected credit losses of trade and other receivables (continued)

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

Useful lives of property and equipment

Management reviews its estimate of the useful lives of property and equipment at each reporting date, based on the expected utilisation of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful lives of property and equipment.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Valuation of investment property

Fair value of investment property has been assessed by an independent real estate appraiser. The fair value of investment property is determined using market comparable approach and the income capitalisation approach which is based on the assessments made by one independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

3 REVENUE

The Group operates only in the State of Kuwait. Set out below is the disaggregation of the Group's revenue:

	2022	*2021*
	KD	*KD*
Type of revenue		
Drilling revenue	**4,904,883**	4,876,110
Rigs leasing and mobilization revenue	**7,728,642**	9,036,286
Other operating revenue	**360,309**	13,965
	12,993,834	13,926,361
Timing of revenue recognition		
Services transferred at over-time	**12,993,834**	13,926,361

4 COST OF REVENUE

	2022	*2021*
	KD	*KD*
Drilling expenses	**163,307**	273,733
Operating staff expenses	**1,766,073**	1,658,762
Depreciation	**2,334,897**	3,479,709
Other operating expenses	**1,042,248**	1,516,823
	5,306,525	6,929,027

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*
	KD	*KD*
Staff costs	**715,983**	498,596
Franchise cost	**109,020**	109,020
Professional fees	**24,962**	17,464
Depreciation	**2,191**	1,577
Other expenses	**227,099**	322,186
	1,079,255	948,843

6 PROPERTY AND EQUIPMENT

	Drilling rigs *KD*	*Computers and office equipment* *KD*	*Furniture and fixtures* *KD*	*Vehicles* *KD*	*Camps* *KD*	*Capital work-in-progress* *KD*	*Total* *KD*
Cost:							
As at 1 January 2022	72,092,634	58,895	9,736	199,741	88,808	-	72,449,814
Additions	124,635	6,353	14,723	-	-	10,088,506	10,234,217
As at 31 December 2022	72,217,269	65,248	24,459	199,741	88,808	10,088,506	82,684,031
Accumulated depreciation:							
As at 1 January 2022	7,539,230	58,042	3,622	179,072	77,784	-	7,857,750
Charge for the year	2,306,562	507	1,684	18,769	9,566	-	2,337,088
As at 31 December 2022	9,845,792	58,549	5,306	197,841	87,350	-	10,194,838
Net book value:							
As at 31 December 2022	**62,371,477**	**6,699**	**19,153**	**1,900**	**1,458**	**10,088,506**	**72,489,193**

6 PROPERTY AND EQUIPMENT (continued)

	Drilling rigs KD	*Computers and office equipment KD*	*Furniture and fixtures KD*	*Vehicles KD*	*Camps KD*	*Temporary structures KD*	*Machinery and equipment KD*	*Capital work-in-progress KD*	*Total KD*
Cost:									
As at 1 January 2021	43,156,514	58,052	217,117	443,819	88,449	346,002	4,835,858	24,885,269	74,031,080
Additions	7,316	843	7,442	-	359	-	-	4,712,059	4,728,019
Transfers	28,928,804	-	-	-	-	-	-	(28,928,804)	-
Relating to disposal of subsidiary	-	-	(214,823)	(244,078)	-	(346,002)	(4,835,858)	(668,524)	(6,309,285)
As at 31 December 2021	72,092,634	58,895	9,736	199,741	88,808	-	-	-	72,449,814
Accumulated depreciation:									
As at 1 January 2021	4,101,115	58,042	21,672	299,063	59,755	179,419	1,196,493	-	5,915,559
Charge for the year	3,438,115	-	1,577	23,565	18,029	-	-	-	3,481,286
Relating to disposal of subsidiary	-	-	(19,627)	(143,556)	-	(179,419)	(1,196,493)	-	(1,539,095)
As at 31 December 2021	7,539,230	58,042	3,622	179,072	77,784	-	-	-	7,857,750
Net book value:									
As at 31 December 2021	64,553,404	853	6,114	20,669	11,024	-	-	-	64,592,064

The Parent Company acquired the beneficial ownership of drilling rigs from the Ultimate Parent Company. The amount of borrowing costs capitalised in capital work in progress during the year ended 31 December 2022 was KD 46,575 (2021: KD 37,860).

During the year, the Group reassessed its estimates with respect to the useful lives of drilling rigs. As a result, the expected useful live of drilling rigs has been amended. The effect of this reassessment is a reduction of total depreciation expense by an amount of KD 1,311,730.

Depreciation is allocated as follows:

	2022 KD	*2021 KD*
Operating expenses	**2,334,897**	3,479,709
General and administrative expenses	**2,191**	1,577
	2,337,088	3,481,286

7 TRADE AND OTHER RECEIVABLES

	2022 KD	*2021 KD*
Trade receivables	**1,947,355**	2,306,644
Retention receivable	**2,074,815**	2,060,805
Prepayments	**364,442**	471,240
Advance to suppliers	**31,821**	98,239
Other receivables	**763,693**	1,162,378
	5,182,126	6,099,306

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution for whom there is no recent history of default.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group.

The ageing analysis of the trade receivables is as follows:

	2022 KD	*2021 KD*
Upto 30 days	**1,870,092**	1,112,642
31-60 days	**65,546**	765,503
61-90 days	**11,717**	30,869
91-180 days	**-**	4,345
181-365 days	**-**	393,285
	1,947,355	2,306,644

Prepayments of Parent Company mainly includes unamortised portion of service charges amounting to KD 352,160 (2021: KD 461,180). In 2015, the Parent Company paid service charges amounting to KD 1,388,080 (USD 4,576,158) to third party and obtained beneficial rights for carrying out the drilling operations for a period of 5 years. During 2018, the terms of beneficial rights expiring on March 31, 2022, was extended for the further period of 5 years ending March 31, 2026. During the year, service charges amounting to KD 109,020 (2021: KD 109,020) was amortised in the consolidated statement of comprehensive income.

8 INVESTMENT PROPERTY

	2022 KD	*2021 KD*
Opening	**-**	-
On acquisition of a subsidiary (note 20)	**942,334**	-
	942,334	-

The fair value of the investment properties at the consolidated statement of financial position date was estimated to be KD 942,334 (2021: KD NIL).

The fair value based on a valuation obtained from an independent valuator, who are industry specialised in valuing these types of investment properties. The valuator is using acceptable methods of valuation such as income capitalisation approach.

8 INVESTMENT PROPERTY (continued)

The significant assumptions used in the valuations of level 3 fair value are set out below:

	2022 *KD*
Average monthly rent (per sqm)	**0.75**
Yield rate	**7.64%**
Occupancy rate	**100%**

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	*Impact on profit* *2022* *KD*
Average monthly rent (per sqm)	+/- 5%	**47,117**
Yield rate	+/- 50 bps	**116,400**
Occupancy rate	- 5%	**2,356**

9 SHARE CAPITAL

The authorised, issued and paid-up capital of the Parent Company is KD 20,000,000 divided into 200,000,000 shares for the value of 100 fils each, all shares are paid in cash and in kind amounting to KD 100,000 and KD 19,900,000 respectively, and is distributed among the shareholders as follows:

Name of shareholders / partners	*Number of shares / units*		*Amount in KD*	
	2022	*2021*	***2022***	*2021*
Action Real Estate Company K.S.C.C.	**197,998,000**	98	**19,799,800**	98,000
Sheikh Mubarak Abdullah Al-Mubarak Al-Sabah	**1,000,000**	1	**100,000**	1,000
Rawaf Ibrahim Hamoud Bourisli	**1,000,000**	1	**100,000**	1,000
Ahmed Falah Muhanna Al-Rashidi	**1,000**	-	**100**	-
Faisal Obaid Jaithan Al-Mutairi	**1,000**	-	**100**	-
	200,000,000	100	**20,000,000**	100,000

On 23 May 2022, shareholders of the Parent Company approved the increase in the share capital from KD 100,000 to KD 20,000,000. The increase in share capital was authenticated in the commercial register on 05th June 2022. Action Real Estate Company K.S.C.C. (Parent Company) decided to waive 2,000 number of shares from its holding to admit new shareholders namely Ahmed Falah Muhanna Al-Rashidi and Faisal Obaid Jaithan Al-Mutairi.

10 STATUTORY RESERVE

In accordance with the Companies Law No. 1 of 2016, as amended and its executive regulations, as amended, and the Group's Memorandum of Incorporation, 10% of net profit is transferred to the statutory reserve. Such transfer may be discontinued upon approval by the shareholders if the reserve reaches 50% of the capital. This reserve is not available for distribution except in cases stipulated by the law.

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up 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 capital.

11 EMPLOYEES' END OF SERVICE BENEFITS

	2022 ***KD***	*2021* *KD*
As at 1 January	**320,797**	423,318
Provided during the year	**119,700**	96,370
Paid during the year	**(29,279)**	(12,044)
Relating to disposal of a subsidiary	**-**	(186,847)
As at 31 December	**411,218**	320,797

12 BANK BORROWINGS

	2022 ***KD***	*2021* *KD*
Non-current	**36,028,569**	22,689,130
Current	**1,526,451**	7,439,546
	37,555,020	30,128,676

Commercial financing are loans dominated in Kuwaiti Dinars obtained from a local Bank carrying average commercial floating interest rates and are secured by mortgage of drilling rigs and a joint guarantee of Ultimate Parent Company and a related entity. In addition to this it is secured by personal guarantee of a shareholders.

The changes in the liabilities arising from financing activities is as follows:

	1 January ***KD***	***Net cash Flows*** ***KD***	***31 December*** ***KD***
2022			
Bank borrowings	**30,128,676**	**7,426,344**	**37,555,020**
2021			
Bank borrowings	40,732,919	(10,604,243)	30,128,676

13 TRADE AND OTHER PAYABLES

	2022 ***KD***	*2021* *KD*
Trade payables	**851,403**	2,711,005
Accrued finance cost	**329,905**	206,645
Accrued expense	**1,603,694**	915,759
Other payables	**74,707**	40,475
Advances from customers	**40,684**	20,788
	2,900,393	3,894,672

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, joint venture companies, directors and executive officers of the Group, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence and Group companies.

Significant related party transactions and balances are as follows:

Balances included in consolidated statement of financial position	***Entities under common control KD***	***2022 KD***	*2021 KD*
Amount due to related parties	**3,407,198**	**3,407,198**	6,875,188
Amount due from related parties	**-**	**-**	15,204
Amount due to a shareholder (Note 15)	**-**	**-**	10,000,000

Related party balances reflected in the consolidated statement of financial position do not bear any interest and are payable on demand. Certain related parties have given guarantees and pledged assets for Group's borrowings (Note 12).

	Entities under common control KD	***2022 KD***	*2021 KD*
Transactions included in the consolidated statement of comprehensive income			
General and administrative expenses	**62,283**	**62,283**	16,440

The Group operates bank accounts having balance of KD 3,669 (2021: KD 2,899) for which legal ownership is held on one of the entities owned and controlled by the Ultimate Parent Company.

The Group has entered into an agreement with a related entity to provide technical services relating to drilling rigs. The same related entity has also agreed to absorb any current and future customer penalties arising to the Group from these drilling rigs. During the year the related party has absorbed KD 3,397,731 (2021: KD 2,280,536).

During the year, the Company acquired a subsidiary and accounted the transaction as business combination (refer note 20).

Compensation of key management personnel
The remuneration of key management personnel of the Group during the year is as follows:

	2022 KD	*2021 KD*
Short-term benefits	**153,948**	150,835
Employees' end of service benefits	**6,057**	4,615
	160,005	155,450

15 AMOUNT DUE TO A SHAREHOLDER

As part of share capital increase, the amount due to Action Real Estate Company K.S.C.C. (Parent Company) of KD 10,000,000 has been converted to share capital in a meeting of the shareholders of Company held on 23 May 2022. 100,000,000 number of shared were offered of face value 100 fils per share.

16 FINANCIAL 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.

The Group is mainly exposed to credit risk, liquidity risk and market risk which further sub divided into, interest risk and foreign currency risk.

The most significant risks to which the Group is exposed to are described below:

16.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date and the Group is exposed to credit risk on accounts receivable and bank balances reflected in the consolidated statement of financial position. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Exposure to credit risk

The carrying amount of financial assets as at 31 December represents the maximum credit exposure as follows:

	2022 ***KD***	*2021* *KD*
Trade and other receivables	**2,711,048**	3,469,022
Bank balances excluding cash	**626,013**	18,771
	3,337,061	3,487,793

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables consist of few customers which are mainly governmental entities. Ongoing credit evaluation is performed on the financial condition of debtors.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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 trade receivables by setting a policy for the payment during a period of 30 – 60 days.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, trading history with the Group and existence of previous financial difficulties.

