البترول الوطنية
KNPC
إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

Exceptional Performance.. and International Standards

Annual Report 2025-2026



Kuwait Petroleum Corporation and subsidiaries | مؤسسة البترول الكويتية وشركاتها











Annual Report

2025-2026



His Highness

Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait



His Highness

Sheikh Sabah Khaled Al-Hamad Al-Sabah

The Crown Prince of the State of Kuwait

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About This **Report**

This report provides a comprehensive overview of Kuwait National Petroleum Company's (KNPC) financial and operational performance over the reporting period. It presents financial metrics including revenues, expenses, profits, and losses, alongside an in-depth review of various operational sectors and notable achievements. The report aims to offer Shareholders and Stakeholders transparent insights into KNPC's current financial standing and operational status, while also highlighting future outlooks and Strategic Directions.

Disclaimer:

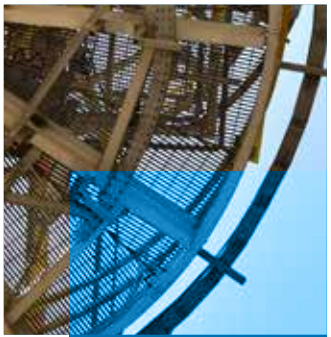
This report is published in both Arabic and English. Should any discrepancy arise between the two versions, the Arabic text shall take precedence. The content of this report is intended solely for informational purposes and does not constitute investment advice or a recommendation for any financial decision-making. Under no circumstances shall KNPC bear responsibility for any consequences, losses, or damages resulting from reliance on the information presented herein.

Exceptional Performance.. and International Standards











Board of Directors



Hamza Abdullah Bakhsh
Chairman of the Board



Waleed Al-Bin Ali
Deputy Chairman of the Board



Wadha Ahmad Al-Khateeb
Board Member



Asmaa Ali Al-Qallaf
Board Member



Muhammad Khalifah Al-Abduljaleel
Board Member



Emad Abdulrahman Al-Hadlaq
Board Member



Fuad Mohammed Al-Sheikh
Board Member

Top **Management**



Wadha Ahmad Al-Khateeb
Chief Executive Officer



Khaled Ali Al-Khayyat
DCEO Planning & Finance



Ghanem Naser Al-Otaibi
DCEO Projects



Shujaa Salem Al-Ajmi
DCEO Mina Al-Ahmadi Refinery



Abdullah Shaker Al-Otaibi
DCEO Mina Abdullah Refinery



Fahad Saad Al-Mutairi
DCEO Fuel Supply Operations
(April 2025 - June 2025)



Bandar Mahdi Al-Qahtani
DCEO Admin. & Commercial



Khuloud Saad Al-Mutairi
DCEO Support Services



Ali Mohammad Al-Ajmi
DCEO Fuel Supply Operations
(June 2025 - January 2026)

CEO MESSAGE



It is my pleasure to present Kuwait National Petroleum Company's (KNPC) Annual Report for the fiscal year 2025/2026, ending March 31, 2026. This report reflects our overall performance and key achievements throughout the year.

At the outset, I would like to extend my sincere appreciation to all Employees for their dedicated efforts, valuable initiatives, and outstanding performance indicators, which have been instrumental in driving meaningful accomplishments across all operational sites.

In terms of the key milestones of the fiscal year, the integration of Kuwait Integrated Petroleum Industries Company (KIPIC) with KNPC is progressing in line with the established plan and is expected to be completed this year, God willing. This initiative forms part of Kuwait Petroleum Corporation's (KPC) broader restructuring programme, designed to enhance integration and collaboration across oil sector companies, improve operational efficiency, unify efforts, and align with global developments in the oil and gas industry.

In the same direction, full operational responsibility for the LPG Filling Plants at Shuaiba and Umm Al-Aish was successfully transferred from Kuwait Oil Tanker Company (KOTC) to KNPC, effective August 1, 2025. The transition was executed seamlessly, with both Plants continuing normal operations without interruption.

During the fiscal year 2025/2026, KNPC achieved several notable accomplishments, including:

• Mina Al-Ahmadi Refinery successfully completed a performance test to increase the Delayed Coking Unit (DCU-136) operating capacity from 37,000 to 42,550 barrels per day. Additionally, final insurance approval was secured to raise the Sulfur Recovery Unit (SRU-123) capacity from 450 to 540 metric tons per day.

• The North Pier Integration Enhancement Project at Mina Al-Ahmadi Refinery was successfully completed, extending its oil export operations capability until 2037.

• In a regional first, and as part of Kuwait's Oil Sector Digital Transformation Strategy, KNPC collaborated with KPC and affiliated companies to fully automate the digital shipment of petrochemical Naphtha. Loaded at Mina Abdullah Refinery via the EasyShip digital platform, the shipment was delivered to Mitsubishi in Japan in January 2026. This milestone significantly reduced operational cycle times, enhanced stakeholder coordination, strengthened governance, and improved process control, collectively boosting overall supply chain efficiency.

• Mina Abdullah Refinery successfully loaded its first shipment of low-sulfur Dual-Purpose Kerosene (DPK) at 10 ppm, compliant with ASTM D3001 international standards, enhancing product quality and expanding access to global markets.

• Inter-refinery and depot pipeline projects for petroleum product transportation were successfully completed and commissioned, enhancing operational efficiency and flexibility in meeting local market demand.

• A comprehensive turnaround of three major units at Mina Al-Ahmadi Refinery's Gas Liquefaction Plant was successfully completed, marking the first maintenance cycle under the new five-year plan. This shift from the previous four-year cycle reflects KNPC's commitment to sustaining the highest standards of operational efficiency and reliability.

• KNPC received two awards at KPC's 2025 Excellence Awards. The first recognised the "Best Initiative in People Management and Positive Culture Enhancement," honouring the Employee Patent Registration Programme led by the Research and Technology Department. The second celebrated the "Best Young Employee Under 35 (Non-supervisory)", for

an innovative idea successfully registered as a patent with the United States Patent and Trademark Office, reflecting KNPC's ongoing commitment to institutional innovation and talent development.

• Similarly, KNPC was granted two patents "A Tool for Guiding Torque Application for Non-Leaking Flange Contact Surfaces and Related Methods" and "An Innovative Method for Cleaning Cooling Equipment" reinforcing its intellectual property management strategy.

• The Company won the GeoExcellence Award at the Middle East and North Africa GIS Users Conference in Riyadh, January 2026, in recognition of developing a world-class GIS Digital Twin concept for the oil and gas sector, delivering high-precision data to support informed decision-making.

• KNPC was entrusted with implementing the executive programme for Kuwait's Oil Sector Digital Transformation Strategy, encompassing 24 digital initiatives aimed at enhancing the sector's role, improving operational performance, and increasing profitability and competitiveness. This programme supports KPC's 2040 Strategy and contributes to the broader goals of Kuwait Vision 2035, through strengthening the oil sector’s capabilities to generate added value and further support the national economy.

• The Company established a Sustainability Committee to oversee Energy Transition and ESG Strategic Initiatives. These efforts focus on improving Refinery energy efficiency through equipment upgrades, advanced energy management, and modern technologies to reduce carbon emissions. Additionally, flaring minimisation initiatives were emphasised, supported by the ongoing expansion of flare gas recovery units in our two Refineries, contributing to reducing greenhouse gas emissions.

• KNPC is developing a comprehensive carbon emission reduction roadmap, incorporating short, medium, and long-term solutions including solar energy, carbon capture, utilisation and storage (CCUS), and carbon offset mechanisms.

• Fuel Filling Station No. 158 was inaugurated in West Abdullah Al-Mubarak as part of KNPC's fuel station expansion plan, becoming the area's third station to serve its growing residential demand.

• In support of national workforce development, 171 Kuwaiti Employees were recruited across various disciplines, raising the Kuwaitization rate to 92.8%. All Employees completed general and specialised training programmes, with 57 participating in structured on the job training, bringing total programme graduates to 1,247 of both genders.

In conclusion, I would like to reaffirm that KNPC's achievements are, after the grace of God, a testament to the sincere dedication and professionalism of our Employees, who consistently perform their duties with excellence and commitment. Their efforts reinforce our confidence in the Company's vital role in supporting the national economy, advancing Kuwait's development, and securing a better future for generations to come.

On behalf of myself and Top Management, I extend our deepest appreciation and gratitude to all Employees, across every position and level, for their invaluable contributions and unwavering commitment to KNPC's continued success.



Wadha Ahmad Al-Khateeb
CEO

Our Vision

To be a World-Class Refiner Through Superior Operating and Financial Performance.

Our Values

Innovation

Developing and embracing new ideas, methods, and approaches to solving challenges that create value

Integrity

Acting in a trustworthy manner with the highest standards of ethics, respect and honesty

Excellence

Encouraging high performance, continuous improvement, and customer focus

One Team

Caring for the interests of the Company and ensuring alignment to achieve Corporate and State goals

Our Mission

We Add Value to Kuwait Hydrocarbons, Producing High Quality Fuels to Meet Local and International Demand through:

- Protecting the environment and being committed to health and safety.
- Leveraging innovation to achieve operational excellence.
- Being a committed and reliable partner in our communities and markets.
- Investing in our people.
- Working towards achieving profitability in an integrated and sustainable manner.

Partnership

Building and sustaining relationships that support growth and enhance operational excellence

Caring for People

Creating a culture where people develop, grow and are positively motivated to contribute to the success of others

Commitment to HSSE

Respecting the environment and ensuring safety, security, and the promotion of a healthy workplace in the Company's operational sites

Pride

Creating Employee satisfaction on an individual level and promoting a sense of loyalty and belonging to the Company

Chapter One

Our Operations

The Company maintained its operational momentum in line with Strategic Plans, achieving an average daily crude oil refining rate of 744.5 thousand barrels per day across both Refineries. This achievement reflects strong planning, management excellence, and operational expertise.

Additionally, the Company successfully processed the entire volume of gas produced from its oil fields.











Key Performance Indicators

	2025/2026		2024/2025	2023/2024
	Actual	Plan/ Budget	Actual	Actual
Financial Indicators (KD Million)				
Total Company Product Sales	9,258.7	9,171.0	11,571	11,748.0
Total KAFCO Sales	165.1	207.7	202.9	248.1
Total Kuwait Aromatics Company Sales	523.8	497.1	520.8	596.9
Total Local Marketing Sales*	802.2	776.8	753.2	727.2
Company Net Profit	1,127.7	102.2	229.545	520.7
Total Operating Expenses**	1,071.9	1,248	1,070.5	1,055.6
Capital Expenditures	67.9	245.705	51.753	127.6
Changes in Total Fixed Assets	(211.7)	47.67	(242.72)	(202.5)
Crude Oil Processing Rates (Thousand Barrels/Day)				
Mina Abdullah Refinery	408.8	427.20	480.4	466.3
Mina Al-Ahmadi Refinery	335.7	331.35	318.2	319.8
Total	744.5	758.55	798.6	786.1
Sales				
Total Products Exported to Global Markets (Thousand Tons)	34,978.8	34,067.4	39,515.6	34,961.3
Fuel for Local Marketing (Million Liters)	8,124.7	8,007.7	7,919.3	7,408.7
Fuel for Ministry of Electricity, Water & Renewable Energy (Million Liters)	82.7	418.0	23.5	483.2
Bitumen (Thousand Metric Tons)	223.2	197.1	87.9	126.4
Workforce				
Total Workforce at the End of the Financial Year***	6,441	7,187	6,405	6,573

* Includes petroleum product sales in the local market for Kuwait Petroleum Corporation (KPC) account, plus sales for the Company's account.
** Total operating expenses after excluding expenses related to fuel station activities.
*** Includes workforce for KAFCO with current staff of 54 Employees compared to 66 Employees per budget.

Key Achievements

- The cost rationalisation and profitability enhancement committee continued its work in FY 2025/2026, generating USD 192.5 million in financial savings by Q3 end, including USD 71.2 million from the Profitability Enhancement Programme.
- The Commercial Department implemented targeted initiatives to optimise procurement costs for materials and services, achieving approximately KD 17 million in total savings. Key measures included negotiating tender bids, contracting works and services, revising contractual terms in selected agreements, maximising inventory material utilisation, and rationalising stock item types and quantities.
- Final certification was secured for the North Pier's export operations at Mina Al-Ahmadi Refinery through December 2037, following completion of the North Pier Integration Improvement Project. The project concluded with zero incidents and 1.08 million safe working hours.
- Fuel Filling Station No. 158 was inaugurated in West Abdullah Al-Mubarak area in April 2025, becoming the Company's third station in the area, catering to growing fuel demand in newly developed residential zones.
- The Fire Training Centre under the Main Support, Emergency & Operation Centre (MSEOC) received official accreditation from the International Fire Service Accreditation Congress (IFSAC), marking a first-of-its-kind achievement at both the national and oil sector levels. This recognition reflects the outstanding capabilities and exceptional readiness of the Company's Fire Team.
- As part of its innovation drive, KNPC secured its second and third patents: "A Tool for Guiding Torque Application on Sealing Flange Contact Surfaces and Related Methods" and "An Innovative Method for Cleaning Cooling Equipment". This achievement aligns with the Company’s intellectual property strategy, including patent registration, prototyping, and commercialisation under KNPC.
- The transfer of assets, operations, and personnel of the LPG Filling Plants at Shuaiba and Umm Al-Aish from Kuwait Oil Tanker Company (KOTC) to Kuwait National Petroleum Company (KNPC) was successfully completed on August 1, 2025, per Kuwait Petroleum Corporation's (KPC) Board resolution. Achieved in a highly organised and smooth manner without any operational disruption, this seamless transition supports the oil sector restructuring programme, enhancing integration and cooperation.
- As part of the LPG cylinder quality improvement programme, a record 3,772,022 twelve-kilogramme cylinders were cleaned at Umm Al-Aish and Shuaiba filling facilities during FY 2025/2026 - the highest annual figure ever recorded reflecting operational efficiency and commitment to health, safety, and quality standards.
- Umm Al-Aish LPG Filling Plant achieved a landmark environmental milestone by obtaining Carbon Neutral Certification, becoming the first facility of its kind in Kuwait and the first industrial facility in the Middle East to earn this distinction. This was supported by a solar power project supplying most of the facility's electricity needs, significantly enhancing energy efficiency,

reducing carbon emissions and upholding the highest standards of environmental sustainability.

- The first shipment of low-sulfur Dual Purpose Kerosene (DPK – 10 ppm) compliant with ASTM D3001 specifications was successfully loaded at Mina Abdullah Refinery, enhancing product quality and expanding export market reach.
- KNPC Refineries and Depots pipeline connection project was successfully commissioned, enhancing operational efficiency and flexibility to meet local petroleum product market demand.
- As part of Kuwait's Oil Sector Digital Transformation Strategy, the Company in collaboration with Kuwait Petroleum Corporation (KPC), Kuwait Oil Company (KOC), and Kuwait Oil Tanker Company (KOTC) successfully automated one of its most complex internal and external processes. This milestone was marked by the launch of the first fully digital petrochemical naphtha shipment, loaded at Mina Abdullah Refinery via the EasyShip platform and shipped to Mitsubishi in Japan on January 21, 2026. The seamless execution improved cycle times, coordination, governance, and supply chain efficiency while reducing operational risks such as delays along with the associated financial liabilities, marking a first-of-its-kind achievement in the region.
- Mina Al-Ahmadi Refinery conducted its largest-ever maintenance turnaround at the Gas Liquefaction Plant, targeting three major units: Gas Liquefaction Unit No. 4, the Ethane Recovery Unit, and the Acid Gas Removal Unit. This milestone reflects the Company's unwavering commitment to the highest standards of operational efficiency and reliability. Conducted under the five-year maintenance plan, this was the first operation of its kind to follow the updated cycle, which extends periodic maintenance intervals from every four years to every five. A defining challenge was achieving a reduced execution timeframe — an unprecedented accomplishment made possible by shifting from individual unit maintenance to a consolidated block approach. This method demanded meticulous planning and exceptional coordination, particularly in logistics, showcasing the team's technical expertise and capacity to deliver complex operations with precision and efficiency.
- To expand refining capacity by enhancing the throughput of existing units, the following was undertaken:

Mina Al-Ahmadi Refinery (MAA)

- Performance testing was successfully completed to increase the operating capacity of the Delayed Coking Unit (DCU-136) from 37,000 to 42,550 barrels per day.