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution for whom there is no recent history of default.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Trade receivables (continued)

With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of financial assets in the consolidated statement of financial position.

The credit risk in respect of bank balances is limited as these are maintained only with reputable local banks with appropriate credit ratings.

16.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves, funding lines with banks and financial institutions, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

2022	***On demand KD***	***Less than 3 months KD***	***3-12 Months KD***	***More than 12 months KD***	***Total KD***
Liabilities					
Bank borrowings	**-**	**1,844,528**	**5,685,544**	**37,797,856**	**45,327,927**
Amount due to related parties	**3,407,198**	**-**	**-**	**-**	**3,407,198**
Trade and other payables	**-**	**-**	**2,900,393**	**-**	**2,900,393**
	3,407,198	**1,844,528**	**8,585,937**	**37,797,856**	**51,635,518**

2021	*On demand KD*	*Less than 3 months KD*	*3-12 months KD*	*More than 12 months KD*	*Total KD*
Liabilities					
Bank borrowings	-	1,793,699	6,364,973	24,735,197	32,893,868
Amount due to related parties	6,875,188	-	-	-	6,875,188
Trade and other payables	-	-	3,894,672	-	3,894,672
	6,875,188	1,793,699	10,259,645	24,735,197	43,663,728

16.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

16.3.1 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

At 31 December 2022, the Group's exposure to equity price risk is not significant.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

16.3 Market risk (continued)

16.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchases, dividends from a joint venture and borrowings that are denominated in a currency other than the functional currency of the Group entity, Kuwaiti Dinars (KD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

16.3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Group's financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of fluctuations in interest rates on the Group's bank balances and interest-bearing liabilities.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest rate movements.

The Group assumes a fluctuation in interest rates of 50 basis points and estimates the following impact on the results for the year:

	Increase (decrease) in basis points (+/-)	*Effect on profit for the year KD*
2022	**50**	**187,775**
2021	50	150,643

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

A 50 bps negative fluctuation in the interest rates would have the same, but opposite, effect on the results for the year and equity.

17 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued 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, interest bearing loans and borrowings, trade and other payables, less bank balances and cash.

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 interest-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 interest-bearing loans and borrowing in the current period

No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

17 CAPITAL MANAGEMENT (continued)

	2022	*2021*
	KD	*KD*
Loans and borrowings	**37,555,020**	30,128,676
Trade payables	**851,403**	2,711,005
Less: Bank balances and cash	**(628,212)**	(21,321)
Net debt	**37,778,211**	32,818,360
Total capital	**35,493,791**	30,027,871
Total capital and debt	**73,272,002**	62,846,231
Gearing ratio	**51.56%**	52.22%

18 CONTINGENCIES AND COMMITMENTS

At 31 December 2022, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business amounting to KD 19,652,001 (2021: KD 6,259,650) and committed to future capital expenditure in respect of equipment for KD 10,218,133 as at 31 December 2022 (2021: KD Nil).

19 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.

Financial instruments comprise financial assets and financial liabilities.

The fair values of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair values.

Description of significant unobservable inputs to valuation of non-financial assets:
Fair value of investment properties was determined using capitalisation of income method. Capitalisation of income method assumes capitalisation of annual rental income and the significant unobservable valuation input used is the capitalisation rate in the range of 7% to 8%. A 5% increase in this input would result in an equivalent decrease in fair value (Note 8).

20 BUSINESS COMBINATIONS

Effective 30 October 2022, the Group has acquired an 100% equity interest National Construction Real Estate Company W.L.L.(NCREC). NCREC is incorporated and domiciled in the State of Kuwait and is principally engaged in facilities management and real estate trading.

The Group finalised the Purchase Price Allocation ("PPA") exercise and determined that the fair values of the assets and liabilities acquired do not differ from their provisionally determined fair values as at the acquisition date. The consideration paid and fair values of the assets and liabilities recognised at the date of acquisition, are summarised as follows:

20 BUSINESS COMBINATIONS (continued)

	KD
Investment property	942,334
Due from related parties	28,033
Bank balance and cash	3,901
Total assets	**974,268**
Liabilities	-
Fair value of net assets acquired	**974,268**
Consideration	(974,268)
Bank balances and cash in subsidiary acquired	3,901
Net cash outflow on acquisition	**(970,367)**

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Appendix: Consolidated Financial Statements for the Year Ended 31 December 2023

ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Action Energy Company K.S.C (Closed) (the "Parent Company") and its Subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY (continued)

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY (continued)

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

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

Report on Other Legal and Regulatory Requirements
Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
(AL-AIBAN, AL-OSAIMI & PARTNERS)

20 June 2024
Kuwait

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	***2023*** ***KD***	*2022* *KD*
Revenue	3	**12,135,393**	12,993,834
Cost of revenue	4	**(5,944,758)**	(5,306,525)
GROSS PROFIT		**6,190,635**	7,687,309
General and administrative expenses	5	**(1,958,579)**	(1,079,255)
Finance costs		**(2,042,532)**	(1,157,560)
Foreign exchange gain		**42,032**	51,400
Other income		**48,371**	16,907
Gain on revaluation of investment properties	8	**205,000**	-
PROFIT FOR THE YEAR BEFORE TAXATION		**2,484,927**	5,518,801
Zakat		**(26,143)**	(28,046)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(22,364)**	(24,835)
PROFIT FOR THE YEAR		**2,436,420**	5,465,920
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,436,420**	5,465,920

The attached notes 1 to 19 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	***2023*** ***KD***	*2022* *KD*
ASSETS			
Non-current assets			
Property and equipment	6	**93,084,932**	72,489,193
Investment properties	8	**1,147,334**	942,334
		94,232,266	73,431,527
Current assets			
Inventories		**555,826**	525,755
Account receivables and prepayments	7	**6,612,043**	5,182,126
Bank balances and cash		**193,624**	628,212
		7,361,493	6,336,093
TOTAL ASSETS		**101,593,759**	79,767,620
EQUITY AND LIABILITIES			
Equity			
Capital	9	**20,000,000**	20,000,000
Statutory reserve	10	**840,234**	596,592
Retained earnings		**17,089,977**	14,897,199
Total equity		**37,930,211**	35,493,791
Non-current liabilities			
Employees' end of service benefits	11	**540,620**	411,218
Bank borrowings	12	**45,312,215**	36,028,569
		45,852,835	36,439,787
Current liabilities			
Bank borrowings	12	**9,252,480**	1,526,451
Accounts payable and accruals	13	**8,472,635**	2,900,393
Amount due to related parties	14	**85,598**	3,407,198
		17,810,713	7,834,042
Total liabilities		**63,663,548**	44,273,829
TOTAL EQUITY AND LIABILITIES		**101,593,759**	79,767,620

Rawaf Ibrahim Hamoud Bourisli
Vice Chairman

The attached notes 1 to 19 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Capital *KD*	*Statutory reserve* *KD*	*Retained earnings* *KD*	*Subtotal* *KD*	*Amount due to a shareholder* *KD*	*Total* *KD*
As at 1 January 2023	20,000,000	596,592	14,897,199	35,493,791	-	35,493,791
Total comprehensive income for the year	-	-	2,436,420	2,436,420	-	2,436,420
Transfer to statutory reserve (Note 10)	-	243,642	(243,642)	-	-	-
As at 31 December 2023	**20,000,000**	**840,234**	**17,089,977**	**37,930,211**	-	**37,930,211**
As at 1 January 2022	100,000	50,000	19,877,871	20,027,871	10,000,000	30,027,871
Total comprehensive income for the year	-	-	5,465,920	5,465,920	-	5,465,920
Transfer to statutory reserve (Note 10)	-	546,592	(546,592)	-	-	-
Increase in share capital	19,900,000	-	(9,900,000)	10,000,000	(10,000,000)	-
As at 31 December 2022	20,000,000	596,592	14,897,199	35,493,791	-	35,493,791

The attached notes 1 to 19 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	***2023 KD***	*2022 KD*
OPERATING ACTIVITIES			
Profit for the year		**2,436,420**	5,465,920
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation	6	**2,692,374**	2,337,088
Amortization of service charges	5	**109,020**	109,020
Provision for employees end of service benefits	11	**209,092**	119,700
Gain on revaluation of investment properties		**(205,000)**	-
Finance costs		**2,042,532**	1,157,560
Operating profit before working capital changes		**7,284,438**	9,189,288
Working capital adjustments:			
Account receivables and prepayments		**(1,538,937)**	836,194
Inventories		**(30,071)**	(6,446)
Trade and other payables		**5,213,614**	(1,117,539)
Cash flows from operations		**10,929,044**	8,901,497
Employees' end of service benefits paid	11	**(79,690)**	(29,279)
Net cash flow from operating activities		**10,849,354**	8,872,218
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(23,288,113)**	(10,234,217)
Net cash flow on acquisition of a subsidiary		**-**	3,901
Net cash flows used in investing activities		**(23,288,113)**	(10,230,316)
FINANCING ACTIVITIES			
Amount due to related parties		**(3,321,600)**	(4,442,258)
Amount due from related parties		**-**	15,204
Proceeds from bank borrowings	12	**19,832,500**	11,000,000
Repayment of bank borrowings	12	**(2,822,825)**	(3,573,656)
Finance cost paid		**(1,683,904)**	(1,034,301)
Net cash flow from financing activities		**12,004,171**	1,964,989
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		**(434,588)**	606,891
Bank balance and cash at 1 January		**628,212**	21,321
BANK BALANCES AND CASH AT 31 DECEMBER		**193,624**	628,212
NON-CASH TRANSACTIONS			
Consideration on acquisition of a subsidiary (adjusted with amount due to related parties)		**-**	(974,268)

The attached notes 1 to 19 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of Action Energy Company K.S.C (Closed) (the "Parent Company") and its Subsidiary (together the "Group") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Partners of the Parent Company on 20 June 2024.

The Parent Company is a Kuwaiti Shareholding Company, duly authenticated at the Ministry of Justice, Real Estate Registration and Authentication Department based on Memorandum of Incorporation under Ref, No. 621 / Volume No. 1 dated March 18, 2015 and its subsequent amendments, the latest of which was notarized in the Commercial Registry under Ref, No. 1786 dated June 30, 2022. The Parent Company got registered in the Ministry of Commerce and Industry on August 25, 2022 under commercial registration No. 358153.

The registered address of the Parent Company is Plot No. 002818, Block 5, Al Jahra area, State of Kuwait. The Parent Company has entered into an agreement with third party to obtain the beneficial rights for carrying out the drilling operations for Kuwait Oil Company. Accordingly, the Parent Company recognizes the revenue from drilling operations based on invoices raised by third party.

As per the Commercial Register under Ref. 40584 dated 25 August 2022 the name and the legal form of the Parent Company was changed to Action Energy Company K.S.C (Closed).

The main activities of the Parent Company are as follows:
- Oil well drilling.
- Services related to the extraction of oil and natural gas, excluding surveying.
- Maintenance of oil facilities, wells and oil and petrochemicals refineries.

The Ultimate Parent Company is Action Real Estate Company K.S.C.C. (the "Ultimate Parent Company").

2.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared under the historical cost convention except for investment properties, which are measured at fair value.

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary (investee which is controlled by the Parent Company). 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; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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.

2.2 BASIS OF CONSOLIDATION (continued)

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.

The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and losses are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiary not attributable directly, or indirectly, to the Partners of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity.

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

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

The subsidiary of the Parent Company is as follows:

Name of the entity	*Country of incorporation*	*Percentage of holding*		*Activity*
		2023	*2022*	
National Construction Real Estate Company Faisal Al Qadri and Partner W.L.L.	Kuwait	**100%**	100%	Facilities management and real estate trading

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million a year.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

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

In addition, a requirement has been introduced to require disclosure 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 are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill (continued)
If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

Revenue recognition
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. The Group identifies contracts with customers, when applicable; identifies the performance obligations; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that despite the transfer to the customer of the goods or services promised.

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

Revenue from drilling activities
The Group is in the business of drilling of oil wells and related services. The contract for drilling and related projects are considered to deliver a single performance obligation.

The performance obligation is satisfied over-time and revenue is recognised over-time on negotiated day rates (e.g. operating, standby with crew, standby without crew, rig move, force majeure, downtime). Revenue from variation claims are recognised over-time in the period such claims are approved.

Rendering of services
Recognition of revenue from services is expected to occur when the services are rendered, and the amount of revenues can be measured reliably.

Cleaning and maintenance services
Revenue from rendering of services is recognised in the accounting period in which service is rendered. The Group considered this service as a single performance obligation. Revenue from contract is recognised at a point in time as the customer receives and consumes the benefits of Group's performance when the service is performed.