Mina Abdullah Refinery (MAB)

- Final insurance approval was secured to raise the operating capacity of the Sulfur Recovery Unit (SRU-123 TR1/2/3) from 450 to 540 metric tons per day.

Additional performance tests are planned to further increase capacity for the following units at Mina Al-Ahmadi and Mina Abdullah Refineries:

- Continuous Catalytic Reforming Unit (CCR-127) at Mina Abdullah Refinery, from 18,000 to 20,000 barrels per day.
- Delayed Coking Unit (DCU-136) at Mina Al-Ahmadi Refinery, from 37,000 to 44,400 barrels per day.

Awards Received by the Company

- KNPC secured two prestigious Kuwait Petroleum Corporation Excellence Awards 2025. The first, "Best Initiative in People Management and Positive Culture," recognised the Employee Patent Registration Programme, developed by the Research and Technology Department. This initiative advances institutional innovation by transforming ideas and inventions into legally protected intellectual assets, aligning with the Company's Strategic Objectives.

  The second award, "Young Professional of the Year (Under 35, Non-Supervisory)," was presented to Research and Technology Engineer Hassan Al-Ali. He was honoured for his innovative concept, "A Tool for Guiding Torque Application for Leak-Tight Flange Surfaces and Related Methods," which has been successfully registered as a patent with the United States Patent and Trademark Office (USPTO).

- The Company also received the GeoExcellence Award from Esri at the Middle East and North Africa GIS User Conference, held in Riyadh on January 20–21, 2026. This global recognition honoured the Company's development of a GIS Digital Twin concept for the oil and gas sector, delivering highly accurate data that exceeds international standards and supports informed decision-making. The achievement underscores KNPC's advanced standing in this specialised field.

- KNPC earned "Excellence Awards 2025 from the British Safety Council (BSC)", for Mina Abdullah Refinery and Local Marketing Department, and "Merit Awards" for Mina Al-Ahmadi Refinery, Projects Department, and the Company Head Office.

- Additionally, KNPC, across all its sites, received Royal Society for the Prevention of Accidents (RoSPA) award for 2025, encompassing the "Order of Distinction" to Mina Abdullah Refinery, the "Gold Award" to Mina Al-Ahmadi Refinery, and "Gold Medal Awards" to the Head Office, Projects Department, and Local Marketing Department.

- The Company achieved second place in Kuwait Petroleum Corporation's "Strongest Company" competition for the fourth consecutive year, attended by senior officials including the Minister of Oil, Tareq Al-Roumi, the CEO of Kuwait Petroleum Corporation, Sheikh Nawaf Saud Al Sabah, and KNPC CEO, Wadha Ahmed Al-Khateeb, alongside executives from various subsidiaries. This competition forms part of the Communication Strategy 2040, designed to enhance collaboration among oil sector companies while encouraging innovation and excellence. Securing second place reflects KNPC's sustained commitment to improving institutional performance and fostering a dynamic, competitive work environment.

Awards Received by Kuwait Aviation Fuelling Company (KAFCO)

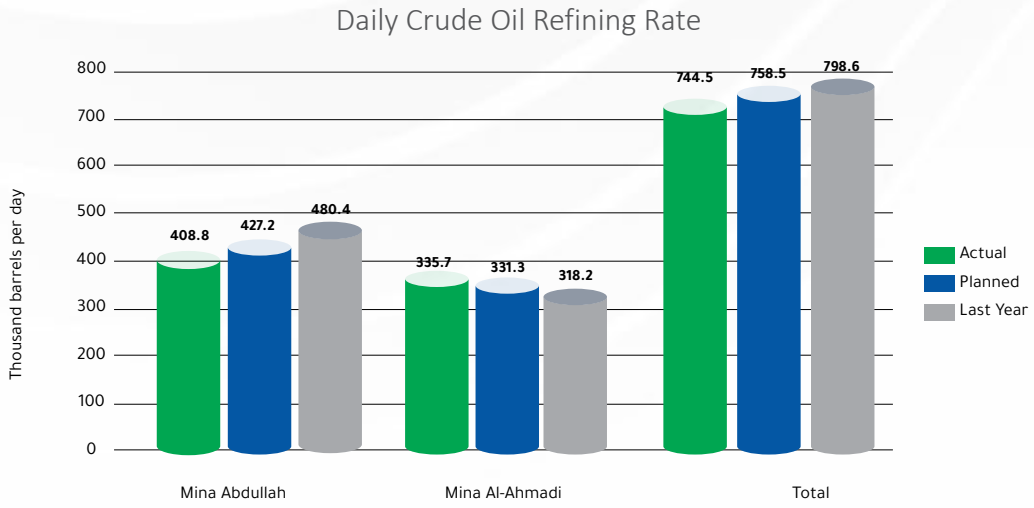
- KAFCO received RoSPA President's Award 2025 for the fifth consecutive year since 2021, following 14 consecutive years of achieving the RoSPA Gold Award since 2012.

- The Company also earned the RoSPA Gold Fleet Safety Award 2025 for outstanding management of road-related occupational risks, marking eight consecutive years of this recognition since 2018.

- Additionally, KAFCO was presented with the British Safety Council International Safety Merit Award 2025 for the sixth consecutive year since 2020.

Refining

During the fiscal year 2025/2026, the average crude oil refining rate across the Company's two Refineries reached approximately 744.5 thousand barrels per day, falling short of the planned target of 758.5 thousand barrels per day. This shortfall was primarily attributed to the complete shutdown of crude units and other processing facilities at Mina Abdullah Refinery, caused by regional tensions. The chart below presents the daily average of refined crude oil for fiscal year 2025/2026, alongside planned figures and the corresponding daily average recorded during the previous fiscal year 2024/2025.



Percentage increase (decrease) in daily refining rate compared to the plan:

Refinery	MAB	MAA	Total
%	(4.3)	1.3	(1.8)

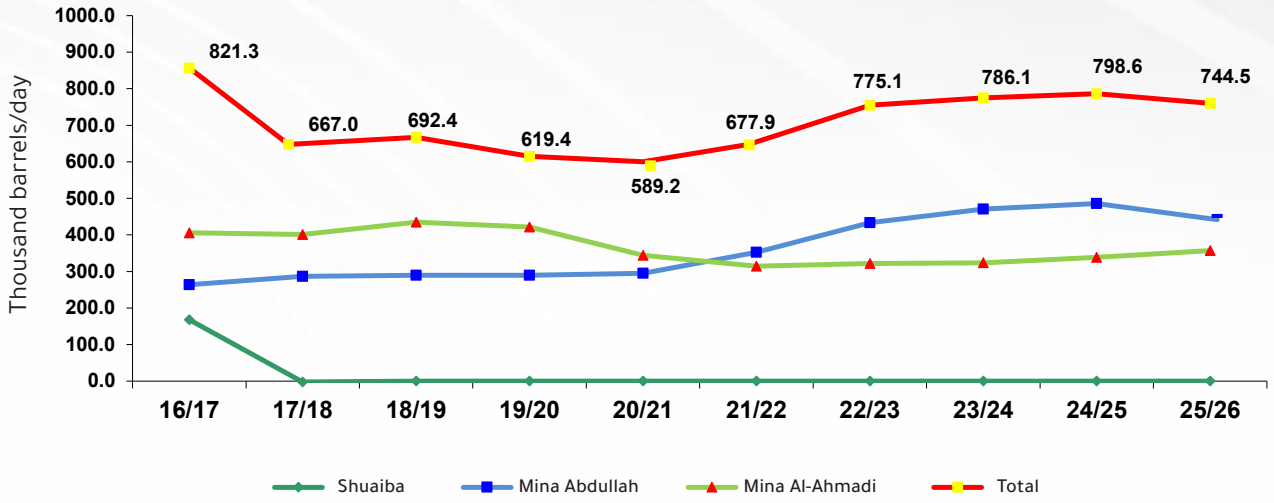
Mina Abdullah Refinery (MAB):

- The crude feedstock rate for the year reached 408.8 thousand barrels per day, compared to the planned 427.2 thousand barrels per day and 480.4 thousand barrels per day recorded in fiscal year 2024/2025.
- Approximately 14,559.5 thousand metric tons of petroleum products and around 1,076.6 thousand metric tons of petroleum coke were exported through Shuaiba Commercial Port. Additionally, approximately 378.5 thousand metric tons were delivered to the Petroleum Coke Industries Company by truck, while Kuwait Aromatics Company received around 2,339.2 thousand metric tons of Naphtha.

Mina Al-Ahmadi Refinery (MAA):

- The crude feedstock rate for the year reached 335.7 thousand barrels per day, surpassing both the planned 331.3 thousand barrels per day and the 318.2 thousand barrels per day recorded in fiscal year 2024/2025.
- Total exported products from the Refinery amounted to approximately 12,375.3 thousand metric tons, with an additional 1,303.9 thousand metric tons of Sulfur exports.

Trends in Daily Refined Crude Oil Production from 2016/2017 to 2025/2026



Company Refineries:

During fiscal year 2025/2026, net petroleum products output reached approximately 37.85 million metric tons, falling short of the planned 38.43 million metric tons and the 40.56 million metric tons achieved in fiscal year 2024/2025, as detailed in the table below:

Product	Annual Production for the Fiscal Year 2025/2026 Compared to the Plan						Annual Production for the Fiscal Year 2024/2025	
	Actual		Plan		Increase (Decrease)			
	Thousand MT	%	Thousand MT	%	Thousand MT	%	Thousand MT	%
Naphtha/Gasoline/ Reformate	9,079.5	24.0	9,182.8	23.9	(103.3)	(1.1)	9,894.4	24.4
Kerosene/Jet Fuel	9,032.3	23.9	10,645.2	27.7	(1,612.9)	(15.2)	10,217.8	25.2
Gas Oil/Diesel	10,880.9	28.7	12,321.9	32.1	(1,441.0)	(11.7)	11,435.7	28.2
Fuel Oil/Residuals	3,735.3	9.9	2,017.0	5.2	1,718.3	85.2	3,846.8	9.5
Other Products*	3,894.8	10.3	3,567.5	9.3	327.3	9.2	3,950.1	9.7
Net Total Products	36,622.8	96.8	37,734.4	98.2	(1,111.6)	(2.9)	39,344.8	97.0
Consumption/Loss**	1,228.6	3.2	695.9	1.8	532.8	76.6	1,218.6	3.0
Total	37,851.4	100	38,430.3	100	(578.8)	(1.5)	40,563.4	100

*Liquefied petroleum gases from refineries, sulfur, petroleum coke, bitumen, and propylene gas are included.

**Contains consumed /loss carbon dioxide.

- Products were exchanged between the two Refineries for blending and manufacturing purposes, as summarised in the following two tables:

Conversion to Mixing Operations
Thousand Metric Tons

From	To		Total
	MAB	MAA	
MAB	-	2,811.7	2,811.7
MAA	2,571.2	-	2,571.2
Total	**2,571.2**	**2,811.7**	**5,382.9**

Conversion to Process Operations
Thousand Metric Tons

From	To		Total
	MAB	MAA	
MAB	-	1,624,8	1,624,8
MAA	2,340.2		2,340.2
Total	**2,340.2**	**1,624,8**	**3,965.0**

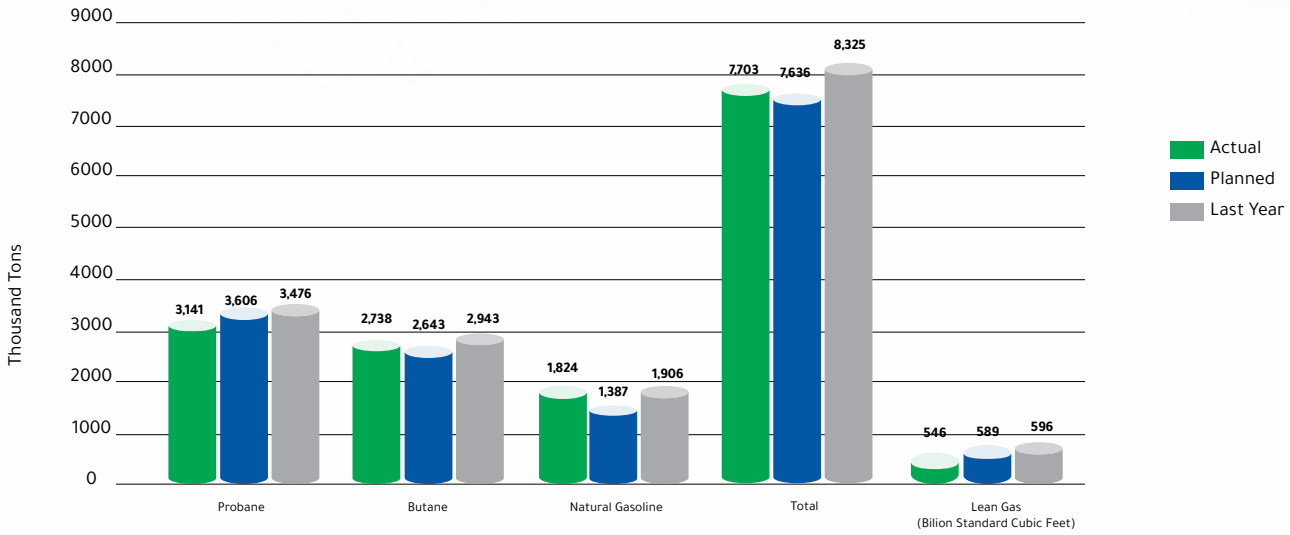


The Company's Refinery Operations

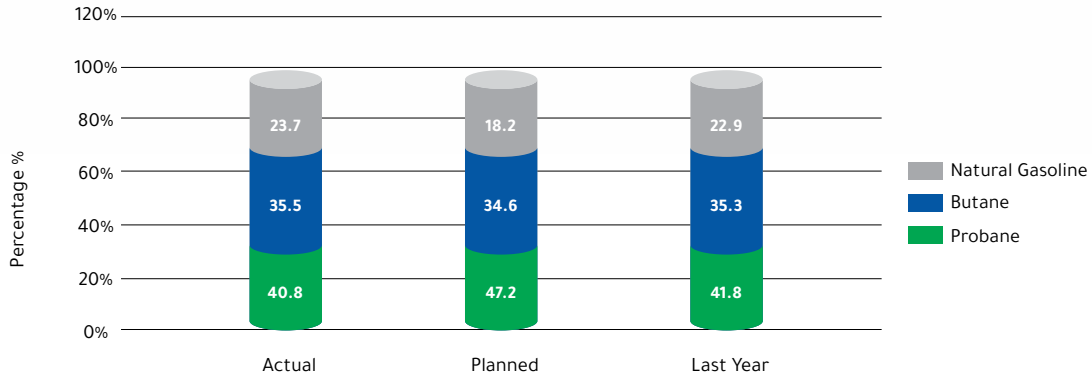
Liquefied Petroleum Gas Plant:

The average feedstock rate for fiscal year 2025/2026 reached 1,834.3 million cubic feet per day, compared to the planned target of approximately 1,949.5 million cubic feet per day and the 1,982.6 million cubic feet per day recorded in fiscal year 2024/2025. This rate reflects actual gas quantities available from oil fields and refineries. The chart below illustrates production volumes for fiscal year 2025/2026, alongside planned estimates and actual production figures for fiscal year 2024/2025.

LNG Plant Production Rate



The Following Chart Illustrates the Percentage Distribution of the Plant's Total Liquid Product Output.



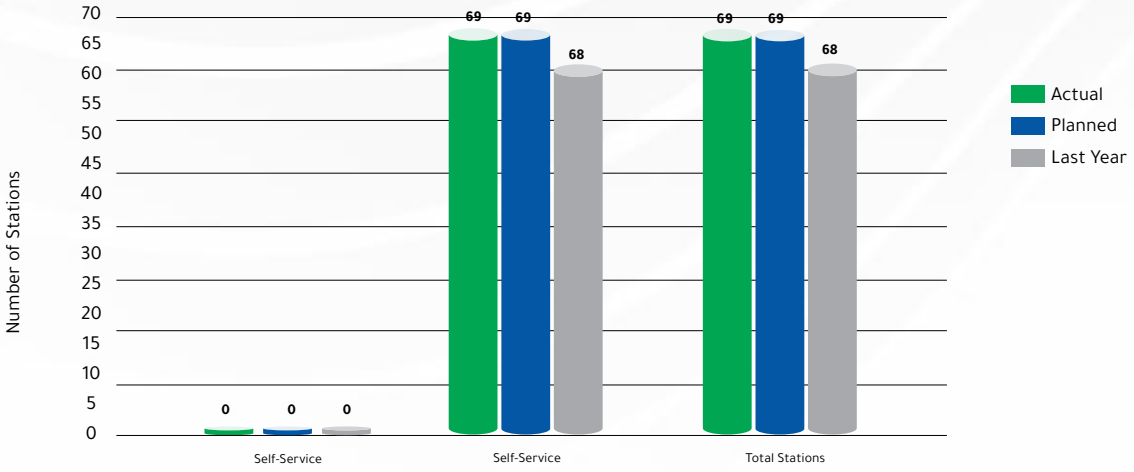
Propane and Butane export this year reached approximately 5,923.6 thousand metric tons, down 4.5% from around 6,200.4 thousand metric tons recorded in the 2024/2025 fiscal year.

Local Marketing and LPG Filling Plants

KNPC Filling Stations

The Company operates 69 fuel filling stations in total, comprising 64 permanent stations, 8 of which are currently being rebranded to Q8- Kuwait Petroleum International along with 5 temporary stations. The accompanying chart illustrates how these stations are distributed across the country's various regions.

Growth in the Number of Filling Stations Operating for Local Marketing



Car Wash Stations

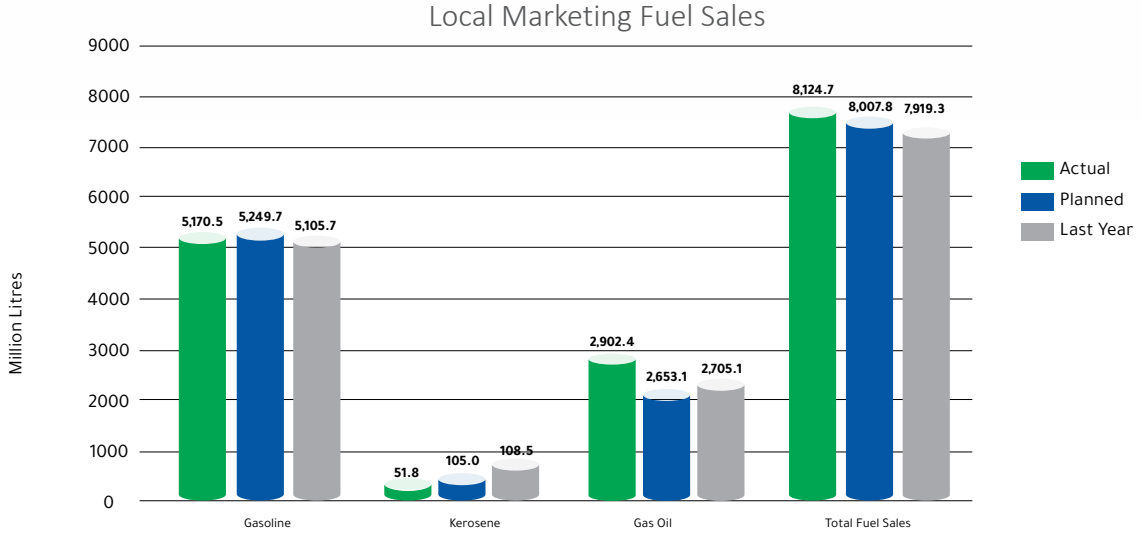
Car wash stations in Bayan, Saad Al-Abdullah, Sabah Al-Ahmad, Jaber Al-Ahmad, and West Abdullah Al-Mubarak continued operations throughout the 2025/2026 fiscal year.

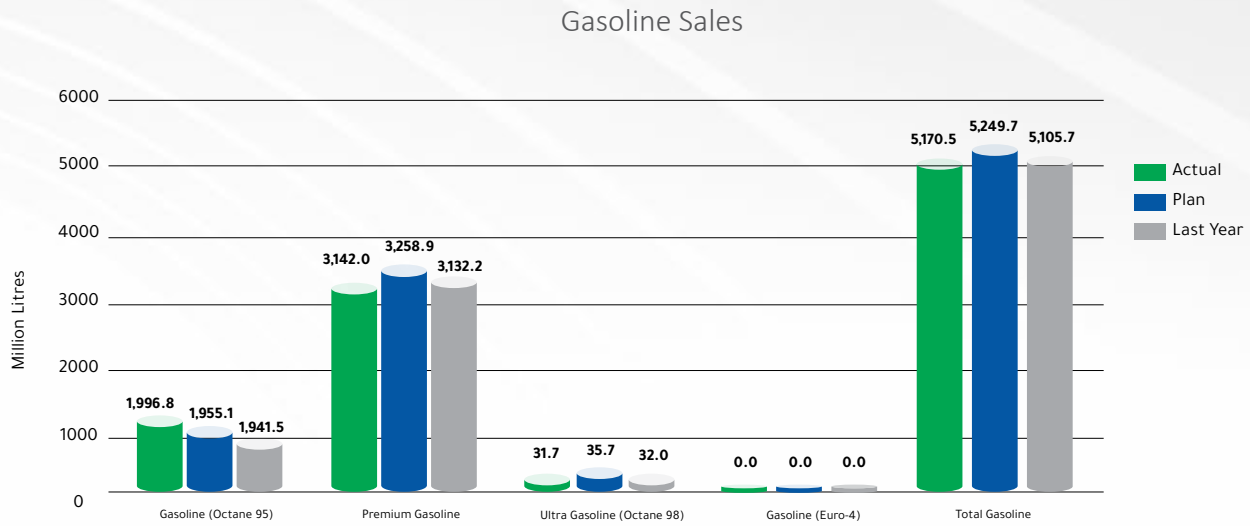
Local Market Sales

Local market sales saw a slight increase during the 2025/2026 fiscal year compared to the previous year. The data below presents a detailed comparison of local marketing sales for 2025/2026, measured against both the planned targets and the actual figures achieved during the 2024/2025 fiscal year.

A - Local Marketing Fuel Sales:

Local Marketing Fuel Sales

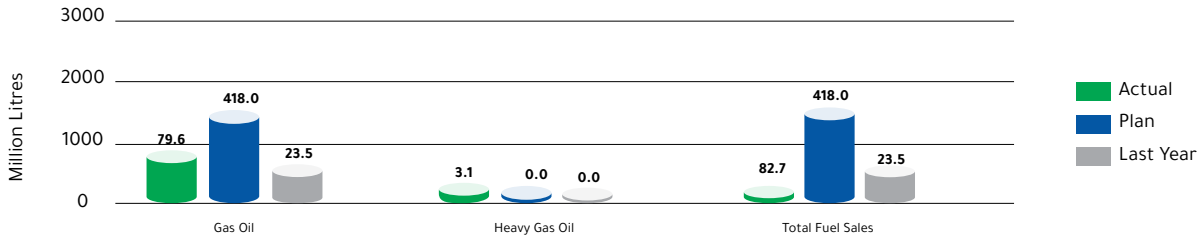




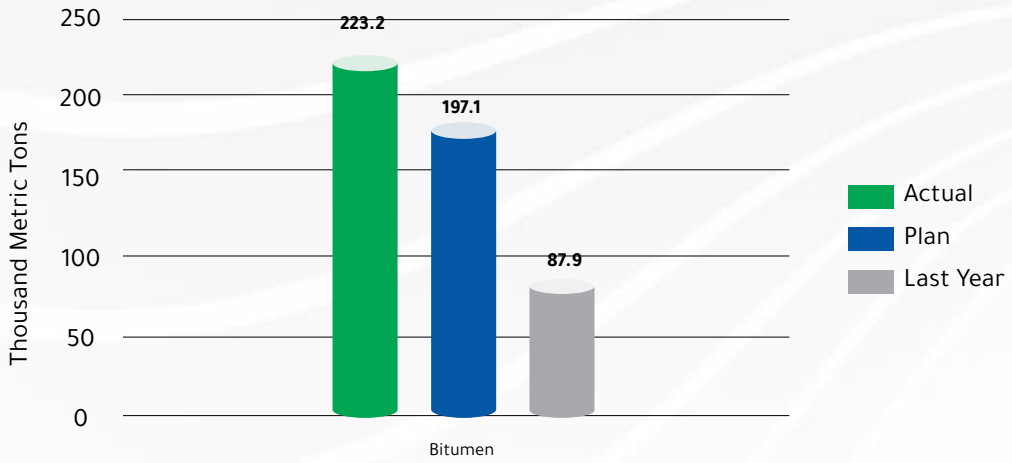
The Following Table Shows the Deviation Percentage From the Plan and the Fiscal Year 2024/2025:

Product	% Change from Plan	% Change from Last Year
Gasoline	(1.5)	1.3
Kerosene	(50.7)	(52.3)
Gas Oil	9.4	7.3
Total Fuel Sales	1.5	2.6

B - Fuel Sales to the Ministry of Electricity and Water:



C - Bitumen Sales:



Local Marketing Sales (Million liters)

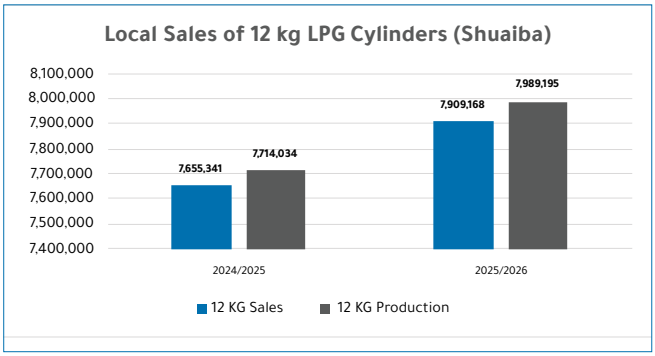
	Fiscal Year 2025/2026			Fiscal Year 2024/2025	% Increase (decrease) Compared to Fiscal Year 2024/2025
	Actual	Plan	% Increase (decrease) Compared to Plan		
Super Gasoline (95 Octane)	1,996.8	1,955.1	2.1	1,941.5	2.8
Premium Gasoline	3,142.0	3,258.9	(3.6)	3,132.2	0.3
Ultra Gasoline (98 Octane)	31.7	35.7	(11.0)	32.0	(0.7)
Gasoline (Euro-4)	0.0	0.0	0.0	0,0	0.0
Total Gasoline Sales	**5,170.5**	**5,249.7**	**(1.5)**	**5,105.7**	**1.3**
Kerosene	51.8	105.0	(50.7)	108.5	(52.3)
Gas Oil (Local Market)	2,902.4	2,653.1	9.4	2,705.1	7.3
Gas Oil (Euro-4)	0.0	0.0	0.0	0.0	0.0
Total Fuel Sales to Local Marketing	**8,124.7**	**8,007.8**	**1,5**	**7,919.3**	**2.6**
Gas Oil to the Ministry of Electricity & Water	79.6	418.0	(81.0)	23.5	239.3
Heavy Fuel Oil to the Ministry of Electricity & Water	3.1	0.0	-	0.0	-
Total Sales to the Ministry of Electricity and Water	**82.7**	**418.0**	**(80.2)**	**23.5**	**(252.5)**
Total Fuel Sales	**8,207.4**	**8,425.8**	**(2.6)**	**7,942.8**	**3.3**
Bitumen (Metric Tons)	223,174.0	197,131.0	13.2	87,850.0	154.0

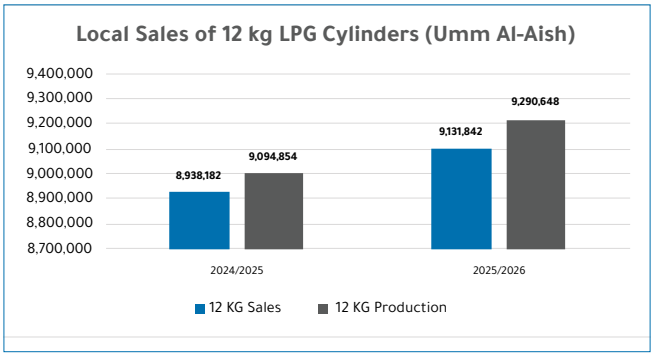
Development of Local Marketing Sales (Million Liters) During the Years 2015/2016 – 2024/2025

Products	16/2017	17/2018	18/2019	19/2020	20/2021	21/2022	22/2023	23/2024	24/2025	25/2026
Super Gasoline (Octane 95)	2418.3	1683.8	1615.0	1550.8	1217.6	1614.7	1808.5	1870.6	1941.5	1996.8
Premium Gasoline	1663.3	2627.7	2835.4	2884.5	2273.4	2798.7	3042.4	3111.4	3132.2	3142.0
Ultra Gasoline (Octane 98)	68.6	50.8	49.3	48.7	43.5	52.2	40.0	34.7	32.0	31.7
Gasoline (Euro-4)	0.03	0.05	0.05	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Total Gasoline Sales	4150.0	4362.3	4499.8	4484.0	3534.6	4465.6	4891.1	5016.7	5105.7	5170.5
Kerosene	141.0	158.0	169.1	163.4	108.8	176.6	171.7	112.2	108.5	51.8
Gas Oil (For Local Market)	1823.0	2038.1	2183.0	2269.3	1915.7	2020.3	2550.6	2515.6	2705.1	2902.4
Gas Oil (Euro-4)	0.0	0.02	0.04	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel Sales for Local Market	6114.0	6558.4	6851.9	6916.7	5559.1	6662.5	7613.4	7644.5	7919.3	8124.7
Gas Oil for the Ministry of Electricity and Water	1061.3	711.1	618.1	866.4	1074.0	857.5	1068.2	64.8	23.5	79.6
Fuel Oil for the Ministry of Electricity and Water	7097.8	6694.6	6089.4	5981.9	3556.7	5567.6	5936.1	418.4	0.0	3.1
Total Sales to the Ministry of Electricity and Water	8159.1	7405.7	6707.4	6848.3	4630.7	6425.1	7004.3	483.2	23.5	82.7
Total Fuel Sales	14273.1	13964.1	13559.3	13765.0	10189.8	13087.6	14617.6	8127.7	7942.8	8207.4
Bitumen (Metric Tons)	112877.0	147593.0	229654.0	301025.0	323652.0	232293.0	107530.0	126380.0	87850.0	223174.0

LPG Filling Plants

- Shuaiba LPG Filling Plant produced approximately 7,989,195 cylinders of 12 kg capacity, a 3.57% increase over the previous fiscal year, with total sales reaching 7,909,168 cylinders, up 3.32%.
- Meanwhile, Umm Al-Aish LPG Filling Plant produced approximately 9,290,648 cylinders of the same capacity, reflecting a 2.2% rise year-on-year, with total sales of 9,131,842 cylinders, also up 2.2%. Both plants demonstrated consistent growth across production and sales.
- Distribution operations are supported by a network of 83 gas branches nationwide.





Kuwait Aviation Fuelling Company (KAFCO)

- KAFCO recorded a net profit of KD 1,859,657 for fiscal year 2025/2026, a decline of KD 17,788,289 or 90.5% compared to KD 19,647,857 in the previous fiscal year.
- Total expenses rose sharply to KD 24,043,925, up KD 11,903,050 or 98% from KD 12,140,875 in fiscal year 2024/2025.
- The Company's combined sales volume of (Jet A-1) and (JP-8) aviation fuel FY 2025/2026 reached 895,203,467 litres, reflecting a decrease of 80,352,997 litres or 8.24% 975,556,464 litres of the previous FY 2024/2025.
- A total of 50,856 aircraft were refuelled with (Jet A-1) fuel at Kuwait International Airport, while 693 aircraft received (JP-8) fuel.
- On the business development front, KAFCO secured a notable win through the Arab Air Carriers Organisation (AACO) tender, being selected to provide refuelling services to Kuwait Airways at airports in Colombo (Sri Lanka), Salalah (Oman), and Najaf (Iraq), effective fiscal year 2026/2027.
- Additionally, KAFCO signed a three-year fuelling services contract with Amiri Diwan at Kuwait Airport.