Other income
Other income is recognised on accrual basis.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Finance costs
Finance costs are recognised in the consolidated statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability, when calculating the effective interest rate.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

	Useful life
Drilling rigs	30 years
Computer and office equipment	3 years
Furniture and fixtures	3-7 years
Vehicles	5-7 years
Camps	5 years

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of comprehensive income.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Capital work-in-progress is stated at cost less impairment losses, if any, until the construction is complete. Upon the completion of construction, the costs of such asset together with the cost directly attributable to construction are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Depreciation is recognised in the consolidated statement of comprehensive income on straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

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

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent, registered real estate valuer with relevant experience in the market in which the property is situated. The valuation reflects market conditions as at the reporting date.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases
The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use asset 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 adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

iii. Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). 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.

Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials: purchase cost on weighted average basis
- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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 cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial instruments

i) Financial assets

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

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets. 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 determined under IFRS 15. Assessment of whether the contractual cashflows are solely payments of principal and interest (SPPI test). 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include trade receivables, due from related parties and bank balances and cash.

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 De-recognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Group.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)
Financial assets at amortised cost
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 (accounts receivable and bank balances) meet these conditions, they are subsequently measured at amortised cost.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired
- 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 asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred 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 a loss allowance for expected credit losses on financial assets that are measured at amortised cost. No impairment loss is recognised for equity instruments that are classified as financial assets at FVOCI. The amount of expected credit losses is updated at each reporting date.

The Group always recognises lifetime ECL for trade receivables which generally don't have a significant financing component. Amounts due from related parties that are interest free and receivable on demand, the Group expects no default on such amounts after reviewing and assessing the financial position of these parties. Accordingly, the measurement of amounts due from related parties under IFRS 9 doesn't have impact on the consolidated statement of comprehensive income of the Group. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a trade receivables.

Write-off of financial assets at amortised cost
The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of comprehensive income.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)
Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in consolidated statement of comprehensive income for all financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

ii) Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group's financial liabilities include trade and other payables, amount due to related parties and bank borrowings.

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

Bank borrowings
After initial recognition, murabaha payables are subsequently measured at amortised cost using the EIR method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

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

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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

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

Employees end of service benefits

The Group provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service. The expected costs of these benefits are accrued over the period of employment. The Group's obligations are limited to these contributions which are expenses when due.

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

Foreign currency

Transactions and balances

Transactions in prevailing foreign currencies are translated to the respective functional currency of the Parent Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of comprehensive income is also recognised in other comprehensive income or consolidated statement of comprehensive income, respectively).

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement

The Group measures financial instruments such as financial assets available for sale at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

Control assessment

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.

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 several 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade and other receivables

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

Useful lives of property and equipment

Management reviews its estimate of the useful lives of property and equipment at each reporting date, based on the expected utilisation of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful lives of property and equipment.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Valuation of investment property

Fair value of investment property has been assessed by an independent real estate appraiser. The fair value of investment property is determined using market comparable approach and the income capitalisation approach which is based on the assessments made by one independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

3 REVENUE

The Group operates only in the State of Kuwait. Set out below is the disaggregation of the Group's revenue:

	2023 KD	*2022 KD*
Type of revenue		
Drilling revenue	**5,118,213**	4,904,883
Rigs leasing and mobilization revenue	**6,701,904**	7,728,642
Other operating revenue	**315,276**	360,309
	12,135,393	12,993,834
Timing of revenue recognition		
Services transferred at over-time	**12,135,393**	12,993,834

4 COST OF REVENUE

	2023 KD	*2022 KD*
Depreciation	**2,684,145**	2,334,897
Operating staff expenses	**1,683,142**	1,766,073
Other operating expenses	**1,413,385**	1,042,248
Drilling expenses	**164,086**	163,307
	5,944,758	5,306,525

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 KD	*2022 KD*
Staff costs	**1,261,326**	715,983
Short term lease expenses	**177,810**	99,403
Franchise cost	**109,020**	109,020
Professional fees	**91,273**	24,962
Computer expenses	**69,118**	24,984
Bank charges	**50,040**	36,982
Vehicle expenses	**34,931**	16,433
Depreciation	**8,229**	2,191
Other expenses	**156,832**	49,297
	1,958,579	1,079,255

6 PROPERTY AND EQUIPMENT

	Drilling rigs KD	***Computers and office equipment KD***	***Furniture and fixtures KD***	***Vehicles KD***	***Camps KD***	***Capital work-in-progress KD***	***Total KD***
Cost:							
As at 1 January 2023	72,217,269	65,248	24,459	199,741	88,808	10,088,506	82,684,031
Additions	70,117	351	7,398	-	-	23,210,247	23,288,113
Transfers	26,876,086	-	-	-	-	(26,876,086)	-
As at 31 December 2023	99,163,472	65,599	31,857	199,741	88,808	6,422,667	105,972,144
Accumulated depreciation:							
As at 1 January 2023	9,845,792	58,549	5,306	197,841	87,350	-	10,194,838
Charge for the year	2,680,787	2,094	6,135	1,900	1,458	-	2,692,374
As at 31 December 2023	12,526,579	60,643	11,441	199,741	88,808	-	12,887,212
Net book value:							
As at 31 December 2023	**86,636,893**	**4,956**	**20,416**	**-**	**-**	**6,422,667**	**93,084,932**

6 PROPERTY AND EQUIPMENT (continued)

	Drilling rigs KD	*Computers and office equipment KD*	*Furniture and fixtures KD*	*Vehicles KD*	*Camps KD*	*Capital work-in-progress KD*	*Total KD*
Cost:							
As at 1 January 2022	72,092,634	58,895	9,736	199,741	88,808	-	72,449,814
Additions	124,635	6,353	14,723	-	-	10,088,506	10,234,217
As at 31 December 2022	72,217,269	65,248	24,459	199,741	88,808	10,088,506	82,684,031
Accumulated depreciation:							
As at 1 January 2022	7,539,230	58,042	3,622	179,072	77,784	-	7,857,750
Charge for the year	2,306,562	507	1,684	18,769	9,566	-	2,337,088
As at 31 December 2022	9,845,792	58,549	5,306	197,841	87,350	-	10,194,838
Net book value:							
As at 31 December 2022	62,371,477	6,699	19,153	1,900	1,458	10,088,506	72,489,193

The Parent Company acquired the beneficial ownership of drilling rigs from the Ultimate Parent Company. The amount of borrowing costs capitalised in capital work in progress during the year ended 31 December 2023 was KD 817,109 (2022: KD 46,575).

Depreciation is allocated as follows:

	2023 KD	*2022 KD*
Operating expenses	**2,684,145**	2,334,897
General and administrative expenses	**8,229**	2,191
	2,692,374	2,337,088

7 TRADE AND OTHER RECEIVABLES

	2023 ***KD***	*2022* *KD*
Trade receivables	**2,687,976**	1,947,355
Retention receivable	**2,677,223**	2,074,815
Prepayments	**370,451**	364,442
Advance to suppliers	**250,238**	31,821
Other receivables	**626,155**	763,693
	6,612,043	5,182,126

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution for whom there is no recent history of default.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group.

The ageing analysis of the trade receivables is as follows:

	2023 ***KD***	*2022* *KD*
Upto 30 days	**1,940,939**	1,870,092
31-60 days	**733,741**	65,546
61-90 days	**2,100**	11,717
91-180 days	**11,196**	-
	2,687,976	1,947,355

Prepayments of Parent Company mainly includes unamortised portion of service charges amounting to KD 243,140 (2022: KD 352,160). In 2015, the Parent Company paid service charges amounting to KD 1,388,080 (USD 4,576,158) to third party and obtained beneficial rights for carrying out the drilling operations for a period of 5 years. During 2018, the terms of beneficial rights expiring on March 31, 2021, was extended for the further period of 5 years ending March 31, 2026. During the year, service charges amounting to KD 109,020 (2022: KD 109,020) was amortised in the consolidated statement of comprehensive income.

8 INVESTMENT PROPERTY

	2023 ***KD***	*2022* *KD*
Opening	**942,334**	-
Revaluation gain	**205,000**	
On acquisition of a subsidiary	**-**	942,334
	1,147,334	942,334

The fair value of the investment properties at the consolidated statement of financial position date was estimated to be KD 1,147,334 (2022: KD 942,334).

The fair value based on a valuation obtained from an independent valuator, who are industry specialised in valuing these types of investment properties. The valuator is using acceptable methods of valuation such as income capitalisation approach.

8 INVESTMENT PROPERTY (continued)

The significant assumptions used in the valuations of level 3 fair value are set out below:

	2023 *KD*
Average monthly rent (per sqm)	**0.75**
Yield rate	**6.28%**
Occupancy rate	**100%**

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	*Impact on profit* *2023* *KD*
Average monthly rent (per sqm)	+/- 5%	**57,367**
Yield rate	+/- 50 bps	**161,662**
Occupancy rate	- 5%	**(2,868)**

9 SHARE CAPITAL

The paid-up capital of the Parent Company is KD 20,000,000 divided into 200,000,000 shares for the value 100 fils each, and is distributed among the shareholders as follows:

Name of shareholders / partners	*Number of shares / units*		*Amount in KD*	
	2023	*2022*	***2023***	*2022*
Action Real Estate Company K.S.C.C.	**197,998,000**	197,998,000	**19,799,800**	19,799,800
Sheikh Mubarak Abdullah Al-Mubarak Al-Sabah	**1,000,000**	1,000,000	**100,000**	100,000
Rawaf Ibrahim Hamoud Bourisli	**1,000,000**	1,000,000	**100,000**	100,000
Ahmed Falah Muhanna Al-Rashidi	**1,000**	1,000	**100**	100
Faisal Obaid Jaithan Al-Mutairi	**1,000**	1,000	**100**	100
	200,000,000	200,000,000	**20,000,000**	20,000,000

10 STATUTORY RESERVE

In accordance with the Companies Law No. 1 of 2016, as amended and its executive regulations, as amended, and the Group's Memorandum of Incorporation, 10% of net profit is transferred to the statutory reserve. Such transfer may be discontinued upon approval by the shareholders if the reserve reaches 50% of the capital. This reserve is not available for distribution except in cases stipulated by the law.

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up 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 capital.

11 EMPLOYEES' END OF SERVICE BENEFITS

	2023	*2022*
	KD	*KD*
As at 1 January	**411,218**	320,797
Provided during the year	**209,092**	119,700
Paid during the year	**(79,690)**	(29,279)
As at 31 December	**540,620**	411,218

12 BANK BORROWINGS

	2023	*2022*
	KD	*KD*
Non-current	**45,312,215**	36,028,569
Current	**9,252,480**	1,526,451
	54,564,695	37,555,020

Commercial financing are loans dominated in Kuwaiti Dinars obtained from a local Bank carrying average commercial floating interest rates and are secured by mortgage of drilling rigs and a joint guarantee of Ultimate Parent Company and a related entity. In addition to this it is secured by personal guarantee of a shareholders.

The changes in the liabilities arising from financing activities is as follows:

	1 January	***Net cash flows***	***31 December***
	KD	***KD***	***KD***
2023			
Bank borrowings	**37,555,020**	**17,009,675**	**54,564,695**
2022			
Bank borrowings	30,128,676	7,426,344	37,555,020

13 TRADE AND OTHER PAYABLES

	2023	*2022*
	KD	*KD*
Trade payables	**5,163,085**	851,403
Deferred income	**1,320,000**	-
Accrued expense	**1,049,117**	1,550,813
Accrued finance cost	**688,533**	329,905
Other payables	**111,092**	74,707
Advances from customers	**39,420**	40,684
Zakat payable	**54,189**	28,046
KFAS payable	**47,199**	24,835
	8,472,635	2,900,393

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, joint venture companies, directors and executive officers of the Group, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence and Group companies.

Significant related party transactions included in the consolidated statement of comprehensive income are as follows:

	Entities under common control	***2023***	*2022*
	KD	***KD***	*KD*
General and administrative expenses	**116,670**	**116,670**	62,283

Related party balances disclosed in the consolidated statement of financial position are as follows;

	Shareholder	***2023***	*2022*
	KD	***KD***	*KD*
Amount due to related parties	**85,598**	**85,598**	3,407,198

Related party balances reflected in the consolidated statement of financial position do not bear any interest and are payable on demand. Certain related parties have given guarantees and pledged assets for Group's borrowings (Note 12)

The Group operates bank accounts having balance of KD 87,547 (2022: KD 3,669) for which legal ownership is held on one of the entities owned and controlled by the Ultimate Parent Company. The related party has confirmed in writing that the Group is the beneficial owner of the bank accounts.

The Group has entered into an agreement with a related entity to provide technical services relating to drilling rigs. The same related entity has also agreed to absorb any current and future customer penalties arising to the Group from these drilling rigs. During the year the related party has absorbed KD 1,792,526 (2022: KD 3,397,731).