Kuwait Aviation Fuelling Company (KAFCO)

Innovation, Digital Transformation, and Scientific Research

- Kuwait National Petroleum Company (KNPC) achieved outstanding global performance in Corporate innovation, securing a position within the top quartile among leading international oil and gas companies. This was determined through a study conducted by Abdullah Al-Salem University in partnership with Sweden's Innovation 360 Group, announced during a workshop hosted by KNPC. Furthermore, the Company claimed first place within the Kuwaiti Oil Sector and earned recognition among top regional and global energy companies in a parallel study by the American consulting firm Boston Consulting Group. These achievements underscore the Company's unwavering dedication to cultivating an innovation-driven culture as a cornerstone of sustainable growth and strengthened competitive positioning.
- The Company launched the executive programme of the Digital Transformation Strategy for the Kuwaiti Oil Sector, encompassing 24 digital initiatives with potential for future expansion. These initiatives are designed to elevate the sector's role, enhance operational performance, boost profitability, and strengthen competitiveness. The programme plays a pivotal role in enabling Kuwait Petroleum Corporation (KPC) to realise its 2040 Strategy Objectives, while supporting the ambitions of Kuwait Vision 2035. By developing the oil sector's capabilities, the programme aims to generate added value and deliver greater contribution to the national economy.
- KNPC successfully concluded the fifth edition of its Corporate Hackathon in May 2025, with a primary focus on developing support services across the sector. The initiative was designed to enhance Employee skills and capabilities, empowering them to devise effective solutions to sector challenges, with benefits extending across technical and administrative Departments.

  A total of 124 Employees from various Departments participated in the event, sponsored by the Company's Innovation Committee in collaboration with the Information Technology Department. This



Kuwait Petroleum Corporation Excellence Awards

edition was specifically tailored to equip Employees with cutting-edge global digital skills, with particular emphasis on artificial intelligence (AI). A standout outcome of the Employee Hackathon was the development of "SAIF" application, a collaborative AI-powered virtual Employee capable of learning from the Company's internal data and providing intelligent assistance across multiple work areas.

- Oil and Gas Accounting System (OGAS) was successfully upgraded using the Oracle APEX platform, delivering significant improvements in user experience, system flexibility, performance, and functionality. The enhancements enable more efficient fulfilment of operational requirements, with the system now supporting daily tank inventory tracking, inter-refinery transfer (IRT) management, and the generation of essential financial reports for the Finance Department.
- The internal contractor performance evaluation system (Scorecards 360 – K-Tendering) underwent successful Digital Transformation through full integration into the K-Tendering System utilised by Kuwait Petroleum Corporation (KPC) and its subsidiaries. The application offers ready-made evaluation templates tailored to specific scopes of work, enabling comprehensive and streamlined assessments of Contractor performance.
- Monthly procurement requests for inventory materials related to maintenance and shutdown activities were successfully automated, streamlining the purchase request submission process and significantly reducing manual effort and processing time. This advancement has accelerated the procurement cycle, freeing Employees to redirect their focus toward more strategic and developmental responsibilities.

Kuwait Aviation Fuelling Company (KAFCO)

KAFCO achieved several significant accomplishments contributing to Digital Transformation, aligned with both the KPC's and KNPC's Digital Transformation vision, reflected in the followings:

- An internal system was developed to track updates to Quality Management System documents (ISO Tracker), streamlining review and update processes with greater accuracy and efficiency.
- Additionally, an independent system was established for managing the operating expenditure budget, enabling automated monitoring of budget items and departmental expenses while considerably reducing the need for manual follow-up.



The Company's Participation in the 2nd Kuwait Digital Transformation Conference in the Oil and Gas Sector


30

Chapter Two

Our Environment

Kuwait National Petroleum Company (KNPC) is committed to achieving carbon neutrality, aligning with Kuwait's net-zero emissions target for the oil and gas sector by 2050. To advance this goal, the Company is actively implementing key initiatives outlined in its "Energy Transition Strategy 2050."











Energy Transition

In alignment with Kuwait Petroleum Corporation (KPC) Energy Transition Strategy 2050, and in response to global shifts toward sustainable energy and carbon emissions reduction, Kuwait National Petroleum Company (KNPC) has established a "Sustainability Committee" in cooperation with Kuwait Integrated Petroleum Industries Company (KIPIC).

The Committee oversees the implementation of Energy Transition Strategy and Environmental, Social, and Governance (ESG) initiatives, while monitoring progress toward KPC's 2050 Strategy and Kuwait's carbon neutrality commitment. Key initiatives under this framework are driving meaningful change across KNPC's operations and reinforcing its dedication to a sustainable energy future, including:

Improving Energy Efficiency

This initiative aims to enhance energy efficiency through equipment and technology upgrades, waste heat recovery, and optimised energy consumption across operational units, reducing carbon emissions across KNPC's Refineries. Key projects currently being implemented include:

- Energy Efficiency Improvement Project at Mina Al-Ahmadi and Mina Abdullah Refineries.
- Air Preheater (APH) Revamp Project for Hydrogen Production Units at Mina Abdullah Refinery.
- Steam System Restructuring Project (SSRP) at Mina Abdullah Refinery.
- Replacement of conventional lighting with energy-efficient systems at LPG Filling Plants in Shuaiba and Umm Al-Aish.

Flare Gas Reduction

As one of KPC's major Energy Transition initiatives toward carbon neutrality, this effort aims to reduce greenhouse gas emissions and achieve zero routine flaring at Mina Al-Ahmadi and Mina Abdullah Refineries. Key projects include:



The Company Top Management Contributing to the Planting of Sidr Seedlings

- Minimum Flare Gas Reduction Project at Mina Al-Ahmadi Refinery and Gas Plant.
- Minimum Flare Gas Reduction Project at the Clean Fuels Units in Mina Al-Ahmadi Refinery.
- Flare Gas Reduction Project at the Clean Fuels Units in Mina Abdullah Refinery.

Notably, the flare gas recovery units previously established at Mina Al-Ahmadi and Mina Abdullah Refineries were among Kuwait's first projects registered under the Clean Development Mechanism (CDM) within the United Nations Framework Convention on Climate Change (UNFCCC), making Kuwait the second country in the region after Qatar to implement such projects.

These projects deliver considerable economic benefits by recovering and reusing refinery gases as an energy source, reducing overall energy consumption. More importantly, they provide significant environmental benefits by preventing harmful gases from being released into the atmosphere, thereby substantially lowering emissions.

Establishing Electric Vehicle Charging Points at Filling Stations

This initiative focuses on studying the provision of electric vehicle charging points at KNPC's fuel filling stations, aligning with the global shift toward electric mobility as a key carbon reduction strategy. The completed study concluded that 176 charging points will be required across the Company's filling stations by 2050.

Carbon Emissions Reduction

In pursuit of KPC's net-zero carbon emissions goal by 2050, KNPC and KIPIC have completed a preliminary feasibility study on renewable energy sources and alternatives, developing an integrated roadmap to reduce carbon emissions. The roadmap encompasses short, medium, and long-term solutions, including solar power applications, carbon capture, utilisation and storage (CCUS) technologies, carbon offset mechanisms, and the replacement of conventional fuels with blue hydrogen.

Biofuels / Low-Carbon Fuels

In alignment with the Sustainable Development Goals, particularly climate action, KNPC has introduced several initiatives for which detailed feasibility studies will be conducted on the import, blending, and production of sustainable and low-carbon aviation fuels. These will be presented to KNPC and KPC Sustainability Committees for roadmap approval and implementation by 2050:

- Importing and blending Sustainable Aviation Fuel (SAF).
- Establishing a biorefinery for the production of Sustainable Aviation Fuel (SAF).
- Producing Low-Carbon Aviation Fuel (LCAF).

In response to evolving global oil and gas industry developments, KNPC, in coordination with KPC, will continue updating its long-term Strategic Plan through 2050, encompassing all major sectors, operational activities, and functional areas, including the Energy Transition Strategy. The update process is expected to commence shortly, incorporating future oil and gas projections from Kuwait Oil Company (KOC) and opportunities to further strengthen integration with the petrochemical sector.

Health, Safety, Security and Environment

- KNPC successfully rehabilitated the operational area at Product Transfer and Loading Unit No. (19) at Mina Al-Ahmadi Refinery using internal resources, substantially reducing costs compared to external contracting.

The project addressed critical operational and environmental challenges, including underground seawater accumulations mixed with oily soil and deteriorating concrete structures and infrastructure. A comprehensive scope of work was executed, encompassing groundwater extraction, contaminated soil removal, installation of a permanent drainage system, and full rehabilitation of concrete infrastructure. This integrated approach delivered a sustainable, long-term solution that completely eliminated existing environmental and operational risks.

- The Company participated in the United Nations Climate Change Conference (COP30) in Belém, in coordination with the Environment Public Authority (KEPA) and relevant authorities, to discuss international climate commitments and the impacts of climate change on Kuwait.
- Health, Safety and Environment Department organised a seasonal influenza and winter diseases vaccination campaign for Employees and Contractor staff at the Company's Head Office, Mina Al-Ahmadi Refinery, and Mina Abdullah Refinery, in cooperation with the Preventive Medicine and Occupational Health Department at Ahmadi Hospital. Additionally, the Department conducted several health awareness campaigns and lectures covering mental health, addiction awareness, healthy lifestyle practices, and mental recharge, alongside a Social Welfare Committee lecture on suicide prevention. Blood donation campaigns were also held across various Company locations.
- KNPC Security and Fire Department successfully commissioned two in-house fire truck pump simulators to provide practical training for firefighting personnel on operating emergency vehicles. The advanced simulators are expected to significantly enhance operator competency while conserving vital resources, including water and firefighting foam, as all fire scenarios are virtually simulated through the systems.

Kuwait Aviation Fuelling Company (KAFCO)

- An environmental monitoring system using the D-5E ENVIROMUX NTI tool was installed to monitor temperature and humidity levels and alert the Technical Team of any malfunctions.
- Multi-Factor Authentication (MFA) was activated to verify user identities and strengthen system protection against unauthorised access.
- Health, Safety and Environment Department, in coordination with the General Services Department, organised a winter disease vaccination awareness campaign in cooperation with Ahmadi Hospital (Kuwait Oil Company).
- The Company participated in a Category III emergency exercise on the runway in the northern zone of Kuwait International Airport, coordinated with relevant authorities including Directorate General of Civil Aviation, Ministry of Interior, Kuwait Fire Force, Ministry of Health, and other entities. The exercise simulated a fire incident involving a fuel supply vehicle with casualties.



Chapter Three

Our Employees

By the end of the fiscal year, the Company's total workforce reached 6,441 Employees, following the appointment of 171 Kuwaiti and non-Kuwaiti staff and the transfer of 204 Employees from Kuwait Oil Tanker Company (KOTC) after the Liquefied Gas Cylinder Filling Plants were transferred to Kuwait National Petroleum Company (KNPC). The Kuwaitization rate stood at 92.82% of the total workforce. Training and development remained a priority, with 1,205 courses delivered to 6,542 Employees through internal and external programmes, including initiatives at the Petroleum Training Centre. These efforts encompassed a range of lectures and specialised training programmes designed to cultivate qualified human resources.











Workforce

At the end of the fiscal year, the total operational and non-operational workforce across KNPC and KAFCO reached 6,441 Employees, reflecting a net increase of 36 Employees compared to the previous fiscal year. During the year, 171 newly appointed Kuwaiti and non-Kuwaiti Employees from various specialties joined the Company, surpassing the planned target of (140). Additionally, 204 Employees were transferred from Kuwait Oil Tanker Company (KOTC) following the formal transfer of ownership of the liquefied gas cylinder filling plants from KOTC to KNPC. Kuwaiti Employees, including KAFCO staff, totalled 5,979 at year-end, representing a Kuwaitization rate of 92.82% of the total workforce.

The tables below provide a comprehensive analysis of the workforce by nationality and Department, along with a summary of changes occurring throughout the year and workforce trends spanning the period from 2016/2017 through 2025/2026.

Analysis of Employee Headcount
and Kuwaiti Workforce Percentage Across Departments

Department	31/03/2025			31/03/2026			Department Employee Number Per budget
	Employee Number	Kuwaiti Workforce		Employee Number	Kuwaiti Workforce		
		Number	%		Number	%	
Head Office*	820	801	97.7	805	788	97.9	945
Local Marketing	197	196	99.5	191	191	100	213
HSE	191	127	66.5	205	141	68.8	244
Security & Fire	895	892	99.7	909	906	99.7	961
MAB	1,761	1,596	90.6	1,709	1,550	90.7	1925
MAA	2,485	2,252	90.6	2,415	2,198	91.0	2653
LPG Filling Plant Branches	-	-	-	153	151	98.7	180
Subtotal	6,349	5,864	92.4	6,387	5,925	92.8	7,121
Retraining**	-	-	-	-	-	-	-
Total	6,349	5,864	92.4	6,387	5,925	92.8	7,121

*Includes Top Management and Departments: Legal, Corporate Planning, Corporate Communication, Human Resources, Finance, General Services, Projects 1, Projects 2, Commercial, Training and Career Development, Management Support, Risk Management, Manufacturing Optimization Group, Research and Technology, and Information Technology.

**This item was created to include Employees who need to be reassigned to Departments based on the results of a workforce optimization study.

Company Employees Distribution by Gender

Category	Number of Male	Percentage	Number of Female	Percentage	Total
Top Management	5	71.4	2	28.6	7
Managers	25	80.6	6	19.4	31
Team Leaders	136	86.1	22	13.9	158
Remaining Employees	5,554	89.7	637	10.3	6,191
Total	5,720	89.7	667	10.3	6,387

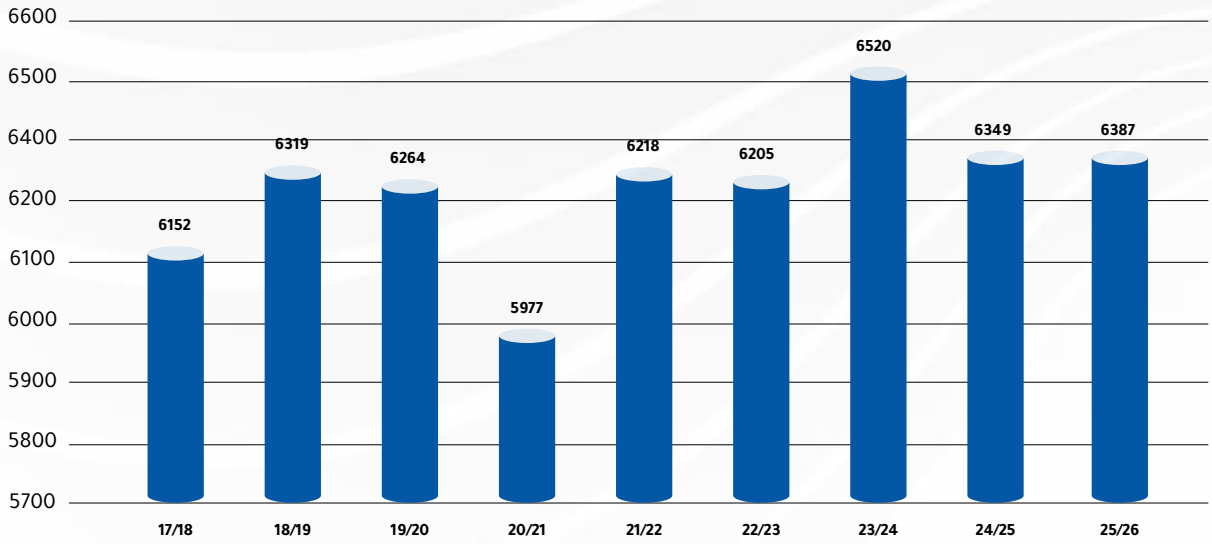
Company Employees Distribution by Nationality

Nationality	Number of Employee			Percentage of the Total Workforce	
	31/03/2025	31/03/2026	Change	31/03/2025	31/03/2026
				%	%
Kuwaiti	5,864	5,925	61	92.4	92.8
Other Arab Nationalities	76	76	0	1.2	1.2
Sub-total	5,940	6,001	61	93.6	94.0
Non-Arab Nationalities	409	386	-23	6.4	6.0
Total	6,349	6,387	38	100.0	100.0



The LPG Filling Branch Affiliated with KNPC

Company Workforce Growth for the Period 2016/2017 to 2025/2026



KAFCO Workforce

Department	31/03/2025			31/03/2026			Number of Department Employees Per Budget
	Number of Employees	Kuwaiti Workforce		Number of Employees	Kuwaiti Workforce		
		Number	%		Number	%	
General Manager Office	7	7	100	5	5	100	9
Finance, Admin and Support Services Department	16	16	100	14	14	100	18
Operations, Maintenance and Technical Services Department	33	33	100	35	35	100	39
Total	56	56	100	54	54	100	66

Employee Engagement

As part of its commitment to fostering a positive work environment and strengthening organisational belonging, the Company implemented several initiatives under the Employee Engagement project. By the end of March 2026, all objectives related to these initiatives had been fully achieved across the Company's various Departments, reflecting a 100% implementation rate.

Training and Career Development

Throughout the fiscal year, the Company delivered a broad range of development courses, seminars, workshops, and lectures covering topics aligned with Employees' professional requirements. These were organised in collaboration with local institutions, including Kuwait Petroleum Corporation's (KPC) Petroleum Training Centre, as well as international companies.

A total of 395 local courses were conducted, engaging 4,947 Employees, while 846 external courses were attended by 1,595 Employees. Additionally, several Petroleum Training Centre programmes involved 1,633 Employees. Collectively, these efforts reflect the Company's ongoing commitment to building qualified, motivated human resources through diverse and targeted training, including the following:

- During the fiscal year 2025/2026, (57) male and female trainees completed the Structured On-the-Job Training (S-OJT) programme, bringing the total number of graduates to 1,247 since the programme's inception. A full training curriculum for the Contracts Engineer position in the Commercial Department was also completed and added to the programme, raising the total number of covered job roles to 88 positions.
- Several notable training initiatives were implemented during the year, including:
  - The training of 204 Employees through virtual reality and augmented reality technologies at the Smart Workshop.
  - Virtual simulation-based training for 91 Control Room Operators.
  - Specialised training for 69 newly recruited Field Operators.
  - And 270 students from the Public Authority for Applied Education and Training (PAAET) successfully



Human Capital Represents the Company's Real Asset

completed their refinery training programmes, encompassing both the Bachelor of Chemical Engineering and the Diploma in Refinery Operations.

- As part of the ongoing cooperation between Kuwait National Petroleum Company and Duqm Refinery (OQ8) and Petrochemical Industries Company, Mina Al-Ahmadi Refinery hosted a delegation from Duqm Refinery to facilitate the exchange of expertise and knowledge. The visit featured presentations on KNPC's Refineries, Core activities, products, and Corporate Social Responsibility role, alongside a technical overview of the Company's production and export operations.
- In collaboration with Kuwait Integrated Petroleum Industries Company, KNPC organised an intensive training programme at Safir Hotel, Kuwait, targeting more than 34 process Engineers from Mina Al-Ahmadi, Mina Abdullah, and Al-Zour Refineries. The programme was delivered by experts from Honeywell UOP, a globally recognised leader in innovative technologies across oil refining, gas processing, and petrochemicals. It was designed to enhance participants' technical capabilities by equipping them with the knowledge and tools necessary for effective troubleshooting, improving operational efficiency, and identifying optimisation opportunities within their respective operating units.

Kuwait Aviation Fueling Company (KAFCO)

- The Company implemented Talent Management Project between October 2025 and February 2026, with the participation of 19 Employees.
- A total of 27 Employees participated in external training programmes delivered by Kuwait Petroleum Corporation-accredited providers.
- A total of 19 Employees attended local conferences and exhibitions and 14 participated in regional and international events.
- Individual Development Plans (IDPs) were prepared for all Employees at Team Leader level and below, covering 49 Employees, with all approved training and development activities within each plan successfully implemented.



Company Female Employees Engaged in Field Assignments


KNPC

Chapter Four

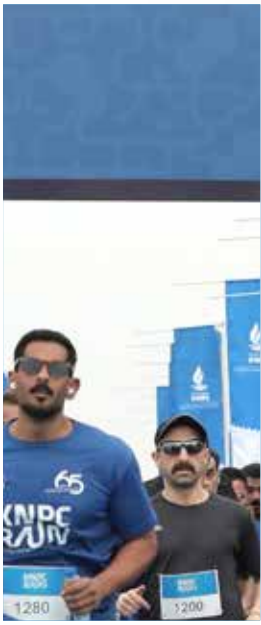
Our Community

Kuwait National Petroleum Company's role extends beyond strengthening the national economy and securing reliable energy supplies; it embraces a strong social commitment within Kuwait.

The Company actively sponsors social, cultural, and sports activities while providing donations to organisations supporting Persons with Disabilities and public benefit associations.


1009
1789
1838
1068


1069


KNPC
RUN
1280
1200





Promoting Local Economic Development

Aligned with Kuwait Petroleum Corporation Local Content Strategy 2040, Kuwait National Petroleum Company (KNPC) is committed to strengthening local content within the national economy. This commitment is reflected across Company implemented projects, focusing on increasing the share of national products and local services in total procurement. The Company also pursues initiatives designed to generate direct and indirect employment opportunities for Kuwaiti nationals within the Company.

By the end of March 2026, the Company's local content reached approximately 65.1% for the 2025/2026 fiscal year, surpassing the annual target of 50% measured across total operating and capital expenditures, as illustrated below:

Local Content for the Fiscal Year 2025/2026 Million Kuwaiti Dinars	
Local Content of Operating Expenses	236.0
Local Content of Capital Expenditures	18.3
Total Local Content	254.3
Total Overall Expenses (Operating and Capital)	390.8

Our Corporate Social Responsibility

- As part of its Social Responsibilty and its commitment to sustainability and environmental protection, the Company launched an initiative to paint several main highway bridges, carried out in cooperation with the Urban Development and Green Initiatives Committee. The event was chaired by Al-Ahmadi Governor Sheikh Hamoud Jaber Al-Ahmad Al-Sabah, in attendance of Mubarak Al-Kabeer Governor and Acting Hawalli Governor Sheikh Sabah Bader Sabah Al-Salem Al-Sabah.
- The Company also celebrated the first cohort of female police officers upon completing a specialised training course focused on security awareness in oil facilities. Organised by the Security and Fire Department, this landmark programme, the first of its kind dedicated to female personnel, underscores the Company's commitment to fostering a strong security culture. Recognising that adherence to security standards is vital to operational success, the initiative ensures a safe working environment, supports smooth workflow across oil facilities, and empowers all personnel to fully meet their duties and responsibilities with professionalism and confidence.
- The Company organised a running race that drew more than 5,000 participants of both genders, held in the presence of Kuwait Petroleum Corporation CEO, Sheikh Nawaf Saud Al-Sabah and KNPC CEO, Wadha Ahmed Al-Khateeb. Starting from Souq Sharq, the race offered two distances; 5,000 metres and 10,000 metres, and was supervised by the Ministry of Interior to ensure safe and seamless execution. The event coincided with World Diabetes Day, reflecting the Company's commitment to promoting healthy lifestyles and raising awareness about chronic disease prevention. Complementing the race, a range of health awareness activities were held throughout the day, concluding with prize distribution for male and female winners alongside raffle prizes for attendees.
- Further demonstrating its Corporate Social Responsibility, the Company took a meaningful step in strengthening humanitarian efforts within Kuwaiti society by distributing in kind aid packages to Kuwait Red Crescent Society. These packages included essential equipment and supplies to support individuals in need, forming part of the Company's ongoing cooperation with Kuwait Red Crescent Society to advance charitable and relief initiatives.
- Represented by Shuaiba and Umm Al-Aish Liquefied Gas Filling Plants, the Company organised a series of coordination meetings in 2025 with representatives of consumer cooperative societies.

These meetings aimed to ensure the safe and efficient delivery of gas cylinders to consumers, addressing key topics including transportation and storage safety procedures, the organisation of used cylinder sorting, and the streamlining of filling and distribution processes.

Discussions also covered preparations for launching an electronic application to manage supply requests from cooperatives, along with coordination for distributing red cylinders (25 kg) to the commercial sector. These meetings highlight the importance of cross-stakeholder collaboration in delivering the highest standard of customer service, while maintaining safety, cleanliness, and operational efficiency across all loading and unloading areas.

Kuwait Aviation Fuelling Company (KAFCO)

- To foster Employee Engagement and strengthen teamwork across the Company, Corporate Communication and General Services Departments delivered a series of meaningful initiatives throughout the 2025/2026 fiscal year, including:

- The Departments organised the Company's annual celebration on 31 December 2025 at the Waldorf Astoria Hotel, bringing together management and Employees for a full day of recreational activities. The event included a dedicated ceremony honouring long-serving Employees, retirees, and staff who demonstrated outstanding talents and achievements in sports and other fields.
- A group Umrah pilgrimage trip was also organised for Company Employees in January 2026, with all related arrangements fully coordinated to ensure a smooth and fulfilling experience.
- Reflecting its commitment to Social Responsibility and youth empowerment, the Company sponsored and supported a selection of sports events and championships. This included participation in the Porsche Kuwait Festival, held on 6 and 7 February 2026 at Kuwait Motor Town, where the Company established a dedicated booth to support participating colleagues and warmly welcome festival guests.



The Governors of Al-Ahmadi, Mubarak Al-Kabeer, and Hawalli Participate in the KNPC's Initiative to Paint Several Main Road Bridges

Chapter Five

Financial Report

Kuwait National Petroleum Company achieved KD 1,127.7 million in profits, with total revenues amounted to KD 9.95 billion.











Company Financial Results for the Fiscal Year 2025/2026

The data presented in this report outlines the financial results covering the fiscal year ended 31 March 2026, compared to the previous year ended 31 March 2025. Total assets reached KD 11,073,699,662, rising by KD 892,063,300 from KD 10,181,636,362 recorded the prior year.

Revenue:

Total revenue amounted to KD 9,947,006,626, reflecting a decline of KD 2,316,588,645 against the previous year's figures, attributed to factors detailed in the accompanying financial breakdown:

Statement	Kuwaiti Dinars	
	2025/2026	2024/2025
Refining Operations Revenue	7,210,011,632	8,275,817,760
LNG Operations Revenue	2,048,702,076	3,295,427,203
KAFCO Revenue	165,060,047	202,922,565
Kuwait Aromatics Company Revenue	523,874,151	520,775,349
Car Wash Station Revenue	718,200	393,389
Other Revenues*	(1,359,480)	(31,740,995)
Total Revenue	9,947,006,626	12,263,595,271

*Includes interest on deposits, foreign exchange differences, investment returns from associated Company, and revenues from selling used catalysts, obsolete materials, and deteriorated assets.

Additionally, the Company continued marketing petroleum products locally on behalf of Kuwait Petroleum Corporation, with sales reaching KD 801,159,420 compared to KD 752,826,621 the previous year.

Profit and Loss

The Company recorded a net profit of KD 1,127,685,078 for fiscal year 2025/2026, a significant rise compared to KD 229,544,701 the previous year. The following breakdown details profits and losses across the Company's various business activities:

Statement	Kuwaiti Dinars
Profits (Losses) from Refining and Gas Operations	1,229,418,933
Profits (Losses) from KAFCO Operations	1,859,657
Profits (Losses) from Kuwait Aromatics Company*	(16,795,044)
Profits (Losses) from Local Marketing Activities	412,521
Other Revenues	(14,600,978)
Provisions	(72,536,011)
Board of Directors' Remuneration	(74,000)
Total Profits (Losses)	1,127,685,078

*Kuwait Aromatics Company's sales profits for the fiscal year 2025/2026 represent 60%.

Kuwait National Petroleum Company K.S.C. and its subsidiaries State of Kuwait

Independent auditor's report and consolidated financial statements for the year ended 31 March 2026

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State of Kuwait

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Independent auditor's report

The Shareholder
Kuwait National Petroleum Company K.S.C. and its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait National Petroleum Company K.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 March 2026, 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 ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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) (the "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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Board of Directors' report included in the Group's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

KPMG Al-Qenae & Partners, a Kuwaiti Public Accountant and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association, as amended. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognised procedures and the accounting information given in the Board of Directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the year ended 31 March 2026 that might have had a material effect on the business of the Company or on its consolidated financial position.



Dr. Rasheed M. Al-Qenae
License No 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

Kuwait: 28 April 2026

Kuwait National Petroleum Company K.S.C.
and its subsidiaries
State of Kuwait

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2026

	Note	2026 KD'000	2025 KD'000
Revenue	*5*	10,029,531	12,358,304
Cost of sales	*6*	(8,651,266)	(11,923,250)
Gross profit		1,378,265	435,054
General and administrative expenses	*7*	(17,115)	(17,405)
Staff costs		(158,370)	(154,329)
Other income	*8*	23,234	22,214
Provisions	*9*	(72,536)	(2,617)
Share of results of investment in a Joint Venture	*15*	8,919	8,817
Finance costs		(44,843)	(71,501)
Finance income		8,288	10,041
Other expenses	*10*	(12,260)	-
Foreign exchange gain / (loss)		3,043	(1,312)
Profit before board of directors' remuneration		1,116,625	228,962
Board of directors' remuneration		(137)	(112)
Profit for the year		1,116,488	228,850
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(423)	(9,785)
Other comprehensive loss for the year		(423)	(9,785)
Total comprehensive income for the year		1,116,065	219,065
Profit attributable to:			
Shareholders of the Company		1,127,685	229,545
Non-controlling interests	*24*	(11,197)	(695)
Profit for the year		1,116,488	228,850
Total comprehensive income attributable to:			
Shareholders of the Company		1,126,553	230,302
Non-controlling interests		(10,488)	(11,237)
Total comprehensive income for the year		1,116,065	219,065

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait National Petroleum Company K.S.C.
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Consolidated statement of financial position
as at 31 March 2026

	Note	2026 KD'000	2025 KD'000
Assets			
Property, plant and equipment	11	5,391,996	5,603,680
Intangible assets	13	20,233	24,184
Right-of-use assets	14	7,550	7,548
Deferred expenses	12	37,991	28,773
Investment in a Joint Venture	15	47,100	44,960
Receivable from the Parent Corporation	18	380,578	357,623
Non-current assets		5,885,448	6,066,768
Inventories	16	945,334	669,074
Trade receivables	17	157,012	186,816
Due from related parties	18	3,769,169	2,918,728
Funds held by the Parent Corporation	18	112,140	146,956
Other receivables and prepayments	19	105,419	89,403
Term deposits	20	307	2,576
Cash and cash equivalents	21	98,871	101,315
Current assets		5,188,252	4,114,868
Total assets		11,073,700	10,181,636
Equity and liabilities			
Share capital	22	1,587,000	1,587,000
Statutory reserve	23	493,347	380,579
Foreign currency translation reserve		14,014	15,146
Acquisition reserve		27,006	27,006
Sub total		2,121,367	2,009,731
Non-controlling interests	24	143,943	158,475
Total equity		2,265,310	2,168,206
Loans and borrowings	25	-	571,397
Employees' end of service benefits	26	396,432	414,067
Financing received from the Parent Corporation	18	6,480,036	6,177,647
Lease liabilities	14	7,608	7,593
Non-current liabilities		6,884,076	7,170,704
Loans and borrowings	25	508,381	347,574
Lease liabilities	14	3,371	1,938
Trade payables		4,358	4,301
Other payables and accruals	27	380,938	282,269
Dividends payable	28	1,014,917	206,590
Due to related parties	18	12,349	54
Current liabilities		1,924,314	842,726
Total liabilities		8,808,390	8,013,430
Total equity and liabilities		11,073,700	10,181,636

The accompanying notes form an integral part of these consolidated financial statements.