Compensation of key management personnel
The remuneration of key management personnel of the Group during the year is as follows:

	2023	*2022*
	KD	*KD*
Salary and short-term benefits	**215,059**	153,948
Employees' end of service benefits	**8,077**	6,057
	223,136	160,005

15 FINANCIAL 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.

The Group is mainly exposed to credit risk, liquidity risk and market risk which further sub divided into, interest risk and foreign currency risk.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

15.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date and the Group is exposed to credit risk on accounts receivable and bank balances reflected in the consolidated statement of financial position. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Exposure to credit risk

The carrying amount of financial assets as at 31 December represents the maximum credit exposure as follows:

	2023	*2022*
	KD	*KD*
Trade and other receivables	**3,314,131**	2,711,048
Bank balances excluding cash	**188,755**	626,013
	3,502,886	3,337,061

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables consist of few customers which are mainly governmental entities. Ongoing credit evaluation is performed on the financial condition of debtors.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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 trade receivables by setting a policy for the payment during a period of 30 – 60 days.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, trading history with the Group and existence of previous financial difficulties.

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution for whom there is no recent history of default.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group. With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of financial assets in the consolidated statement of financial position.

The credit risk in respect of bank balances is limited as these are maintained only with reputable local banks with appropriate credit ratings.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

15.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves, funding lines with banks and financial institutions, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

2023	***On demand KD***	***Less than 3 months KD***	***3-12 months KD***	***More than 12 months KD***	***Total KD***
Liabilities					
Bank borrowings	**-**	**5,818,369**	**7,738,900**	**51,670,316**	**65,227,585**
Amount due to related parties	**85,598**	**-**	**-**	**-**	**85,598**
Trade and other payables	**-**	**-**	**7,152,634**	**-**	**7,152,634**
	85,598	**5,818,369**	**14,891,534**	**51,670,316**	**72,465,817**

2022	*On demand KD*	*Less than 3 months KD*	*3-12 months KD*	*More than 12 months KD*	*Total KD*
Liabilities					
Bank borrowings	-	1,844,528	5,685,544	37,797,855	45,327,927
Amount due to related parties	3,407,198	-	-	-	3,407,198
Trade and other payables	-	-	2,900,393	-	2,900,393
	3,407,198	1,844,528	8,585,937	37,797,855	51,635,518

15.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

15.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on property and equipment that are denominated in a currency other than the functional currency of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

15.3 Market risk (continued)

15.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Group's financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of fluctuations in interest rates on the Group's bank balances and interest-bearing liabilities.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest rate movements.

The Group assumes a fluctuation in interest rates of 50 basis points and estimates the following impact on the results for the year:

	Increase (decrease) in basis points (+/-)	*Effect on profit for the year KD*
2023	**50**	**272,823**
2022	50	187,775

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

A 50 bps negative fluctuation in the interest rates would have the same, but opposite, effect on the results for the year and equity.

16 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued 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, interest bearing loans and borrowings, trade and other payables, less bank balances and cash.

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 interest-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 interest-bearing loans and borrowing in the current period

17 CAPITAL MANAGEMENT

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

	2023 ***KD***	*2022* *KD*
Loans and borrowings	**54,564,695**	37,555,020
Trade payables	**5,163,085**	851,403
Less: Bank balances and cash	**(193,624)**	(628,212)
Net debt	**59,534,156**	37,778,211
Total capital	**37,930,211**	35,493,791
Total capital and debt	**97,464,367**	73,272,002
Gearing ratio	**61.08%**	51.56%

17 CONTINGENCIES AND COMMITMENTS

At 31 December 2023, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business amounting to KD 14,292,930 (2022: KD 19,652,001) and committed to future capital expenditure in respect of equipment for KD Nil as at 31 December 2023 (2022: KD 10,218,133).

18 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.

Financial instruments comprise financial assets and financial liabilities.

The fair values of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair values.

Description of significant unobservable inputs to valuation of non-financial assets:
Fair value of investment properties was determined using capitalisation of income method. Capitalisation of income method assumes capitalisation of annual rental income and the significant unobservable valuation input used is the capitalisation rate in the range of 7% to 8%. A 5% increase in this input would result in an equivalent decrease in fair value (Note 8).

19 EVENT AFTER REPORTING DATE

Subsequent to year end on 15 February 2024, the Parent Company issued 170,389,750 number of convertible preference shares amounting to KD 17,038,975. The Parent Company has classified the convertible preference shares as financial liabilities based on internal assessment and as approved by Capital Markets Authority.

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Appendix: Consolidated Financial Statements for the Year Ended 31 December 2024

ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Action Energy Company K.S.C (Closed) (the "Parent Company") and its Subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the 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.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) (continued)

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

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

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ACTION ENERGY COMPANY K.S.C (CLOSED) (continued)

Report on Other Legal and Regulatory Requirements

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

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
(AL-AIBAN, AL-OSAIMI & PARTNERS)

27 March 2025
Kuwait

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024*** ***KD***	*2023* *KD*
Revenue	3	**20,815,110**	12,135,393
Cost of revenue	4	**(12,773,219)**	(5,944,758)
GROSS PROFIT		**8,041,891**	6,190,635
General and administrative expenses	5	**(1,477,604)**	(1,958,579)
Finance costs		**(2,937,691)**	(2,042,532)
Foreign exchange gain		**14,919**	42,032
Other income		**217,718**	48,371
Gain on revaluation of investment properties	7	**-**	205,000
PROFIT FOR THE YEAR BEFORE INTEREST ON CONVERTIBLE PREFERENCE SHARES, CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS") AND ZAKAT		**3,859,233**	2,484,927
Interest and amortisation charge on convertible preference shares		**(1,924,322)**	-
KFAS		**(17,414)**	(22,364)
Zakat		**(21,115)**	(26,143)
PROFIT FOR THE YEAR		**1,896,382**	2,436,420
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,896,382**	2,436,420

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	***2024 KD***	*2023 KD*
ASSETS			
Non-current assets			
Property and equipment	6	**114,990,190**	93,084,932
Investment properties	7	**1,147,334**	1,147,334
		116,137,524	94,232,266
Current assets			
Inventories		**809,221**	555,826
Account receivables and prepayments	8	**8,947,434**	6,612,043
Cash and cash equivalents	9	**10,614,259**	193,624
		20,370,914	7,361,493
TOTAL ASSETS		**136,508,438**	101,593,759
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**20,000,000**	20,000,000
Statutory reserve	11	**1,029,872**	840,234
Retained earnings		**18,796,721**	17,089,977
Total equity		**39,826,593**	37,930,211
Non-current liabilities			
Employees' end of service benefits	12	**717,165**	540,620
Bank borrowings	13	**61,214,455**	45,312,215
Convertible preference shares	14	**19,253,879**	-
		81,185,499	45,852,835
Current liabilities			
Bank borrowings	13	**7,036,347**	9,252,480
Accounts payable and accruals	15	**8,425,921**	8,472,635
Amount due to related parties	16	**34,078**	85,598
		15,496,346	17,810,713
Total liabilities		**96,681,845**	63,663,548
TOTAL EQUITY AND LIABILITIES		**136,508,438**	101,593,759

Rawaf Ibrahim Hamoud Bourisli
Vice Chairman

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2024

	Share capital KD	*Statutory reserve KD*	*Retained earnings KD*	*Total KD*
As at 1 January 2024	20,000,000	840,234	17,089,977	37,930,211
Total comprehensive income for the year	-	-	1,896,382	1,896,382
Transfer to statutory reserve (Note 11)	-	189,638	(189,638)	-
As at 31 December 2024	**20,000,000**	**1,029,872**	**18,796,721**	**39,826,593**
As at 1 January 2023	20,000,000	596,592	14,897,199	35,493,791
Total comprehensive income for the year	-	-	2,436,420	2,436,420
Transfer to statutory reserve (Note 11)	-	243,642	(243,642)	-
As at 31 December 2023	20,000,000	840,234	17,089,977	37,930,211

The attached notes 1 to 20 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***2024*** ***KD***	*2023* *KD*
OPERATING ACTIVITIES			
Profit before KFAS and Zakat		**1,934,911**	2,484,927
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation	6	**3,496,776**	2,692,374
Amortization of service charges	8	**109,020**	109,020
Provision for employees end of service benefits	12	**209,687**	209,092
Gain on revaluation of investment properties	7	**-**	(205,000)
Finance costs (including interest and amortisation charge on convertible preference shares)		**4,862,013**	2,042,532
Interest income		**(200,157)**	-
Operating profit before working capital changes		**10,412,250**	7,332,945
Working capital adjustments:			
Account receivables and prepayments		**(1,106,377)**	(1,538,937)
Inventories		**(253,396)**	(30,071)
Trade and other payables		**(116,466)**	5,165,107
Cash flows from operations		**8,936,011**	10,929,044
Employees' end of service benefits paid	12	**(33,142)**	(79,690)
Net cash flow from operating activities		**8,902,869**	10,849,354
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(25,402,034)**	(23,288,113)
Net movement in term deposits		**(4,450,000)**	-
Interest income received		**60,524**	-
Net cash flows used in investing activities		**(29,791,510)**	(23,288,113)
FINANCING ACTIVITIES			
Amount due to related parties		**(51,520)**	(3,321,600)
Proceeds from bank borrowings	13	**20,447,000**	19,832,500
Repayment of bank borrowings	13	**(6,760,893)**	(2,822,825)
Finance cost paid		**(3,814,286)**	(1,683,904)
Proceed from issue of convertible preference shares	14	**17,038,975**	-
Net cash flow from financing activities		**26,859,276**	12,004,171
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,970,635**	(434,588)
Cash and cash equivalents as at 1 January		**193,624**	628,212
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	9	**6,164,259**	193,624

The attached notes 1 to 20 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

The consolidated financial statements of Action Energy Company K.S.C (Closed) (the "Parent Company") and its Subsidiary (together the "Group") for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Partners of the Parent Company on 26 March 2025.

The Parent Company is a Kuwaiti Shareholding Company, duly authenticated at the Ministry of Justice, Real Estate Registration and Authentication Department based on Memorandum of Incorporation under Ref, No. 621 / Volume No. 1 dated March 18, 2015 and its subsequent amendments, the latest of which was notarized in the Commercial Registry under Ref, No. 1786 dated June 30, 2023. The Parent Company got registered in the Ministry of Commerce and Industry on August 25, 2023 under commercial registration No. 358153.

The registered address of the Parent Company is Plot No. 002818, Block 5, Al Jahra area, State of Kuwait. The Parent Company has entered into an agreement with third party to obtain the beneficial rights for carrying out the drilling operations for Kuwait Oil Company. Accordingly, the Parent Company recognizes the revenue from drilling operations based on invoices raised by third party.

As per the Commercial Register under Ref. 40584 dated 25 August 2023 the name and the legal form of the Parent Company was changed to Action Energy Company K.S.C (Closed).

The main activities of the Parent Company are as follows:
- Oil well drilling.
- Services related to the extraction of oil and natural gas, excluding surveying.
- Maintenance of oil facilities, wells and oil and petrochemicals refineries.

The Ultimate Parent Company is Action Real Estate Company K.S.C.C. (the "Ultimate Parent Company").

2.1 BASIS OF PREPARATION

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

The consolidated financial statements are prepared under the historical cost convention except for investment properties, which are measured at fair value.

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary (investee which is controlled by the Parent Company) 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; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

2.2 BASIS OF CONSOLIDATION (continued)

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

The financial statements of the subsidiary are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. All inter-group balances and transactions, including inter-group profits and losses are eliminated on consolidation.

Non-controlling interests represent the equity in the subsidiary not attributable directly, or indirectly, to the Partners of the Parent Company. Equity and net income attributable to non-controlling interests are shown separately in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity.

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

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

The subsidiary of the Group is as follows:

Name of the entity	*Country of incorporation*	*Percentage of holding*		*Activity*
		2024	*2023*	
National Construction Real Estate Company Faisal Al Qadri and Partner W.L.L.	Kuwait	**100%**	100%	Facilities management and real estate trading

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

The amendments had no impact on the Group’s 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
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not 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

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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 after1 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.

A number of other new standards, amendments to standards and interpretations which are effective for annual periods beginning on or after 1 January 2024 have not been early adopted in the preparation of the Group's consolidated financial statements. None of these are expected to have a significant impact on the Group's consolidated financial statements.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. The Group identifies contracts with customers, when applicable; identifies the performance obligations; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that despite the transfer to the customer of the goods or services promised.

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

Revenue from drilling activities
The Group is in the business of drilling of oil wells and related services. The contract for drilling and related projects are considered to deliver a single performance obligation.

The performance obligation is satisfied over-time and revenue is recognised over-time on negotiated day rates (e.g. operating, standby with crew, standby without crew, rig move, force majeure, downtime). Revenue from variation claims are recognised over-time in the period such claims are approved.