Hamza Abdullah Bakhash
Chairman

Wadha Ahmad Al-Khateeb
Chief Executive Officer

Kuwait National Petroleum Company K.S.C.
and its subsidiaries
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Consolidated statement of changes in equity

for the year ended 31 March 2026

	Share capital KD'000	Statutory reserve KD'000	Foreign currency translation reserve KD'000	Retained earnings KD'000	Acquisition reserve KD'000	Sub-total KD'000	Non controlling interests KD'000	Total KD'000
Balance at 1 April 2024	1,587,000	357,624	14,389	-	27,006	1,986,019	169,712	2,155,731
Profit / (loss) for the year	-	-	-	229,545	-	229,545	(695)	228,850
Other comprehensive income / (loss)	-	-	757	-	-	757	(10,542)	(9,785)
Total comprehensive income / (loss) for the year	-	-	757	229,545	-	230,302	(11,237)	219,065
Transfer to reserves	-	22,955	-	(22,955)	-	-	-	-
Dividends payable (note 28)	-	-	-	(206,590)	-	(206,590)	-	(206,590)
Balance at 31 March 2025	1,587,000	380,579	15,146	-	27,006	2,009,731	158,475	2,168,206
Balance at 1 April 2025	1,587,000	380,579	15,146	-	27,006	2,009,731	158,475	2,168,206
Profit / (loss) for the year	-	-		1,127,685	-	1,127,685	(11,197)	1,116,488
Other comprehensive (loss) / income	-	-	(1,132)	-	-	(1,132)	709	(423)
Total comprehensive (loss) / income for the year	-	-	(1,132)	1,127,685	-	1,126,553	(10,488)	1,116,065
Transfer to reserves	-	112,768	-	(112,768)	-	-	-	-
Dividends payable (note 28)	-	-	-	(1,014,917)	-	(1,014,917)	(4,044)	(1,018,961)
Balance at 31 March 2026	1,587,000	493,347	14,014	-	27,006	2,121,367	143,943	2,265,310

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait National Petroleum Company K.S.C.
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Consolidated statement of cash flows
for the year ended 31 March 2026

	Note	2026 KD'000	2025 KD'000
Cash flows from operating activities			
Profit for the year		1,116,488	228,850
Adjustments for:			
Depreciation of property, plant and equipment	*11*	303,304	304,700
Depreciation of right-of-use assets	*14*	3,905	3,886
Gain on derecognition of leases		-	(3)
Impairment losses on property, plant and equipment	*10*	2,485	-
Reversal of the provision for obsolete and slow-moving inventories	*16*	(5)	(224)
Provisions charged	*9*	72,536	2,617
Write-off of damaged inventory	*10*	9,642	-
Amortisation of intangible assets	*13*	3,837	3,856
Amortisation of deferred expenses	*12*	28,460	26,759
Share of results of Investment in a Joint Venture	*15*	(8,919)	(8,817)
Gain on sale of property, plant and equipment		-	(891)
Provision for employees' end of service benefits	*26*	37,049	37,010
Finance income		(8,288)	(10,041)
Finance costs		44,843	71,501
		1,605,337	659,203
Changes in:			
- inventories		(276,255)	108,951
- trade receivables		20,419	(40,063)
- due from related parties		(877,628)	56,543
- other receivables and prepayments		(16,016)	13,831
- trade payables		57	(440)
- other payables and accruals		25,886	2,147
- due to related parties		12,295	52
- Receivable from the Parent Corporation		(22,955)	(52,073)
Cash flows generated from operating activities		471,140	748,151
End of service benefits paid	*26*	(54,684)	(53,965)
Net cash flows generated from operating activities		416,456	694,186
Cash flows from investing activities			
Purchase of property, plant and equipment	*11*	(68,256)	(75,877)
Proceeds on sale of property, plant and equipment		-	891
Purchase of catalysts	*12*	(37,678)	(33,666)
Net movement in term deposits		2,269	14,128
Dividend received from investment in a joint venture	*15*	6,570	-
Finance income received		18,658	7,852
Net cash flows used in investing activities		(78,437)	(86,672)
Cash flows from financing activities			
Net funding received from the Parent Corporation		302,389	318,697
Repayment of loans and borrowings		(410,590)	(356,205)
Payment of lease liabilities	*14*	(2,805)	(3,482)
Interest paid		(54,865)	(76,545)
Dividend paid to the Parent Corporation		(210,634)	(468,660)
Net cash flows used in financing activities		(376,505)	(586,195)
Net effect of foreign currency translation adjustments		1,226	-
Net change in cash and cash equivalents		(37,260)	21,319
Cash and cash equivalents at beginning of the year		248,271	226,952
Cash and cash equivalents at end of the year	*21*	211,011	248,271

The accompanying notes form an integral part of these consolidated financial statements.

Kuwait National Petroleum Company K.S.C.
and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements
for the year ended 31 March 2026

1. Reporting entity

Kuwait National Petroleum Company K.S.C. (the "Company" or "KNPC") is a Kuwaiti shareholding company established in 1960. The Company is engaged in oil refining activities including the manufacturing of liquid petroleum gas. The address of the Company's registered office is P.O. Box 70, Safat 13001, Kuwait.

The Company is a wholly owned subsidiary of Kuwait Petroleum Corporation ("the Parent Corporation"), which is wholly owned by the Government of the State of Kuwait.

The Company buys crude oil and feedstock from the Parent Corporation for refining and sells the refined products primarily to the Parent Corporation. Prices for these transactions are determined in accordance with a supply agreement between the Company and the Parent Corporation.

The Company also distributes petroleum products within the State of Kuwait on behalf of the Parent Corporation in addition to providing other fuel station ancillary services. Approximately 93% (2025: 93%) of the Company's revenue is earned from the Parent Corporation.

The consolidated financial statements comprise of the Company, its equity accounted investee and its subsidiaries (together referred to as "the Group").

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on 26 April 2026 and are subject to approval of the Parent Corporation at the Annual General Assembly, which has the power to amend these consolidated financial statements after issuance.

A list of significant directly and indirectly owned subsidiaries and the equity accounted investee are as follows:

Name of entity	Country of incorporation	Principal business	Percentage of ownership	
			2026	2025
Subsidiaries				
Kuwait Aviation Fueling Company, Sole Proprietorship. ("KAFCO")	Kuwait	Aviation Fueling	100%	100%
Kuwait Aromatics Company K.S.C. (Closed) ("KARO")	Kuwait	Manufacturing and selling of Aromatics	60%	60%
Subsidiary held through KARO				
Kuwait Paraxylene Production Company K.S.C. (Closed) ("KPPC")	Kuwait	Manufacturing and selling of Aromatics	100%	100%
Joint venture held through KARO				
The Kuwait Styrene Company K.S.C. (Closed) ("TKSC" or "the Joint Venture")	Kuwait	Manufacturing and selling of Styrene	57.5%	57.5%

2. Basis of preparation

a) Basis of accounting

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), the requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, and the Company's Memorandum of Incorporation and Articles of Association, as amended, and the Ministerial Order No. 18 of 1990.

b) Basis of measurement

The consolidated financial statements have been prepared on historical cost basis.

c) Functional and presentation currency

The consolidated financial statements are presented in Kuwaiti Dinars, which is the functional currency of the Company. All financial information presented in Kuwaiti Dinars has been rounded to the nearest thousand, unless otherwise indicated.

d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 3(o).

e) Changes in material accounting policies

One amendment to standard is effective for annual periods beginning on 1 April 2025 as below, but it does not have a material effect on the Group's consolidated financial statements:

- Lack of exchangeability – Amendments to IAS 21.

Kuwait National Petroleum Company K.S.C.
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Notes to the consolidated financial statements
for the year ended 31 March 2026

3. Material accounting policies

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements, except as disclosed in note 2(e) above.

a) Basis of consolidation

i. Business combinations of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities that the acquirer receives in the acquisition are accounted for at the acquiree's carrying amount on the acquisition date. The difference between the carrying amount of the acquired net assets and the consideration paid for the acquisition (including the total nominal value of shares issued) is recognised as acquisition reserves in the consolidated statement of changes in equity. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accounting period of a subsidiary

The financial year end of KARO is 31 December that is different from that of consolidated financial statements of the Group. For the purpose of the consolidated financial statements of the Group, the consolidated financial statements of KARO for the year ended 31 December 2025 have been used. No significant events were identified between the reporting dates of KARO and the Group.

iii. Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee and unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Investment in a joint venture

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

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

A joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to the consolidated statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated statement of profit or loss and other comprehensive income (as a reclassification adjustment) when the joint venture is disposed-off. When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss and other comprehensive income, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to the consolidated statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

c) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is recognised in the consolidated statement of profit or loss and other 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 year are as follows:

Tanks, pipelines and jetties	25 years
Plant and machinery	5 to 25 years
Buildings and facilities	25 years
Vehicles and transportation equipment	5 years
Insurance spares	25 years

The assets residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes all capital costs in accordance with the Group's accounting policy. Assets under construction are transferred to the related assets under property, plant and equipment when the underlying project is substantially completed and the related asset is brought into use. Depreciation of these assets commences when the assets are ready for their intended use as determined by the management.

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

d) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Intangible assets consist of technology and licenses for the manufacture of benzene and paraxylene, and reservation right fees for the right of use of the utilities and infrastructure facilities developed and owned by EQUATE Petrochemical Company K.S.C. (Closed) ("EQUATE").

The intangible assets are amortised on a straight-line basis over their estimated useful lives which is determined by the management as twenty-five years, except for reservation right fees, which is amortised over the period of twenty years. The estimated useful lives, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in estimate being accounted for on a prospective basis.

e) Impairment of tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU 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 or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

f) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Amounts expected to be payable under a residual value guarantee; and
- Payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

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

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

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

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

g) Inventories

Refined petroleum products are valued at the lower of cost and net realisable value. Cost is calculated on an individual product basis, using the cost of crude oil and natural gas supplied with an allocation of processing costs and overheads to each product based on their relative market values. Net realisable value represents selling prices in accordance with the supply agreement with the Parent Corporation (note 1) less all estimated costs of completion and costs necessary to make the sale.

Aromatic products are stated at the lower of weighted average cost and net realisable value. The cost of finished products includes direct materials, direct labour and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price for inventories in the ordinary course of business less estimated costs of completion and selling expenses.

Crude oil, chemicals and other inventories are valued at the lower of cost and net realisable value after recognising due allowance for obsolete or slow moving items. Cost is determined using the weighted average cost method. Net realisable value is based on estimated replacement cost.

Spare parts and supplies mainly used in operations are valued at lower of cost and net realisable value. Cost is determined using the weighted average cost method. Provision is made for slow moving items where necessary and is recognised in the consolidated statement of profit or loss and other comprehensive income.

h) Deferred expenses

Deferred expenses primarily comprise of catalysts and are amortised on a straight-line basis over their estimated useful lives.

i) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the consolidated statement of profit or loss and other comprehensive income. Financial assets and financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Classification and measurement

Financial assets based on the business model for managing the assets and the asset's contractual terms, are measured at either:

- Financial assets carried at amortised cost; or
- Financial assets carried at fair value through other comprehensive income ("FVOCI"); or
- Financial assets carried at fair value through profit or loss ("FVTPL").

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

For the purpose of this assessment, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as, a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers.

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Contractual terms that introduce more than a de minimis exposure to risks or volatility in the contractual cashflows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payments of principal and interest. In such cases, the financial assets are measured at fair value through profit or loss.

The Group's financial assets at amortised cost include funds held by the Parent Corporation, due from related parties, receivable from the Parent Corporation, trade receivables, other receivables, term deposits, and Cash and cash equivalents.

Trade receivables

Trade receivables arising from the activities of the Group are recognised at amortised cost as the management has concluded that these are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for measurement under the amortised cost method.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and fund held by the Parent Corporation and term deposits with original maturity of 3 months or less.

Subsequent measurement

The subsequent measurement of these financial assets will be at undiscounted original or contracted amounts less any expected credit losses. Any gain or loss upon derecognition is recognised in the consolidated statement of profit or loss and other comprehensive income.

Reclassification of financial assets

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

Derecognition

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

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

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

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

Impairment of financial assets

The Group recognises expected credit losses ("ECL") using forward-looking approach under IFRS 9.

Determination of ECL on financial assets

With respect to the financial assets, the Group has applied the simplified approach and has calculated ECL based on lifetime expected credit losses as the simplified approach does not require the changes in credit risk to be tracked. The Group has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the Group's economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

The Group does not recognise ECL on due from related parties as these financial assets are considered to carry low credit risk and the Group does not expect to incur any credit losses on these instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or trade and other 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.

The Group's financial liabilities include loans and borrowings, financing received from Parent Corporation, due to related parties, trade payables and accruals and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

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

j) Employees' end of service benefits

The Group is liable for post-employment benefits under the Oil Sector Law, Social Sector Law and the Labor Law.

Employees are entitled for an end of service indemnity payable under the Kuwait Labor Law, oil sector Law and the Company's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The expected costs of these benefits are accrued over the period of employment.

Kuwaiti employees

Additionally, pensions and other social benefits for Kuwaiti employees are covered by The Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme, which is a defined contribution scheme, is recorded in the consolidated statement of profit or loss and other comprehensive income in the year to which they relate. The difference between Oil Sector Law and Labor Law is also accrued for Kuwaiti employees.

k) Foreign currency transactions

Foreign currency translation

Transactions in foreign currencies are translated into KD at rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into KD at rates of exchange prevailing at reporting date. The resultant exchange differences are recorded in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

The assets and liabilities of subsidiaries with different functional currencies (foreign operations) are translated to KD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to KD at the average exchange rates for current year. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent that the translation difference is allocated to NCI.

When a subsidiary is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss and other comprehensive income as part of gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests.

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l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using rates that reflect, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

m) Revenue recognition

Sale of goods

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of the promised goods and services. The revenue amount that are recognised reflect the consideration to which the Group expects to be entitled in exchange for those goods and services. Revenue from the sale of finished products is recognised when a customer obtains control of those products, which normally is when title passes at point of delivery, based on the contractual terms of the agreements.

For export sales, products are sold on cost and freight basis, where the Group is required to provide shipping and handling services after the date at which the products have transferred to the customer. The Group determines that shipping and handling activities is a separately identifiable and distinct performance obligation from the sale of products. The Group allocates a portion of the total transaction price to delivery services based on a best estimate of a similar stand-alone service. Revenues on these services are recognised over the time.

The Group also enters into long-term contracts with local customers for sale of light naphtha, benzene and other products. The Group determined that each unit of aforementioned products are distinct because it could be sold separately and are not dependent on or highly interrelated with the other units. Transfer of products to customers is considered as a series of distinct products. Revenue is recognised over the time as the customer simultaneously receives and consumes the benefits. Output method is used to measure the progress towards complete satisfaction of performance obligation.

Certain products in certain markets may be sold with variable pricing arrangements. Such arrangements determine that a preliminary price is charged to the customer at the time of transfer of the control of products, while the price of products can only be determined by reference to a time period ending after that time. In such cases, and irrespective of the formula used for determining preliminary and final prices, revenue is recorded at the time of transfer of control of products at an amount representing the expected final amount of consideration that the Group receives. Where the Group records receivable for the preliminary price, subsequent changes in the estimated final price will not be recorded as revenue until such point in time at which the final price is determined.

The Group also pays demurrages for delays caused by incomplete shipments at the customer port. The Group considered demurrages as price adjustments. Under IFRS 15, the Group considered this as variable consideration while determining the transaction price for sale of products.

Local marketing and distribution network operation

Cost of operating filling stations and distribution network is reimbursed by the Parent Corporation and is recognised over the period of time.

Other services

The Group also provides ancillary services such as car washing, defueling and other maintenance services for which is recognised over a period of time as the related services are performed.

Interest income

Interest income is accrued on a time proportion basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

n) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The management reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on theinputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

o) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical accounting judgements, apart from those management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Investment in a joint venture

An arrangement can be a joint arrangement even though not all of its parties have joint control of the arrangement. When the Group is a party to an arrangement it shall assess whether the contractual arrangement gives all the parties, or a group of the parties, control of the arrangement collectively; joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that control the arrangement collectively. Management needs to apply judgment when assessing whether all the parties, or a group of the parties, have joint control of an arrangement.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below:

Estimation of useful lives

The Group determines the estimated economical useful life of property, plant and equipment and intangible assets which requires considerable judgment.

Impairment of non-financial assets

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

Impairment provision of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory and the degree of ageing or obsolescence, based on historical experience.

4. Standards and interpretations 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 standards, if applicable, when they become effective.

- Classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7 (1 January 2026);
- Annual improvements to IFRS Accounting Standards - Volume 11 (1 January 2026);
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (1 January 2026);
- IFRS 18 Presentation and disclosure in financial statements – (1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – (1 January 2027); and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (Available for optional adoption / effective date deferred indefinitely).

The new standards and amendments are not expected to have a material impact on the consolidated financial statements of the Group in the period of initial application.

5. Revenue

	2026 KD'000	2025 KD'000
Refined products	7,210,012	8,275,818
Liquefied petroleum gas	2,048,702	3,295,427
Aromatic products	523,874	520,775
Aviation fuel	165,060	202,923
Revenue from local marketing operations	81,883	63,361
	10,029,531	12,358,304

The Group disaggregates its revenue from contracts with customers by products, services and timing of revenue recognition.

	2026 KD'000	2025 KD'000
Point in time		
Refined products	7,210,012	8,275,818
Liquefied petroleum gas	2,048,702	3,295,427
Aviation fuel	165,060	202,923
Paraxylene	202,760	199,576
Heavy aromatics	6,244	5,980
Local marketing	718	393
	9,633,496	11,980,117
Over the time		
Benzene	59,605	68,396
Light naphtha	217,108	214,111
Other products	37,246	31,876
Reimbursement of local marketing operating expenses	81,165	62,968
Shipping and handling services	911	836
	396,035	378,187
	10,029,531	12,358,304

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Remaining performance obligations represent the transaction price of firm sales arrangements for which volumes have not been delivered. At the reporting date, remaining performance obligations for shipment and handling services has not been disclosed because the original duration of these services are within one year. Additionally, long-term contracts are also excluded from the remaining performance obligations due to uncertainty associated with estimating the future production volumes and market prices.

6. Cost of sales

	2026 KD'000	2025 KD'000
Cost of crude oil and gas	6,969,419	10,252,582
Cost of feedstock (including KARO depreciation)	704,200	706,124
Staff costs	302,803	320,045
Local marketing operating expenses (including depreciation)	81,471	63,285
Other costs	308,069	293,964
Amortisation (note 12)	28,460	26,759
Depreciation (note 11)	256,844	260,491
	8,651,266	11,923,250

7. General and administrative expenses

	2026 KD'000	2025 KD'000
Other costs	12,305	12,027
Depreciation (note 11)	4,810	5,378
	17,115	17,405

8. Other income

	2026 KD'000	2025 KD'000
Recovery of contract penalties	8,943	3,472
Handling charges	1,027	933
Gain on sale of catalysts	6,030	891
Gain on disposal of scrap materials	27	871
Insurance recoveries	-	500
Others	7,207	15,547
	23,234	22,214

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9. Provisions

	2026 KD'000	2025 KD'000
Provision for legal claims	783	2,296
(Reversal) / provision on expected credit losses	(247)	321
Other provisions*	72,000	-
	72,536	2,617

*During March 2026, certain hostile incidents at the Company's refineries took place which resulted in the initiation of restoration-related works. Based on the pre-liminary evaluation performed by the Company's technical experts, an initial estimate of KD 72 million has been ascertained based on the available facts and circumstances on a best-estimate basis. As on the date of approval of these consolidated financial statements, the evaluation is on-going and the management continues their assessment of the impacts on the Company's consolidated financial statements.

10. Other expenses

	2026 KD'000	2025 KD'000
Impairment losses on property, plant and equipment (Note 10.1)	2,485	-
Write-off of damaged inventory (Note 10.1)	9,642	-
Others	133	-
	12,260	-

Note 10.1

During March 2026, KAFCO was subject to hostile attack incidents targeting the KAFCO's assets at its main location. These incidents resulted in damage to fuel inventory as well as certain property, plant, and equipment associated with storage and operational activities.

Due to the nature of inventory storage within the tanks and based on management's best estimates and available information from relevant technical experts, and in application of the prudence principle, the management of KAFCO recognised an impairment loss on its property, plant and equipment amounting to KD 2,485 thousand and written off the damaged inventory amounting to KD 9,642 thousand.

Estimation uncertainty

The Management continue to evaluate the overall financial impact of the aforementioned incidents disclosed under note 9.1 and note 10.1 including both recognised and subsequent events, considering the ongoing uncertainties. This may include revisiting estimated cost for the renovation activities, revisiting estimates related to inventory losses and property, plant, and equipment impairment, evaluating potential obligations related to the removal and handling of damaged inventory, considering any additional operational or environmental costs and assessing the possibility recovering the renovation costs and other losses through insurance claims.

However, it was not possible to reliably estimate the full financial impact of these matters at the reporting date given the evolving nature. Considering the above, the Management continues to monitor the impact of these events on the Group's operations and is taking the necessary measures to ensure business continuity under the current circumstances.

11. Property, plant and equipment

	Tanks, pipelines and jetties KD'000	Plant and machinery KD'000	Freehold land, buildings and facilities KD'000	Vehicles and transportation equipment KD'000	Insurance spares KD'000	Assets under construction KD'000	Total KD'000
Cost							
Balance at 1 April 2025	2,050,418	6,187,735	939,313	17,163	76,449	627,086	9,898,164
Additions	-	266	-	-	3,465	64,525	68,256
Transfer from assets under construction	6,777	20,475	3,420	5	-	(30,677)	-
Transfer from related parties*	47,829	44,904	28,591	9,673	-	-	130,997
Disposals	(23,675)	(166)	(535)	-	-	-	(24,376)
Foreign currency translation relating to subsidiaries	-	(2,981)	(153)	-	-	(10)	(3,144)
Balance at 31 March 2026	2,081,349	6,250,233	970,636	26,841	79,914	660,924	10,069,897
Accumulated depreciation and impairment losses							
Balance at 1 April 2025	1,029,076	2,854,328	371,786	14,705	24,589	-	4,294,484
Charge for the year	65,869	214,226	32,428	1,830	2,759		317,112
Transfer from related parties*	35,617	30,741	14,579	8,408	-	-	89,345
Disposals	(23,021)	(166)	(532)	-	-	-	(23,719)
Impairment	2,485	-	-	-	-	-	2,485
Foreign currency translation relating to subsidiaries	-	(1,690)	(116)	-	-	-	(1,806)
Balance at 31 March 2026	1,110,026	3,097,439	418,145	24,943	27,348	-	4,677,901
Carrying amounts							
At 31 March 2026	971,323	3,152,794	552,491	1,898	52,566	660,924	5,391,996

* On 24 July 2025, the Board of Directors of the Parent Corporation has resolved to transfer the assets relating to two LPG bottling plants to the Company which were held by Kuwait Oil Tanker Company K.S.C. ("KOTC") w.e.f. 1 August 2025. Accordingly, on 1 August 2025, KOTC has transferred assets with a net book value of KD 41,652 thousand to the Company and the Company recorded the same amount as payable to the Parent Corporation.

11. Property, plant and equipment (continued)

	Tanks, pipelines and jetties KD'000	Plant and machinery KD'000	Freehold land, buildings and facilities KD'000	Vehicles and transportation equipment KD'000	Insurance spares KD'000	Assets under construction KD'000	Total KD'000
Cost							
Balance at 1 April 2024	2,038,855	6,092,599	913,610	16,929	71,511	689,580	9,823,084
Additions	-	24,123	-	-	4,938	46,816	75,877
Transfer from assets under construction	11,569	71,953	25,598	234	-	(109,354)	-
Disposals	(6)	(2,878)	-	-	-	-	(2,884)
Foreign currency translation relating to subsidiaries	-	1,938	105	-	-	44	2,087
Balance at 31 March 2025	2,050,418	6,187,735	939,313	17,163	76,449	627,086	9,898,164
Accumulated depreciation and impairment losses							
Balance at 1 April 2024	966,002	2,638,200	337,277	13,158	22,047	-	3,976,684
Charge for the year	63,074	217,910	34,433	1,547	2,542	-	319,506
Disposals	-	(2,853)	(1)	-	-	-	(2,854)
Foreign currency translation relating to subsidiaries	-	1,071	77	-	-	-	1,148
Balance at 31 March 2025	1,029,076	2,854,328	371,786	14,705	24,589	-	4,294,484
Carrying amounts							
At 31 March 2025	1,021,342	3,333,407	567,527	2,458	51,860	627,086	5,603,680

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Freehold land, buildings and facilities include an amount of KD 306,967 (2025: KD 306,967) which represents freehold land. Further assets under construction of KD 3,062 thousand (2025: KD 7,426 thousand) relates to the Clean Fuels Project ("CFP"). Remaining assets under construction are related to various improvement projects that are in the process of being constructed or developed. Such assets are not subject to depreciation until the improvements are tested, available and ready for intended use as per the intent of the management.

Certain property, plant and equipment have been assigned as security for the loans and borrowings secured by KARO (note 25).

The depreciation charge has been allocated as follows:

	2026 KD'000	2025 KD'000
Cost of sales (note 6)	256,844	260,491
General and administrative expenses (note 7)	4,810	5,378
Depreciation relating to KARO	30,664	29,911
Local marketing costs	10,986	8,920
Charged to the Group's profit or loss	303,304	304,700
Charged to related parties	13,808	14,806
	317,112	319,506

12. Deferred expenses

	2026 KD'000	2025 KD'000
Balance at beginning of the year	28,773	21,866
Additions	37,678	33,666
Amortisation charge (note 6)	(28,460)	(26,759)
Balance at end of the year	37,991	28,773

13. Intangible assets

	2026 KD'000	2025 KD'000
Cost		
Balance at the beginning of the year	78,686	78,431
Foreign currency translation differences	(370)	255
Balance at the year-end	78,316	78,686
Accumulated amortisation and impairment losses		
Balance at the beginning of the year	54,502	50,482
Charge for the year	3,837	3,856
Foreign currency translation differences	(256)	164
Balance at end of the year	58,083	54,502
Carrying amount	20,233	24,184

Intangible assets include license fees paid to UOP Limited and reservation rights. The license fees paid to UOP Limited represents the technology purchased from UOP Limited that is used in the production of paraxylene.

Reservation right fees represent the Group's share of total utilities and infrastructure facilities developed and owned by EQUATE. Amortisation is allocated to cost of sales as it relates primarily to the Aromatics plant.

14. Leases

The Group leases many assets including land and data centers. The leases typically run for a period of 2 - 4 years, with an option to renew the lease after that date. The weighted average rate applied is within the range of 2.75% (2025: 2.75%)

Information about leases for which the Group is a lessee is presented below:

	KD'000	
	Right-of-use assets	**Lease liabilities**
Balance at 1 April 2024	8,095	9,349
Additions	3,493	3,493
Derecognition	(170)	(173)
Depreciation	(3,886)	-
Finance costs	-	327
Lease liabilities paid	-	(3,482)
Foreign currency translation relating to subsidiaries	16	17
Balance at 31 March 2025	7,548	9,531
Additions	3,926	3,926
Depreciation	(3,905)	-
Finance costs	-	348
Lease liabilities paid	-	(2,805)
Foreign currency translation relating to subsidiaries	(19)	(21)
Balance at 31 March 2026	7,550	10,979

Amounts recognised in consolidated statement of profit or loss and other comprehensive income are as follows:

	2026 KD'000	**2025 KD'000**
Finance costs on lease liabilities	348	327
Depreciation charge for the year	3,905	3,886

Amounts recognised in consolidated statement of cash flows are as follows:

Repayment of lease liabilities	2,805	3,482

The current and non-current portion of lease liability is set out below:

	2026 KD'000	**2025 KD'000**
Current	3,371	1,938
Non-current	7,608	7,593
As at 31 March	10,979	9,531

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15. Investment in a Joint Venture

	2026 KD'000	2025 KD'000
The Kuwait Styrene Company K.S.C. (Closed) ("TKSC")	47,100	44,960
	47,100	44,960

Investment in a joint venture

The Group has 57.50% (2025: 57.50%) equity interest in TKSC, which is indirectly held through a subsidiary i.e. KARO. TKSC is involved in the production of styrene monomer and other related products in the State of Kuwait.

The following table illustrates summarised financial information of TKSC, not adjusted for Group's share of interest:

	2026 KD'000	2025 KD'000
Statement of financial position		
Non-current assets	47,060	54,165
Current assets	52,380	45,530
Non-current liabilities	(674)	(843)
Current liabilities	(18,671)	(22,420)
Net assets	80,095	76,432
Group's share of net assets	47,100	44,960
Statement of profit or loss and other comprehensive income		
Revenue	156,760	185,850
Cost of sales	(140,242)	(168,933)
Net finance costs	358	(508)
Other expenses	(1,364)	(1,077)
Profit and total comprehensive income for the year	15,512	15,332
Group's share of profit and total comprehensive income for the year	8,919	8,817
Dividend received by the Group	6,570	-

The Group's share of TKSC's commitments and contingencies amounted to KD 8.9 million (2025: KD 7.2 million).

The management has carried out an assessment of impairment indicators on the Group's investment in a joint venture considering the significant adverse changes in economy, market factors, legal environment, industry or the political factors affecting the investees business including the consideration for the changes in investees' financial condition. The management has not identified any indicators of impairment relating to Group's investment in a joint venture as at the reporting date.

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16. Inventories

	2026 KD'000	2025 KD'000
Crude oil	29,159	30,893
Finished goods	663,278	428,726
Maintenance and spare parts	223,217	179,407
Catalysts and chemicals	45,659	46,032
	961,313	685,058
Provision for obsolete and slow-moving inventories	(15,979)	(15,984)
	945,334	669,074

Movement of provision for obsolete and slow-moving inventories

Balance at beginning of the year	15,984	16,208
Provision reversed during the year	(5)	(224)
Balance at end of the year	15,979	15,984

17. Trade receivables

	2026 KD'000	2025 KD'000
Trade receivables	157,641	187,702
Provision for expected credit losses	(629)	(886)
	157,012	186,816

Trade receivables are non-interest bearing and have average credit period ranges from 30-90 days. Movement in the expected credit loss allowances are as follows:

	2026 KD'000	2025 KD'000
Balance at beginning of the year	886	565
(Reversal) / provision on expected credit losses	(247)	321
Foreign currency translation differences	(10)	-
Balance at end of the year	629	886

Information about the Group's exposure to credit risk and impairment losses for trade receivables is included in note 29.

18. Related parties

Related parties include the shareholder and executive officers of the Company, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence. The transactions of related parties are carried out at terms approved by the management.

Related party balances reflected in the consolidated statement of financial position are unsecured and neither bear any interest nor there any agreed repayment terms, except as disclosed below. Accordingly, these balances are treated as recoverable / payable on demand, except as disclosed below.

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Funds held by the Parent Corporation represent temporary placements by the Company using the proceeds received from the export credit agencies loans until those proceeds are being used for their intended use. These amounts have been invested in term deposits by the Parent Corporation on behalf of the Company and it earns interest at an average rate of 4.61% to 4.62% respectively (2025: 5.37% to 5.45% per annum).

Receivable from the Parent Corporation, in accordance with Articles of Association, as amended, represents an amount equal to prior year statutory reserve transferred to the Parent Corporation. The amount receivable from the Parent Corporation is unsecured and non-interest bearing, with no fixed terms of payment. This has been classified as non-current as the Group does not intend to request repayment in the short-term and the Group has legally enforceable right to defer the payment for a period of at least one year from the reporting date.

Financing received from the Parent Corporation represent amounts received to finance capital projects and are to be repaid in line with the related depreciation charge for capital projects. No interest is recognised on the outstanding amounts.

The Group is engaged in carrying out local marketing sales on behalf of the Parent Corporation. The products sold in the local market are the property of the Parent Corporation, accordingly they are not reflected in the consolidated statement of profit or loss and other comprehensive income of the Group. Local marketing sales represent sale of gasoline and other related products amounting to KD 801,159 thousand (2025: KD 752,827 thousand).

On 2 December 2004, KARO signed the Material and Utility Supply Agreement ("MUSA") and Operation, Maintenance and Service Agreement ("OMSA") with EQUATE. On 8 February 2006, an agreement to amend the MUSA and service agreements ("primary agreements") was signed between the parties to the primary agreements releasing KARO from its obligations and liabilities under the primary agreements and appointing KPPC in place of KARO to assume and perform all obligations of KARO as if KPPC was and had been a party to the primary agreements.