Rendering of services
Recognition of revenue from services is expected to occur when the services are rendered, and the amount of revenues can be measured reliably.

Cleaning and maintenance services
Revenue from rendering of services is recognised in the accounting period in which service is rendered. The Group considered this service as a single performance obligation. Revenue from contract is recognised at a point in time as the customer receives and consumes the benefits of Group's performance when the service is performed.

Other income
Other income is recognised on accrual basis.

Finance costs
Finance costs are recognised in the consolidated statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability, when calculating the effective interest rate.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

	Useful life
Drilling rigs	30 years
Computer and office equipment	3 years
Furniture and fixtures	3-7 years
Vehicles	5-7 years
Camps	5 years

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the consolidated statement of comprehensive income.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment (continued)
Capital work-in-progress is stated at cost less impairment losses, if any, until the construction is complete. Upon the completion of construction, the costs of such asset together with the cost directly attributable to construction are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Depreciation is recognised in the consolidated statement of comprehensive income on straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

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

Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent, registered real estate valuer with relevant experience in the market in which the property is situated. The valuation reflects market conditions as at the reporting date.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition

Leases
The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use asset 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 adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below KD 1,500). 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.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on weighted average basis
- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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 cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Financial instruments

i) Financial assets

Initial recognition and measurement

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

The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets. 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 determined under IFRS 15. Assessment of whether the contractual cashflows are solely payments of principal and interest (SPPI test).

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include trade receivables, due from related parties and bank balances and cash.

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 De-recognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Group.

Financial assets at amortised cost
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 (accounts receivable and bank balances) meet these conditions, they are subsequently measured at amortised cost.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired
- 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 asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)
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.

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. No impairment loss is recognised for equity instruments that are classified as financial assets at FVOCI. The amount of expected credit losses is updated at each reporting date.

The Group always recognises lifetime ECL for trade receivables which generally don't have a significant financing component. Amounts due from related parties that are interest free and receivable on demand, the Group expects no default on such amounts after reviewing and assessing the financial position of these parties. Accordingly, the measurement of amounts due from related parties under IFRS 9 doesn't have impact on the consolidated statement of comprehensive income of the Group. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a trade receivables.

Write-off of financial assets at amortised cost
The Group writes off a financial asset at amortised cost when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of comprehensive income

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment loss in consolidated statement of comprehensive income for all financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

ii) Financial liabilities
Initial recognition, measurement and presentation
The Group's financial liabilities include convertible preferences shares, trade and other payables, amount due to related parties and bank borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

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.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement
All financial liabilities are subsequently measured at amortised cost using the effective interest method. The subsequent measurement of financial liabilities depends on their classification as described below:

Bank borrowings
After initial recognition, murabaha payables are subsequently measured at amortised cost using the EIR method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings.

Convertible preferences shares
Convertible preferences shares are separated into equity and liability components based on the terms of the contract.

After initial recognition, convertible preferences shares are subsequently measured at amortised cost using the effective interest rate method, any difference between the proceeds (net of transaction costs) and the conversion value is recognised in the consolidated statement of comprehensive income over the period of the borrowings.

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

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

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

Employees end of service benefits

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

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

Foreign currency

Transactions and balances

Transactions in prevailing foreign currencies are translated to the respective functional currency of the Parent Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or consolidated statement of comprehensive income is also recognised in other comprehensive income or consolidated statement of comprehensive income, respectively).

Fair value measurement

The Group measures financial instruments such as financial assets available for sale at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Control assessment
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.

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 several 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimations and assumptions
The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade and other receivables
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.

Useful lives of property and equipment
Management reviews its estimate of the useful lives of property and equipment at each reporting date, based on the expected utilisation of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful lives of property and equipment.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Valuation of investment property

Fair value of investment property has been assessed by an independent real estate appraiser. The fair value of investment property is determined using market comparable approach and the income capitalisation approach which is based on the assessments made by one independent real estate appraiser using values of actual deals transacted recently by other parties for properties in a similar location and condition and based on the knowledge and experience of the real estate appraiser.

3 REVENUE

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

	2024	*2023*
	KD	*KD*
Type of revenue		
Drilling revenue	**13,730,475**	5,118,213
Rigs leasing and mobilization revenue	**5,614,073**	6,701,904
Other operating revenue	**1,470,562**	315,276
	20,815,110	12,135,393
Geographical markets:		
Kuwait	**20,815,110**	12,135,393
Timing of revenue recognition		
Services transferred at over time	**20,815,110**	12,135,393

4 COST OF REVENUE

	2024	*2023*
	KD	*KD*
Depreciation (Note 6)	**3,488,548**	2,684,145
Operating staff expenses	**4,483,162**	1,683,142
Other operating expenses	**4,050,003**	1,413,385
Drilling expenses	**751,506**	164,086
	12,773,219	5,944,758

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	*2023*
	KD	*KD*
Staff costs	**530,227**	1,261,326
Short term lease expenses	**188,513**	177,810
Franchise cost (Note 8)	**109,020**	109,020
Professional fees	**55,439**	91,273
Computer expenses	**94,415**	69,118
Bank charges	**184,295**	50,040
Vehicle expenses	**54,243**	34,931
Depreciation (Note 6)	**8,228**	8,229
Other expenses	**253,224**	156,832
	1,477,604	1,958,579

The amount of other administrative costs capitalised in capital work in progress during the year ended 31 December 2024 was KD 734,762 (2023: KD Nil) (Note 6).

6 PROPERTY AND EQUIPMENT

	Drilling rigs KD	*Computers and office equipment KD*	*Furniture and fixtures KD*	*Vehicles KD*	*Camps KD*	*Capital work-in-progress KD*	*Total KD*
Cost:							
As at 1 January 2024	99,163,472	65,599	31,857	199,741	88,808	6,422,667	105,972,144
Additions	379,675	1,599	3,610	-	-	25,017,150	25,402,034
Transfers	7,159,773	-	-	-	-	(7,159,773)	-
As at 31 December 2024	106,702,920	67,198	35,467	199,741	88,808	24,280,044	131,374,178
Accumulated depreciation:							
As at 1 January 2024	12,526,579	60,643	11,441	199,741	88,808	-	12,887,212
Charge for the year	3,488,548	2,093	6,135	-	-	-	3,496,776
As at 31 December 2024	16,015,127	62,736	17,576	199,741	88,808	-	16,383,988
Net book value:							
As at 31 December 2024	**90,687,793**	**4,462**	**17,891**	**-**	**-**	**24,280,044**	**114,990,190**

6 PROPERTY AND EQUIPMENT (continued)

	Drilling rigs KD	*Computers and office equipment KD*	*Furniture and fixtures KD*	*Vehicles KD*	*Camps KD*	*Capital work-in-progress KD*	*Total KD*
Cost:							
As at 1 January 2023	72,217,269	65,248	24,459	199,741	88,808	10,088,506	82,684,031
Additions	70,117	351	7,398	-	-	23,210,247	23,288,113
Transfers	26,876,086	-	-	-	-	(26,876,086)	-
As at 31 December 2023	99,163,472	65,599	31,857	199,741	88,808	6,422,667	105,972,144
Accumulated depreciation:							
As at 1 January 2023	9,845,792	58,549	5,306	197,841	87,350	-	10,194,838
Charge for the year	2,680,787	2,094	6,135	1,900	1,458	-	2,692,374
As at 31 December 2023	12,526,579	60,643	11,441	199,741	88,808	-	12,887,212
Net book value:							
As at 31 December 2023	86,636,893	4,956	20,416	-	-	6,422,667	93,084,932

The amount of borrowing costs capitalised in capital work in progress during the year ended 31 December 2024 was KD 357,061 (2023: KD 817,109).

The amount of other administrative costs capitalised in capital work in progress during the year ended 31 December 2024 was KD 734,762 (2023: KD Nil) (Note 5).

Depreciation is allocated as follows:

	2024 KD	*2023 KD*
Operating expenses (Note 4)	**3,488,548**	2,684,145
General and administrative expenses (Note 5)	**8,228**	8,229
	3,496,776	2,692,374

7 INVESTMENT PROPERTY

	2024	*2023*
	KD	*KD*
Opening	**1,147,334**	942,334
Revaluation gain	**-**	205,000
	1,147,334	1,147,334

The fair value of the investment properties at the consolidated statement of financial position date was estimated to be KD 1,147,334 (2023: KD 1,147,334).

The fair value based on a valuation obtained from an independent valuator, who are industry specialised in valuing these types of investment properties. The valuator is using acceptable methods of valuation such as income capitalisation approach

The significant assumptions used in the valuations of level 3 fair value are set out below:

	2024	*2023*
	KD	*KD*
Average monthly rent (per sqm)	**0.75**	0.75
Yield rate	**6.28%**	6.28%
Occupancy rate	**100%**	100%

Sensitivity analysis
The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties.

	Changes in valuation assumptions	***Impact on profit***	
		2024	*2023*
		KD	*KD*
Average monthly rent (per sqm)	+/- 5%	**57,367**	57,367
Yield rate	+/- 50 bps	**161,662**	161,662
Occupancy rate	- 5%	**(2,868)**	(2,868)

8 TRADE AND OTHER RECEIVABLES

	2024	*2023*
	KD	*KD*
Trade receivables	**4,839,551**	2,687,976
Retention receivable	**1,635,829**	2,677,223
Prepayments*	**724,408**	370,451
Advance to suppliers	**189,323**	250,238
Other receivables	**317,315**	626,155
Unamortised portion of financial liability **	**1,241,008**	-
	8,947,434	6,612,043

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution and private institutions for whom there is no recent history of default.

8 TRADE AND OTHER RECEIVABLES (continued)

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group.

The ageing analysis of the trade receivables is as follows:

	2024	*2023*
	KD	*KD*
Upto 30 days	**3,392,216**	1,940,939
31-60 days	**842,902**	733,741
61-90 days	**348,761**	2,100
91-180 days	**255,672**	11,196
	4,839,551	2,687,976

* Prepayments of Parent Company mainly includes unamortised portion of service charges. In 2015, the Parent Company paid service charges amounting to KD 1,388,080 (USD 4,576,158) to third party and obtained beneficial rights for carrying out the drilling operations for a period of 5 years. During the year ended 31 December 2018, the terms of beneficial rights expiring on March 31, 2021, was extended for the further period of 5 years ending March 31, 2026. During the year, service charges amounting to KD 109,020 (2023: KD 109,020) was amortised in the consolidated statement of comprehensive income.

** This represents the unamortised portion of the fair value adjustment on initial recognition of convertible preference shares.

9 CASH AND CASH EQUIVALENTS

	2024	*2023*
	KD	*KD*
Cash and bank balances	**3,364,259**	193,624
Term deposits	**7,250,000**	-
Cash and cash equivalents as per the consolidated statement of financial position	**10,614,259**	193,624
Less: Term deposits having original maturity of more than three months	**(4,450,000)**	-
Cash and cash equivalents as per the consolidated statement of cash flows	**6,164,259**	193,624

Term deposit with local banks have original maturity of three months or less is denominated in Kuwait Dinars and carry a fixed interest rate at 3.5% (2023: Nil).

Term deposits with local banks with original maturity of more than three months are denominated in Kuwait Dinars and carry a fixed interest rate at 4.25% (2023: Nil).

10 SHARE CAPITAL

The paid-up capital of the Parent Company is KD 20,000,000 divided into 200,000,000 shares for the value 100 fils each, and is distributed among the shareholders as follows:

Name of shareholders / partners	*Number of shares / units*		*Amount in KD*	
	2024	*2023*	***2024***	*2023*
Action Real Estate Company K.S.C.C.	**197,998,000**	197,998,000	**19,799,800**	19,799,800
Sheikh Mubarak Abdullah Al-Mubarak Al-Sabah	**1,000,000**	1,000,000	**100,000**	100,000
Rawaf Ibrahim Hamoud Bourisli	**1,000,000**	1,000,000	**100,000**	100,000
Ahmed Falah Muhanna Al-Rashidi	**1,000**	1,000	**100**	100
Faisal Obaid Jaithan Al-Mutairi	**1,000**	1,000	**100**	100
	200,000,000	200,000,000	**20,000,000**	20,000,000

11 STATUTORY RESERVE

In accordance with the Companies Law No. 1 of 2016, as amended and its executive regulations, as amended, and the Group’s Memorandum of Incorporation, 10% of net profit is transferred to the statutory reserve. Such transfer may be discontinued upon approval by the shareholders if the reserve reaches 50% of the capital. This reserve is not available for distribution except in cases stipulated by the law.

The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up 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 capital. During the year, the Company transferred KD 189,638 (2023: KD 243,642) to statutory reserve.

12 EMPLOYEES’ END OF SERVICE BENEFITS

	2024	*2023*
	KD	*KD*
As at 1 January	**540,620**	411,218
Charge during the year	**209,687**	209,092
Paid during the year	**(33,142)**	(79,690)
As at 31 December	**717,165**	540,620

13 BANK BORROWINGS

	2024	*2023*
	KD	*KD*
Non-current	**61,214,455**	45,312,215
Current	**7,036,347**	9,252,480
	68,250,802	54,564,695

Commercial financing are loans dominated in Kuwaiti Dinars obtained from a local Bank carrying average commercial floating interest rates and are secured by mortgage of drilling rigs and a joint guarantee of Ultimate Parent Company and a related entity. In addition to this it is secured by personal guarantee of a shareholders.

13 BANK BORROWINGS (continued)

The changes in the liabilities arising from financing activities is as follows:

	1 January KD	*Net cash Flows KD*	*31 December KD*
2024			
Bank borrowings	**54,564,695**	**13,686,107**	**68,250,802**
2023			
Bank borrowings	37,555,020	17,009,675	54,564,695

14 CONVERTIBLE PREFERENCE SHARES

	2024 KD	*2023 KD*
Convertible preference shares	**19,253,879**	-

The movement in these shares is as follows:

	2024 KD	*2023 KD*
Proceeds from issuance of convertible preference shares*	**17,038,975**	-
Fair value adjustment on initial recognition**	**2,113,805**	-
Interest accrued	**1,008,918**	-
Interest payment during the year	**(907,819)**	-
	19,253,879	-

* During the year, the Company has issued Convertible preference shares for KD 17,038,975 i.e. 170,389,750 convertible preference shares at 100 fils each. The convertible preference shares carry a guaranteed return of dividend of 3% payable semi-annually in cash and issuance of additional convertible preference shares semi-annually representing payment in kind of 3% on the then cumulative amount of preference shares.

** Fair value adjustment has been calculated by discounting the cashflows and payment in kind on the convertible preference shares at market rate of 6%.

Preference shares will be converted to ordinary share either based on the following events:

a. Admission to trading of the Company's ordinary shares on a recognised stock exchange (the 'listing') or;
b. The issuance of the Company's audited financial statements for the year ended 2025 ('FS Trigger').

The conversion process will be as follows:

a. In case of listing, the aggregate number of preference share will convert on the basis of the offering price per share to investors for the purpose of the listing, such that current preference share will hold, following such conversion, such number of ordinary shares in the Company as is equal to
   i. The cumulative amount; divided by
   ii. The offering price less 10%; or

b. In case of FS trigger, the aggregate number of preference share held by the preference share holder will convert to ordinary shares calculated as net earnings of the Company derived from audited financial statement for the year ended 2025 multiplied by 10x
   Irrespective of the actual net earnings amount, the conversion valuation be capped at maximum of USD 275 million and minimum of USD 150 million.

15 ACCOUNTS PAYABLE AND ACCRUALS

	2024	*2023*
	KD	*KD*
Trade payables	**4,623,552**	5,163,085
Deferred income	**1,032,000**	1,320,000
Accrued expenses	**1,817,006**	1,049,117
Accrued finance cost	**719,757**	688,533
Other payables	**163,936**	111,092
Advances from customers	**31,141**	39,420
Zakat payable	**21,115**	54,189
KFAS payable	**17,414**	47,199
	8,425,921	8,472,635

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, joint venture companies, directors and executive officers of the Group, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence and Group companies.

Significant related party transactions included in the consolidated statement of comprehensive income are as follows:

	Entities under common control	***2024***	*2023*
	KD	***KD***	*KD*
General and administrative expenses	**118,073**	**118,073**	116,670

Related party balances disclosed in the consolidated statement of financial position are as follows;

	Ultimate parent company	***2024***	*2023*
	KD	***KD***	*KD*
Amount due to related parties	**34,078**	**34,078**	85,598

Related party balances reflected in the consolidated statement of financial position do not bear any interest and are payable on demand. Certain related parties have given guarantees and pledged assets for Group's borrowings (Note 13).

The Group operates bank accounts having balance of KD 37,736 (2023: KD 87,547) for which legal ownership is held on one of the entities owned and controlled by the Ultimate Parent Company. The related party has confirmed in writing that the Group is the beneficial owner of the bank accounts.

The Group has entered into an agreement with a related entity to provide technical services relating to drilling rigs. The same related entity has also agreed to absorb any current and future customer penalties arising to the Group from these drilling rigs. During the year the related party has absorbed KD Nil (2023: KD 1,792,526).

Compensation of key management personnel

The remuneration of key management personnel of the Group during the year is as follows:

	2024	*2023*
	KD	*KD*
Salary and short-term benefits	**283,395**	215,059
Employees' end of service benefits	**9,615**	8,077
	293,010	223,136

17 FINANCIAL 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.

The Group is mainly exposed to credit risk, liquidity risk and market risk which further sub divided into, interest risk and foreign currency risk.

17.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date and the Group is exposed to credit risk on accounts receivable and bank balances reflected in the consolidated statement of financial position. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Risk concentration of maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Exposure to credit risk

The carrying amount of financial assets as at 31 December represents the maximum credit exposure as follows:

	2024	*2023*
	KD	*KD*
Trade and other receivables	**5,156,866**	3,314,131
Bank balances	**10,611,062**	188,755
	15,767,928	3,502,886

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables consist of few customers which are mainly governmental entities. Ongoing credit evaluation is performed on the financial condition of debtors.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

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 trade receivables by setting a policy for the payment during a period of 30 – 60 days.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, trading history with the Group and existence of previous financial difficulties.

Trade receivables are non-interest bearing and are generally due within 60 days. These relate to an oil sector governmental institution and private institutions for whom there is no recent history of default.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Based on management's assessment, the expected credit loss impact arising from such trade receivables are insignificant to the Group. With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of financial assets in the consolidated statement of financial position.

The credit risk in respect of bank balances is limited as these are maintained only with reputable local banks with appropriate credit ratings.

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

17.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves, funding lines with banks and financial institutions, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

2024	***On demand KD***	***Less than 3 months KD***	***3-12 months KD***	***More than 12 months KD***	***Total KD***
Liabilities					
Bank borrowings	**-**	**2,396,483**	**8,534,012**	**70,736,810**	**81,667,305**
Convertible preference shares	**-**	**533,979**	**558,980**	**19,603,120**	**20,696,079**
Amount due to related parties	**34,078**	**-**	**-**	**-**	**34,078**
Accounts payable and accruals*	**-**	**-**	**7,362,780**	**-**	**7,362,780**
	34,078	**2,930,462**	**16,455,772**	**90,339,930**	**109,760,242**

2023	*On demand KD*	*Less than 3 months KD*	*3-12 months KD*	*More than 12 months KD*	*Total KD*
Liabilities					
Bank borrowings	-	5,818,369	7,738,900	51,670,316	65,227,585
Amount due to related parties	85,598	-	-	-	85,598
Accounts payable and accruals*	-	-	7,113,215	-	7,113,215
	85,598	5,818,369	14,852,115	51,670,316	72,426,398

**excluding deferred income and advance from customer*

17.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

17.3.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on trade payables that are denominated in a currency other than the functional currency of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level.

The Company has the following foreign currency exposures at 31 December:

	2024 KD	*2023 KD*
US Dollars	**2,146,273**	-

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

17.3 Market risk (continued)

17.3.1 Foreign currency risk (continued)

The effect on profit, due to change in the fair value of monetary assets and liabilities, with all other variables held constant is shown below:

Currency	*Change in currency rate in % (+/-)*	*Effect on profit for the year* ***2024 KD***	*2023 KD*
US Dollars	**5%**	**107,314**	-

Sensitivity to foreign currency rate movements will be on symmetric basis as financial instruments giving rise to non-symmetric movements are not significant.

17.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Group's financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of fluctuations in interest rates on the Group's bank balances and interest-bearing liabilities.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest rate movements.

The Group assumes a fluctuation in interest rates of 50 basis points and estimates the following impact on the results for the year:

	Increase (decrease) in basis points (+/-)	*Effect on profit for the year KD*
2024	**50**	**341,255**
2023	50	272,823

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

A 50 bps negative fluctuation in the interest rates would have the same, but opposite, effect on the results for the year and equity.

18 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued 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, interest bearing loans and borrowings, trade and other payables, less bank balances and cash.

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 interest-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 interest-bearing loans and borrowing in the current period.

18 CAPITAL MANAGEMENT (continued)

No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

	2024 ***KD***	*2023* *KD*
Loans and borrowings	**68,250,802**	54,564,695
Convertible preference shares	**19,253,879**	**-**
Trade payables	**4,623,552**	5,163,085
Less: cash and cash equivalents	**(10,614,259)**	(193,624)
Net debt	**81,513,974**	59,534,156
Total capital	**39,826,593**	37,930,211
Total capital and debt	**121,340,567**	97,464,367
Gearing ratio	**67.18%**	61.08%

19 CONTINGENCIES AND COMMITMENTS

At 31 December 2024, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business amounting to KD 23,504,079 (2023: KD 14,292,930) and committed to future capital expenditure in respect of equipment for KD 6,643,767 as at 31 December 2024 (2023: KD Nil).

20 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.

Financial instruments comprise financial assets and financial liabilities.

The fair values of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair values.

Description of significant unobservable inputs to valuation of non-financial assets:
Fair value of investment properties was determined using capitalisation of income method. Capitalisation of income method assumes capitalisation of annual rental income and the significant unobservable valuation input used is the capitalisation rate in the range of 7% to 8%. A 5% increase in this input would result in an equivalent decrease in fair value (Note 7).

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Appendix: Interim Condensed Consolidated Financial Information for the Six Months Ended 30 June 2025

ACTION ENERGY COMPANY K.S.C (CLOSED) AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2025

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ACTION ENERGY COMPANY K.S.C (CLOSED)

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Action Energy Company K.S.C (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter
The comparative interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and related notes for the six-month period ended 30 June 2024 and interim condensed consolidated statement of financial position as at 30 June 2024, were not audited, reviewed or compiled by us and accordingly, we do not express a conclusion, opinion or any form of assurance on them.

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

18 September 2025
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	***2025***	*2024**
		KD	*KD*
Revenue	3	**13,428,548**	9,939,130
Rental income		**36,000**	36,000
Cost of revenue	4	**(7,701,891)**	(6,204,891)
GROSS PROFIT		**5,762,657**	3,770,239
General and administrative expenses	5	**(843,045)**	(769,507)
Operating profit		**4,919,612**	3,000,732
Finance costs		**(1,649,302)**	(1,488,446)
Interest and amortisation charge on convertible preference shares		**(1,034,516)**	(874,403)
Other income		**41,197**	53,414
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR ADVANCEMENT OF SCIENCES (KFAS) AND ZAKAT		**2,276,991**	691,297
KFAS		**(20,504)**	(13,529)
Zakat		**(24,461)**	(15,811)
PROFIT FOR THE PERIOD		**2,232,026**	661,957
Other comprehensive income for the period		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,232,026**	661,957
Attributable to:			
Equity holders of the Parent Company		**2,233,213**	661,957
Non-controlling interests		**(1,187)**	**-**
		2,232,026	661,957
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	6	**11.17 Fils**	3.31 Fils

* *The interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024 is neither reviewed nor audited.*

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

	Notes	***30 June 2025 KD***	*31 December 2024 KD*	*30 June 2024* KD*
ASSETS				
Non-current assets				
Property and equipment	7	**126,495,052**	114,990,190	92,342,636
Intangible asset	1.2	**550,000**	-	-
Investment properties		**1,147,334**	1,147,334	1,147,334
		128,192,386	116,137,524	93,489,970
Current assets				
Inventories		**1,046,346**	809,221	643,723
Trade receivables, prepayments and other receivables	8	**10,661,170**	8,947,434	10,450,121
Cash and short-term deposits	9	**8,390,349**	10,614,259	11,630,213
		20,097,865	20,370,914	22,724,057
TOTAL ASSETS		**148,290,251**	136,508,438	116,214,027
EQUITY AND LIABILITIES				
Equity				
Share capital	10	**20,000,000**	20,000,000	20,000,000
Statutory reserve		**1,029,872**	1,029,872	840,234
Retained earnings		**21,029,934**	18,796,721	17,751,934
Equity attributable to the equity holders of the Parent Company		**42,059,806**	39,826,593	38,592,168
Non-controlling interests		**218,813**	-	-
Total equity		**42,278,619**	39,826,593	38,592,168
Non-current liabilities				
Employees' end of service benefits		**885,077**	717,165	598,037
Bank borrowings	11	**67,701,719**	61,214,455	42,606,010
Convertible preference shares classified as financial liabilities	12	-	19,253,879	19,200,036
		68,586,796	81,185,499	62,404,083
Current liabilities				
Bank borrowings	11	**10,200,465**	7,036,347	7,417,332
Convertible preference shares classified as financial liabilities	12	**19,293,480**	-	-
Trade and other payables	13	**7,930,891**	8,425,921	7,800,444
Amounts due to related parties	14	-	34,078	-
		37,424,836	15,496,346	15,217,776
Total liabilities		**106,011,632**	96,681,845	77,621,859
TOTAL EQUITY AND LIABILITIES		**148,290,251**	136,508,438	116,214,027

** The interim condensed consolidated statement of financial position as at 30 June 2024 is neither reviewed nor audited.*

Rawaf Ibrahim Hamoud Bourisli
Vice Chairman

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six months ended 30 June 2025

	Attributable to equity holders of the Parent Company					
	Share capital KD	***Statutory reserve KD***	***Retained earnings KD***	***Sub total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2025 *(Audited)*	**20,000,000**	**1,029,872**	**18,796,721**	**39,826,593**	**-**	**39,826,593**
Profit for the period	-	-	2,233,213	2,233,213	(1,187)	2,232,026
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,233,213	2,233,213	(1,187)	2,232,026
On acquisition of a subsidiary (Note 1.2)	-	-	-	-	220,000	220,000
At 30 June 2025	**20,000,000**	**1,029,872**	**21,029,934**	**42,059,806**	**218,813**	**42,278,619**
As at 1 January 2024 *(Audited)*	20,000,000	840,234	17,089,977	37,930,211	-	37,930,211
Profit for the period	-	-	661,957	661,957	-	661,957
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	661,957	661,957	-	661,957
At 30 June 2024*	20,000,000	840,234	17,751,934	38,592,168	-	38,592,168

** The interim condensed consolidated statement of changes in equity for the six months ended 30 June 2024 is neither reviewed nor audited.*

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2025

		Six months ended 30 June	
		2025	*2024**
	Notes	***KD***	*KD*
OPERATING ACTIVITIES			
Profit before KFAS and Zakat		**2,276,991**	691,297
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation expense	7	**2,009,052**	1,758,022
Service charges – consumption of prepaid drilling rights	8	**54,510**	54,510
Provision for employees end of service benefits		**170,049**	72,042
Interest income		**(33,053)**	(51,925)
Finance costs on debt and borrowings		**1,649,302**	1,488,446
Interest and amortisation charge on convertible preference shares		**1,034,516**	874,403
Operating profit before working capital changes		**7,161,367**	4,886,795
Working capital adjustments:			
Trade receivables, prepayments and other receivables		**(2,485,780)**	(2,097,797)
Inventories		**(237,125)**	(87,897)
Trade and other payables		**(699,791)**	(667,537)
Cash flows from operations		**3,738,671**	2,033,564
Employees' end of service benefits paid		**(2,137)**	(14,625)
Taxes paid		**(57,811)**	(53,660)
Net cash flows from operating activities		**3,678,723**	1,965,279
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(13,513,914)**	(1,015,726)
Net movement in term deposits with original maturity over three months	9	**-**	(11,300,000)
Interest income received		**156,536**	-
Acquisition of a subsidiary, net of cash acquired		**(330,000)**	-
Movement in escrow account		**(360,904)**	(443,690)
Net cash flows used in investing activities		**(14,048,282)**	(12,759,416)
FINANCING ACTIVITIES			
Net movement in related party balances		**(34,078)**	(85,599)
Proceeds from bank borrowings	11	**12,053,000**	-
Repayment of bank borrowings	11	**(2,401,618)**	(4,541,353)
Finance cost paid		**(1,832,559)**	(1,924,987)
Proceed from issue of convertible preference shares classified as financial liabilities	12	**-**	17,038,975
Net cash flows from financing activities		**7,784,745**	10,487,036
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,584,814)**	(307,101)
Cash and cash equivalents as at 1 January		**5,719,490**	193,624
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	9	**3,134,676**	(113,477)

** The interim condensed consolidated statement of cash flows for the six months ended 30 June 2024 is neither reviewed nor audited.*

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Action Energy Company K.S.C (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2025 were authorised for issue in accordance with a resolution of the board of directors on 18 September 2025.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 1 May 2025 approved the consolidated financial statements for the year ended 31 December 2024. No dividends have been declared by the Parent Company for the year then ended.

The Parent Company is a closed shareholding Company incorporated and domiciled in Kuwait. The head office of the Parent Company is located in Plot No. 002818, Block 5, Al Jahra area, State of Kuwait and its registered postal address is Waves business center, Building no. 4, Kuwait Free Trade Zone, P.O. Box 3866, Safat 13039, Kuwait

The Group operates in the oilfield services sector. The Parent Company is principally engaged in oil well drilling, services related to the extraction of oil and natural gas, and maintenance of oil and petrochemical facilities.

The Parent Company is a subsidiary of Action Real Estate Company K.S.C. (Closed) (the "Holding Company"), which is ultimately controlled by Action Group Holdings Company K.S.C. (Closed) (the "Ultimate Holding Company").

The Group is in the process of preparing for an initial public offering ("IPO") of its shares on Boursa Kuwait. The proposed listing is subject to obtaining the necessary regulatory approvals.

1.2 GROUP INFORMATION

The interim condensed consolidated financial information of the Group includes the following subsidiaries:

Name of the entity	*Country of incorporation*	*% effective holding*		*Principal activities*
		30 June 2025	*31 December 2024*	
National Construction Real Estate Company W.L.L.	Kuwait	**100%**	100%	Facilities management and real estate trading
Sun Drilling Kuwait Oil Wells Drilling Co. W.L.L. *	Kuwait	**100%**	-	Oil well drilling.
Target NDT Company W.L.L.**	Kuwait	**60%**	-	Inspection and maintenance services for oilfield sector

* The Parent Company incorporated Sun Drilling Kuwait Oil Wells Drilling Company W.L.L during 2024. The Parent Company holds 100% beneficial ownership through shares registered in the name of nominees on behalf of the Parent Company. The subsidiary has not yet commenced commercial operations as of the reporting date.

** On 2 April 2025, the Group acquired 60% of the equity interests in Target NDT Company W.L.L. (the 'acquiree') through nominees who confirmed in writing that Group is the beneficial owner of the acquiree. The acquiree has no assets, liabilities, workforce, or operational processes. Its sole attribute is a pre-qualification status with Kuwait Oil Company (KOC), which enables participation in KOC tenders. The transaction does not meet the definition of a business under IFRS 3 *Business Combinations*. Accordingly, it has been accounted for as an asset acquisition in accordance with IAS 38- Intangible Assets. The consideration paid has been recognised as the cost of an intangible asset representing the KOC pre-qualification right. No goodwill has been recognised and no assets or liabilities, other than this intangible asset, have been acquired. As a result of this, the Group has recognised intangible assets of KD 550,000 and non-controlling interest of KD 220,000.

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. Further, operating results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The comparative condensed consolidated financial information as at 30 June 2024 and for the six-month period then ended has not been audited or reviewed and presented for comparative purposes only.

Certain comparatives have been reclassified, both within line-items and between line-items, to conform with the current period presentation. These reclassifications had no impact on previously reported equity and profit and were made to enhance comparability.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial information of the Group.

Lack of exchangeability - *Amendments to IAS 21*

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's interim condensed consolidated financial information.

2.3 New accounting policy applied

During the current interim period, the Group entered into a business combination for the first time. Accordingly, the following accounting policy on business combinations and goodwill has been applied in this interim condensed consolidated financial information.

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, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred 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 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.

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 New accounting policy applied (continued)

Business combinations and goodwill (continued)
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 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 reassesses 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 reassessment 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 (CGU) 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.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The Group's intangible assets represent KOC pre-qualification rights which are assessed to have useful life of ten years. The intangible asset is amortised on a straight-line basis over this period.

3 REVENUE

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

	Six months ended 30 June	
	2025	*2024*
	KD	*KD*
Type of services:		
Drilling services	**10,064,478**	6,390,149
Rigs leasing and mobilisation	**2,836,086**	2,775,304
Other operating revenue*	**527,984**	773,677
Total revenue from contracts with customers	**13,428,548**	9,939,130
Geographical markets:		
State of Kuwait	**13,428,548**	9,939,130
Timing of revenue recognition		
Services transferred over time	**13,428,548**	9,939,130

* Other operating revenue mainly represents ancillary services provided to customers in connection with drilling operations (such as catering services, incentive income, and construction of heavy oil wells cellar). These amounts are not significant in relation to the Group's core drilling and rig leasing activities.

4 COST OF REVENUE

	Six months ended 30 June	
	2025	*2024*
	KD	*KD*
Depreciation of rigs and equipment (Note 7)	**2,004,937**	1,754,419
Staff costs (field personnel)	**3,002,113**	2,159,698
Fuel cost	**621,037**	392,693
Cost of inventories recognized as an expense	**182,561**	112,706
Catering costs	**513,057**	397,967
Mobilisation costs	**469,487**	183,346
Site preparation expenses	**202,610**	388,768
Drillling expenses	**131,463**	64,631
Repairs and maintenance	**50,598**	25,509
Other direct operating costs	**524,028**	725,154
	7,701,891	6,204,891

5 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2025	*2024*
	KD	*KD*
Staff costs (administrative and support)	**405,599**	309,998
Expense relating to short-term leases	**78,009**	86,266
Service charges – consumption of prepaid drilling rights (Note 8)	**54,510**	54,510
Professional fees	**32,820**	41,947
IT expenses	**49,149**	43,495
Bank charges	**64,551**	93,610
Vehicle expenses	**33,167**	25,163
Depreciation of administrative assets (Note 7)	**4,115**	3,603
Other general and administrative expenses	**121,125**	110,915
	843,045	769,507

The amount of other administrative costs capitalised to capital work-in-progress during the six months ended 30 June 2025 was KD 275,536 (2024: KD 244,920) (Note 7).

6 BASIC AND DILUTED EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting the profit attributable to ordinary equity holders of the Parent Company and the weighted average number of shares for the effects of dilutive potential ordinary shares, if any,

	Six months ended 30 June	
	2025	*2024*
Profit for the period attributable to ordinary equity holders of the Parent Company (KD)	**2,233,213**	661,957
Weighted average number of ordinary shares outstanding during the period	**200,000,000**	200,000,000
Basic and diluted EPS (Fils)	**11.17**	3.31

On 15 February 2024, the Parent Company issued convertible preference shares which are convertible into ordinary equity shares. These convertible preference shares are not considered for calculation of diluted EPS since they are anti-dilutive in nature.

There have been no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

7 PROPERTY AND EQUIPMENT

Acquisitions and disposals
During the six months ended 30 June 2025, the Group recognised additions to property and equipment amounting to KD 13,513,914 (30 June 2024: KD 1,015,726). These comprised:

- Direct capital expenditures of KD 5,901 (30 June 2024: KD Nil);
- Additions to capital work-in-progress of KD 13,508,013 (30 June 2024: KD 1,015,727); and
- Transfers from capital work-in-progress to drilling rigs of KD 37,788,057 (30 June 2024: KD 7,159,773);

There were no disposals of property and equipment during the six months ended 30 June 2025 (30 June 2024: Nil).

Capital work-in-progress
Capital work-in-progress, which mainly related to drilling rigs under construction, was completed during the current interim period. Accordingly, the carrying amount at 30 June 2025 was Nil (31 December 2024: KD 24,280,044 and 30 June 2024: KD 278,620).

Capitalised borrowing costs
The amount of borrowing costs capitalised during the six months ended 30 June 2025 is KD 676,053 (31 December 2024: KD 357,061 and 30 June 2024: KD Nil). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.80%, which is the effective interest rate of the specific and general borrowings.

Capital commitments
At 30 June 2025, the Group had no outstanding capital commitments in respect of the construction of drilling rigs and related equipment (31 December 2024: KD 6,643,767; 30 June 2024: KD Nil).

These commitments primarily related to contracts entered with third-party contractors for the construction and delivery of drilling rigs and associated equipment. The commitments are financed through a combination of existing cash resources and available bank borrowings.

Mortgage
The rigs are mortgaged as collateral against outstanding borrowings (Note 11).

Depreciation expense by function
Depreciation expense recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income is allocated as follows:

	Six months ended 30 June	
	2025	*2024*
	KD	*KD*
Cost of services (Note 4)	**2,004,937**	1,754,419
General and administrative expenses (Note 5)	**4,115**	3,603
	2,009,052	1,758,022

8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Trade receivables	**6,870,202**	4,839,551	4,123,380
Retention receivables	**2,101,850**	1,635,829	3,191,156
Prepayments [1]	**418,099**	724,408	652,884
Advances to suppliers [2]	**206,071**	189,323	412,366
Unamortised portion of financial liability [3]	**747,332**	1,241,008	1,742,866
Other receivables	**317,616**	317,315	327,469
	10,661,170	8,947,434	10,450,121

[1] Prepayments mainly relate to the Parent Company's service charge arrangement. In 2015, the Parent Company paid KD 1,388,080 (USD 4,576,158) to a third party for beneficial rights over drilling operations for a period of five years. In December 2018, the arrangement was extended for a further five years ending 31 March 2026.

During the current period, service charges of KD 54,510 (31 December 2024: KD 109,020; 30 June 2024: KD 54,510) were expensed on consumption of benefits in the interim condensed consolidated statement of profit or loss.

[2] Advances to suppliers include balances with related parties amounting to KD 65,717 (31 December 2024: KD 75,213; 30 June 2024: KD 73,095) (Note 14).

[3] This balance represents the unamortised portion of the premium recognised on initial recognition of the Parent Company's convertible preference shares, which is being unwound to finance costs over the contractual term of the instrument using effective interest rate (EIR) method in accordance with IFRS 9.

Trade receivables

Trade receivables are unsecured and non-interest bearing and are generally due within 60 days. These primarily relate to oil sector government and corporate customers with no history of defaults.

The Group applies the IFRS 9 simplified approach to measure lifetime expected credit losses (ECL) on trade receivables. Based on management's assessment, these receivables are due from counterparties with a low risk of default and a strong capacity to meet contractual obligations. Accordingly, the impact of recognising expected credit losses at the reporting date was assessed to be immaterial.

Ageing analysis of trade receivables:

Ageing category	**30 June 2025 KD**	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Up to 30 days	**4,851,886**	3,392,216	2,820,340
31-60 days	**734,874**	842,902	885,033
61-90 days	**397,948**	348,761	369,126
91-180 days	**155,092**	24,900	-
More than 180 days	**730,402**	230,772	48,881
	6,870,202	4,839,551	4,123,380

As at 30 June 2025, the Group has contract assets of KD 6,000,017 (31 December 2024: KD 3,254,979 and 30 June 2024: KD 2,233,415).

8 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

Credit risk exposure by customer category

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Government	**5,621,212**	3,672,059	3,251,132
Corporate	**1,248,990**	1,167,492	872,248
	6,870,202	4,839,551	4,123,380

9 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Cash at bank and in hand	**1,340,349**	3,364,259	330,213
Term deposits	**7,050,000**	7,250,000	11,300,000
Total cash and short-term deposits	**8,390,349**	10,614,259	11,630,213
Less: Term deposits having original maturity of more than three months	**(4,450,000)**	(4,450,000)	(11,300,000)
Less: balances in escrow accounts	**(805,673)**	(444,769)	(443,690)
Total cash and cash equivalents	**3,134,676**	5,719,490	(113,477)

The Group maintains escrow accounts for specific transactions, which are held by a bank. The funds in these escrow accounts are restricted for the purpose of future payments of borrowings. As at 30 June 2025, the balance held in escrow account amounted to KD 805,673 (31 December 2024: KD 444,769, 30 June 2024: KD 443,690).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of more than three months to less than twelve months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing market rates.

10 SHARE CAPITAL

	30 June 2025		*(Audited) 31 December 2024*		*30 June 2024*	
	No. of shares	***Amount in KD***	*No. of shares*	*Amount in KD*	*No. of shares*	*Amount in KD*
Authorised share capital (100 fils each)	**550,000,000**	**55,000,000**	550,000,000	55,000,000	550,000,000	55,000,000
Issued and paid-up share capital (100 fils each)	**200,000,000**	**20,000,000**	200,000,000	20,000,000	200,000,000	20,000,000

11 BANK BORROWINGS

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Non-current	**67,701,719**	61,214,455	42,606,010
Current	**10,200,465**	7,036,347	7,417,332
Total bank borrowings	**77,902,184**	68,250,802	50,023,342

Bank borrowings represent commercial facilities denominated in Kuwaiti Dinars obtained from a local financial institution. The facilities bear interest at floating rates linked to prevailing market interest rates.

The borrowings are secured by:

- a registered mortgage over the Group's drilling rigs (note 7);
- a joint guarantee of the Holding Company and a related entity; and
- a personal guarantee provided by a shareholder.

The Group has complied with all financial covenants attached to these facilities, and there were no breaches of covenants as at 30 June 2025 (31 December 2024 and 30 June 2024: Nil).

Changes in liabilities arising from financing activities

	Six months ended 30 June 2025		
	1 January 2025 KD	***Net cash flows KD***	***30 June 2025 KD***
30 June 2025			
Bank borrowings	**68,250,802**	**9,651,382**	**77,902,184**

	Year ended 31 December 2024 (Audited)		
	1 January 2025 KD	*Net cash flows KD*	*31 December 2024 KD*
31 December 2024			
Bank borrowings	54,564,695	13,686,107	68,250,802

	Six months ended 30 June 2025		
	1 January 2024 KD	*Net cash flows KD*	*30 June 2024 KD*
30 June 2024			
Bank borrowings	54,564,695	(4,541,353)	50,023,342

12 CONVERTIBLE PREFERENCE SHARES CLASSIFIED AS FINANCIAL LIABILITIES

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Convertible preference shares	**19,293,480**	19,253,879	19,200,036

Set out below is the movement in convertible preference shares classified as financial liabilities:

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Balance at beginning of the period	**19,253,879**	-	-
Proceeds from issuance of convertible preference shares	**-**	17,038,975	17,038,975
Day-1 fair value adjustment on initial recognition	**-**	2,113,805	2,113,805
Interest expense recognised using the EIR method	**573,580**	1,008,918	428,183
Interest paid	**(533,979)**	(907,819)	(380,927)
Balance at end of the period	**19,293,480**	19,253,879	19,200,036

Terms of the preference shares

- During the year ended 31 December 2024, the Company issued 170,389,750 preference shares with a nominal value of 100 fils each, raising total proceeds of KD 17,038,975.
- The convertible preference shares carry a contractual return of 6% payable semi-annually. The coupon is settled partly in cash and partly in-kind through the issue of additional convertible preference shares of the same series
  - When settled in-kind (PIK), the coupon is calculated on the then-cumulative outstanding amount, resulting in a compounding effect.
  - PIK settlements are non-cash in nature and are reflected in EIR schedule as changes in carrying amount.
- The Day-1 fair value adjustment represents the difference between the proceeds received and the present value of contractual cash flows discounted at a market rate of 6%.
- The instrument is classified as a financial liability in accordance with IAS 32 and is subsequently measured at amortised cost, with the discount unwound to finance costs using the EIR method in accordance with IFRS 9.

Conversion features

Preference shares are mandatorily converted into ordinary share upon the occurrence of either of the following events:

1. Listing trigger

In case of listing, the aggregate number of preference share will convert on the basis of the offering price per share to investors for the purpose of the listing, such that current preference share will hold, following such conversion, such number of ordinary shares in the Company as is equal to

a. The cumulative amount; divided by
b. The offering price less 10%; or

2. FS trigger

The aggregate number of preference shares held by the preference shareholder will convert to ordinary shares calculated as net earnings of the Company derived from audited financial statement for the year ended 2025 multiplied by 10x. Irrespective of the actual net earnings amount, the conversion valuation be capped at maximum of USD 275 million and minimum of USD 150 million.

13 TRADE AND OTHER PAYABLES

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Trade payables	**2,957,661**	4,623,552	3,752,729
Contract liabilities (Note 13.1)	**1,693,812**	1,032,000	1,176,000
Accrued expenses	**2,142,371**	1,817,006	2,068,116
Accrued finance cost	**937,364**	719,757	632,919
Zakat payable	**24,461**	21,115	15,811
KFAS payable	**20,504**	17,414	13,529
Other payables	**154,718**	195,077	141,340
	7,930,891	8,425,921	7,800,444

13.1 Contract liabilities

Contract liabilities represent amounts invoiced or received in advance of performance under customer contracts, and are recognised as revenue when the related performance obligations are satisfied.

Movement in contract liabilities

	30 June 2025 KD	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Balance at beginning of the period	**1,032,000**	1,320,000	1,320,000
Performance obligations satisfied during the period	**(187,390)**	(288,000)	(144,000)
Amounts invoiced in advance during the period	**849,202**	-	-
Balance at end of the period	**1,693,812**	1,032,000	1,176,000

14 RELATED PARTY DISCLOSURES

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2025 and 2024, as well as balances with related parties as at 30 June 2025, 31 December 2024 and 30 June 2024:

	Six months ended 30 June	
Interim condensed consolidated statement of profit or loss and other comprehensive income	***2025 KD***	*2024 KD*
Entities under common control		
Cost of services	**106,554**	100,864
General and administrative expenses	**45,120**	53,320

14 RELATED PARTY DISCLOSURES (continued)

Interim condensed consolidated statement of financial position	***30 June 2025 KD***	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Entities under common control			
Advances to suppliers (Note 8)	**65,717**	75,213	73,095
Holding Company			
Amounts due to related parties	**-**	34,078	-

Related party balances included in the consolidated statement of financial position are unsecured, non-interest bearing and repayable on demand. Certain related parties have also provided guarantees and pledged assets in respect of the Group's borrowings (Note 11).

The Group holds bank accounts with balances of KD 43,874 as at 30 June 2025 (31 December 2024: KD 37,736; 30 June 2024: KD 12,376) registered in the name of entities owned and controlled by the Holding Company. The related party has confirmed in writing that the Group is the beneficial owner of these bank accounts.

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

	Transaction values for the six months ended		*Balance outstanding as at*		
Interim condensed consolidated statement of profit or loss and other comprehensive income	***30 June 2025 KD***	*30 June 2024 KD*	***30 June 2025 KD***	*(Audited) 31 December 2024 KD*	*30 June 2024 KD*
Salary and short-term benefits	**206,739**	144,058	**51,880**	29,864	24,787
Post-employment benefits	**9,392**	4,423	**96,984**	87,592	74,453
	216,131	148,481	**148,864**	117,456	99,240

The Board of Directors of the Parent Company proposed a directors' remuneration of KD Nil for the year ended 31 December 2024 which was subsequently approved at AGM held on 1 May 2025.

15 OPERATING SEGMENTS

The Group's operations comprise a single integrated business segment encompassing drilling services, rig leasing, and mobilization activities, all which are inter-related and managed together as a single line of business. The Group operates predominantly within a single geographical area, the State of Kuwait. Accordingly, no further segmental information is presented.

As at 30 June 2025, all non-current assets of the Group were located in the State of Kuwait. Revenue from two customers accounted for approximately 99% of the Group's total revenue during the period (30 June 2024: 99%).

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies
At 31 December 2024, the Group had contingent liabilities in respect of bank guarantees issued in the ordinary course of business amounting to KD 25,992,966 (31 December 2024: KD 23,504,079).

16.2 Commitments
At 31 December 2024, the Group had commitments for future capital expenditure in respect of the construction of drilling rigs and related equipment amounting to KD Nil (31 December 2024: KD 6,643,767; 30 June 2024: KD Nil).

17 DISTRIBUTIONS PROPOSED

In their meeting held on 18 June 2025, the Board of Directors proposed a distribution of 100 fils per share (equivalent to KD 17,500,000) by way of bonus shares issue.

This proposal is subject to approval by the shareholders of the Parent Company at the forthcoming Ordinary General Assembly meeting. The related increase in share capital arising from the bonus shares issue is subject to approval by the shareholders of the Parent Company at an Extraordinary General Assembly meeting.

Accordingly, the proposed distribution and related capital increase have not been recognised in the interim condensed consolidated financial statements for the six months period ended 30 June 2025.

The Company

الشركة العملية للطاقة (ش.م.ك.م)

Action Energy Company (K.S.C.C)

(A Closed Shareholding Company Incorporated in the State of Kuwait)

Listing Advisor & Subscription Agent

National Investments Company K.S.C.P.

شركـــــة الاستثمــــارات الوطنيــــة

National Investments Company

Joint Global Coordinators

EFG Hermes UAE Limited
(acting in conjunction with EFG-Hermes UAE LLC)

EFG Hermes
An EFG Holding Company

National Investments Company K.S.C.P.

شركـــــة الاستثمــــارات الوطنيــــة

National Investments Company

Joint Bookrunners

EFG Hermes UAE Limited
(acting in conjunction with
EFG-Hermes UAE LLC)

EFG Hermes
An EFG Holding Company

National Investments Company K.S.C.P.

شركـــــة الاستثمــــارات الوطنيــــة

National Investments Company

Arqaam Capital Limited

arqaam CAPITAL

Legal Advisors

International Counsel Bureau – Lawyers and Legal Consultants

INTERNATIONAL COUNSEL BUREAU
مكتب المستشار الدولي

Meysan Lawyers and Legal Consultants Company W.L.L.

MEYSAN

External Auditor

Ernst & Young, Al Aiban, Al Osaimi & Partners

EY