Under the terms of the MUSA, KPPC contributed reservation right fees to EQUATE that represent 27.51% of the capital construction costs incurred by EQUATE on the utilities and infrastructure facilities developed by and owned by EQUATE. The percentage contribution of reservation right fee is based on the usage percentage of the utilities and infrastructure facilities by KPPC.

Under the terms of the OMSA, EQUATE operates, maintains and provides various services to KPPC for which EQUATE receives management and incentive fees over and above the actual operating costs.

On 2 December 2004, KPPC signed a Benzene Supply Agreement with TKSC, under which KPPC has an obligation to supply TKSC with a minimum quantity of 325,000 metric tons of benzene per annum at the contract price.

On 14 April 2007, the KPPC signed a marketing agreement with Petrochemical Industries Group K.S.C. ("PIC") under which PIC acts as an exclusive agent of sale of Paraxylene quantities produced by the Subsidiary. PIC receives commission of 0.1% of the contracted price of all Paraxylene quantities sold by KPPC.

On 29 April 2007, KPPC entered into Aromatics Plant Feedstock and Product Supply Agreement ("FS&PS") with KPC. Under the terms of FS&PS, KPPC purchase full range Naphtha from KPC as feedstock to produce Paraxylene and Benzene and sell by-products i.e. Light Naphtha ("LN"), Liquefied Petroleum Gas ("LPG") and Hydrogen to KPC.

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The Group charged a portion of the depreciation relating to certain assets included in property, plant and equipment to the Parent Corporation, Kuwait Oil Company and related parties (note 11).

The aggregate value of significant related party transactions and outstanding balances, other than those disclosed elsewhere in the consolidated financial statements, are as follows:

	2026 KD'000	2025 KD'000
Balances with related parties		
Due from related parties		
Parent Corporation		
Kuwait Petroleum Corporation	3,760,705	2,887,635
Entities under common control		
Kuwait Oil Company K.S.C.	6,763	30,111
Kuwait Oil Tanker Company K.S.C.	-	51
Kuwait Gulf Oil Company K.S.C.	115	109
Kuwait Integrated Petroleum Industries Company K.S.C	1,548	673
Kuwait Foreign Petroleum Exploration Company K.S.C.	6	40
Kuwait Petroleum International	13	48
Oil Sector Servicing Company K.S.C.	1	1
Petrochemical Industries Company K.S.C.	18	60
	3,769,169	2,918,728
Funds held by the Parent Corporation		
Funds of KNPC	101,420	99,978
Funds of KAFCO	10,720	46,978
	112,140	146,956
Receivable from the Parent Corporation (non-current)	380,578	357,623
Due to related parties - entities under common control		
Kuwait Oil Company K.S.C.	94	54
Kuwait Oil Tanker Company K.S.C.	12,255	-
	12,349	54
Financing received from the Parent Corporation	6,480,036	6,177,647

Movement in financing received from the Parent Corporation is as follow:

	2026 KD'000	2025 KD'000
Balance at beginning of the year	6,177,647	5,858,950
Advances received	555,871	576,798
Advances credited to the Parent Corporation's current account	(253,482)	(258,101)
Balance at end of the year	6,480,036	6,177,647

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	2026 KD'000	2025 KD'000
Transactions with related parties – entities under common control		
Sales		
Parent Corporation	9,339,346	11,634,606
Benzene to TKSC	59,605	68,772
Light naphtha and LPG to the Parent Corporation	243,671	229,415
Light ends, pygas and other products to EQUATE	718	594
Light ends to TKOC	692	687
Purchases		
Crude oil from the Parent Corporation	5,094,926	6,356,061
Light naphtha from the Parent Corporation	172,687	236,042
Others		
Aromatics plant management fees to EQUATE	767	771
Operating and utilities cost reimbursed to EQUATE for running the Aromatics plant	38,622	51,820
Marketing fees to PIC	206	369
Marine expenses	23,254	21,495
Medical expenses	90,198	90,267
Key management compensation		
Salaries and other short-term benefits	1,103	947
Employees' end of service benefits	224	137
	1,327	1,084

19. Other receivables and prepayments

	2026 KD'000	2025 KD'000
Prepayments and deposits	19,520	18,443
Advances against projects	39,930	24,468
Other receivables	45,969	46,492
	105,419	89,403

20. Term deposits

	2026 KD'000	2025 KD'000
Term deposits with original maturity of more than three months and less than one year	307	2,576
	307	2,576

Term deposits are placed with financial institutions and carries effective interest rate of 4% (2025: 3.94%) per annum.

21. Cash and cash equivalents

	2026 KD'000	2025 KD'000
Cash in hand	68	18
Cash at bank	68,796	101,297
Term deposits with original maturity of less than three months	30,007	-
Cash and cash equivalents as disclosed in the consolidated statement of financial position	98,871	101,315
Funds held by the Parent Corporation maturing within three months from original maturity (note 18)	112,140	146,956
Cash and cash equivalents as disclosed in the consolidated statement of cash flows	211,011	248,271

Cash and cash equivalents include funds held by the Parent Corporation as these are expected to be received within three months from the date of placement (note 18).

Term deposits represent deposits placed with financial institutions of original maturity of less than three months from the date of placement and earn average interest rate of 3.73% (2025: 5.45%) per annum.

22. Share capital

The authorised, issued and fully paid up share capital of the Company comprises of 1,587 million shares of KD 1 each (2025: 1,587 million shares of KD 1 each) and is fully contributed in cash.

23. Reserves

Statutory reserve

In accordance with the Companies Law and the Company's memorandum of incorporation and articles of association, as amended, 10% of profit for the year is required to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. The shareholders may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital.

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

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Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of financial statements of subsidiaries with different functional currencies (foreign operations).

Acquisition Reserve

Acquisition reserve has been created with respect of the gain on acquisition of Kuwait Aviation Fuel Company (S.P.C.) with effect from 1 April 2017 which was determined as a common control transaction.

24. Non-controlling interests

The following table summarises the information relating to the non-controlling interest ("NCI") in KARO, before any intra group eliminations.

	2026 KD'000	2025 KD'000
NCI percentage	40%	40%
Statement of financial position		
Non-current assets	332,009	357,886
Current assets	85,790	89,289
Non-current liabilities	(3,385)	(4,104)
Current liabilities	(54,556)	(46,883)
Net assets	359,858	396,188
Net assets attributable to NCI	143,943	158,475

	2026 KD'000	2025 KD'000
Statement of profit or loss and other comprehensive income		
Revenue	523,846	520,775
Loss	(27,993)	(1,737)
OCI	1,773	(1,312)
Total comprehensive (loss) / income	(26,220)	(3,049)
Loss allocated to NCI	(11,197)	(695)
Other comprehensive loss allocated to NCI	709	(10,542)
Cash flows generated from operating activities	(2,320)	24,000
Cash flows used in investment activities	1,602	(2,429)
Cash flows used in financing activities	(7,249)	(40,267)
Net change in cash and cash equivalents	(7,967)	(18,696)

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25. Loans and borrowings

	2026 KD '000	2025 KD '000
Current portion		
Long term loans	79,908	158,799
Export credit agencies loans	428,473	188,775
Total of current portion	508,381	347,574
Non-current portion		
Long term loans	-	79,908
Export credit agencies loans	-	491,489
Total of non-current portion	-	571,397
Total loans and borrowings	**508,381**	**918,971**

Long-term loans

On 28 April 2016, the Company entered into a long-term loan agreement ("Facility") of KD 1.2 billion with a consortium of banks. The Facility consists of conventional and Islamic financing and is repayable in semi-annual installments of KD 80 million from April 2019 till 28 April 2026. The Facility carries a margin of 1% (year ended 31 March 2025: 1%) per annum over and above the Central Bank of Kuwait discount rate and is unsecured. The funds were specifically borrowed to finance the clean fuel capital expenditure project ("CFP").

Export credit agencies loans

On 29 August and 31 August 2017, the Company signed USD 6,245 million (equivalent to KD 1,872 million) long term loan facilities agreement with export credit agencies ("the ECAs Financing"). The ECAs Financing are repayable over a period of 8 to 10 years in biannual instalments starting from 2018 and maturing between 2026 to 2028. Out of the total committed ECAs Financing, USD 500 million (equivalent to KD 150 million) carries fixed interest rate of 3.22% per annum and USD 5,745 million (equivalent to KD 1,772 million) carries variable interest rate of 6 months LIBOR* + margin that ranges from 0.75% to 1.25% per annum. Interest is payable on a biannual basis. ECAs Financing is guaranteed by the Parent Corporation and were specifically borrowed to finance CFP.

*The ECA Financing was initially based on London Interbank Offer Rate ("LIBOR"), which was subsequently replaced by Secured Overnight Financing Rate ("SOFR") as part of the global reform of benchmark interest rates.

ECAs Financing and long-term loans carry covenants which are tested on annual basis. These covenants include leverage covenants, interest cover charge, and tangible net worth. At the reporting date, the Group is in compliance with above said customary covenants.

On 2 December 2025, the Company issued formal notices of voluntary prepayment to the export credit agencies, communicating its intention to fully prepay the outstanding loan balances together with accrued interest. The prepayment of ECAs Financing is scheduled on 30 April 2026. Accordingly, the outstanding balances of ECAs Financing have been classified as current liabilities.

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26. Employees' end of service benefits

	2026 KD'000	2025 KD'000
Balance at beginning of the year	414,067	431,022
Charge for the year	37,049	37,010
Payments made during the year	(54,684)	(53,965)
Balance at end of the year	396,432	414,067

27. Other payables and accruals

	2026 KD'000	2025 KD'000
Accrued expenses	102,502	107,737
Accrued utilities	86,084	64,934
Contract retentions	26,092	25,904
Other payables	127,920	47,121
Leave provision	38,340	36,573
	380,938	282,269

Accrued expenses include an amount of KD 74 thousand relating to the Company's board of directors' remuneration for the year ended 31 March 2026 (2025: KD 87 thousand), which is subject to approval of shareholders in the Annual General Assembly.

28. Dividends payable

The Company's Memorandum of Incorporation and Articles of Association, as amended, stipulate that the net profit for the year after transfer to statutory reserve is payable as dividend. Upon the approval of these consolidated financial statements, dividend payable will be transferred to the Parent Corporation. During the year, the Group has transferred KD 1,014,917 thousand (2025: KD 206,590 thousand) and transfer to the statutory reserve of KD 112,767 thousand (2025: KD 22,955 thousand).

29. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's risk oversight committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade receivables, due from related parties, receivable from the Parent Corporation, funds held by the Parent, other receivables, term deposits and bank balances.

Exposure to credit risk

The table below shows the gross maximum exposure to credit risk across financial assets before taking into consideration the effect of credit risk mitigation.

	2026 KD'000	2025 KD'000
Receivable from the Parent Corporation	380,578	357,623
Trade receivables	157,641	187,702
Other receivables	45,969	46,492
Due from related parties	3,769,169	2,918,728
Funds held by the Parent Corporation	112,140	146,956
Term deposits	307	2,576
Cash at bank	98,803	101,297
	4,564,607	3,761,374

The Group manages credit quality of customers by reference to external credit ratings, if applicable, or to historical information about counter party default rates. Trade receivables are considered to be impaired when the amount is in dispute, customers are believed to be in financial difficulty or if any other reason exists which implies that there is a doubt over the recoverability of the balance due from customers of above total trade receivables KD 107,878 thousand (2025: KD 128,123 thousand) are neither past due nor impaired. The Group does not hold any collateral against these receivables. At the reporting date, majority of the Group's trade receivables represents amounts due from governmental institutions.

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At the reporting date, following customers' accounts for more than 20% (2025: 18%) of the outstanding trade receivables balance:

	2026 KD'000	2025 KD'000
First Fuel Marketing Company K.S.C.	14,645	15,928
Al-Soor Fuel Marketing Company K.S.C.	10,704	11,597
Ministry of Public Health , Kuwait	2,146	3,389
Ministry of Defence, Kuwait	2,797	1,864
Ministry of Electricity & Water, Kuwait	1,112	1,699

Expected credit losses

Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL. The lifetime ECL on trade receivables are assessed based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, where appropriate.

A summary of the Group's exposure for trade receivables are as follows:

	KD'000			
	2026		2025	
	Non-credit impaired	*Credit impaired*	*Non-credit impaired*	*Credit impaired*
Not due	107,878	-	128,123	-
Past due				
- Secured with collaterals	-	-	-	-
- Not secured	-	49,763	-	59,579
Gross carrying amount	107,878	49,763	128,123	59,579
Loss allowance	-	(629)		(886)
	107,878	49,134	128,123	58,693

Amounts due from related parties

Transactions with related parties are carried out on a negotiated contract basis. Impairment on the amounts due from related parties have been measured on the basis of lifetime expected credit losses. The Group considers that these have low credit risk based on historical experiences, available press information and experienced credit judgment. As on 31 March 2026 and 2025, these are neither past due nor impaired. The lifetime ECL computed on amounts due from related parties are not significant.

Cash and cash equivalents and term deposits

The expected credit losses on cash and cash equivalents and term deposits have been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties. The 12-month ECL computed on the bank balances and term deposits are not significant.

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.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate funding reserves fromm the Parent Corporation, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the reporting date compared to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Contractual cash flows			
	Carrying amounts	**Within 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
	KD'000	**KD'000**	**KD'000**	**KD'000**	**KD'000**
2026					
Loans and borrowings	508,381	510,287	-	-	510,287
Financing received from the Parent Corporation	6,480,036	6,480,036	-	-	6,480,036
Trade payables	4,358	4,358	-	-	4,358
Other payables and accruals	380,938	380,938	-	-	380,938
Due to a related party	12,349	12,349	-	-	12,349
Dividends payable	1,014,917	1,014,917	-	-	1,014,917
Lease liabilities	10,979	700	2,800	8,000	11,500
	8,411,958	8,403,585	2,800	8,000	8,414,385

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		Contractual cash flows			
	Carrying amounts KD'000	Within 3 months KD'000	3 to 12 months KD'000	More than 1 year KD'000	Total KD'000
2025					
Loans and borrowings	918,971	190,955	218,489	665,350	1,074,794
Financing received from the Parent Corporation	6,177,647	-	-	6,177,647	6,177,647
Trade payables	4,301	4,301	-	-	4,301
Other payables and accruals	282,269	-	282,269	-	282,269
Due to a related party	54	-	54	-	54
Dividends payable	206,590	206,590	-	-	206,590
Lease liabilities	9,531	1,031	2,739	6,450	10,220
	7,599,363	402,877	503,551	6,849,447	7,755,875

Market risk

Market risk is the risk that changes in 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.

The Group's exposure to market risk arises from:

- Commodity price risk;
- Currency risk;
- Interest / profit rate risk; and
- Equity price risk.

Commodity price risk

Volatility in oil and refined products prices is a pervasive element of the Group's business environment as the Group's purchases of crude oil and sales of refined products from / to the Parent Corporation are based on international commodity prices in accordance with a commercial supply agreement.

The Group's refining margin is affected by disproportionate fluctuations in the prices of crude oil and refined products. The Group does not use derivative instruments either to manage risks or for speculative purposes.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rates exposures are managed within approved policy parameters.

Currency risk is mainly related to the Group's exposure to the loans and borrowings, cash at bank and funds held by the Parent Corporation denominated in US Dollars.

	2026 USD'000	2025 USD'000
Assets	65,095	181,824
Liabilities	(1,395,904)	(2,242,122)
Net short exposure	(1,330,809)	(2,060,298)

The following exchange rates has been applied.

	Average rate		Year-end spot rate	
	2026	2025	2026	2025
US Dollars	0.30666	0.30671	0.30695	0.30840

Sensitivity analysis

A 5 percent strengthening of the KD against US Dollars at the reporting date would have increased / (decreased) the profit for the year and equity by KD 20,424 thousand (2025: KD 31,770 thousand). This analysis assumes that all other variables, in particular interest rates, remain constant.

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 interest-bearing liabilities.

Interest rate risk is assessed by measuring the impact of reasonable possible change in interest/ profit rate movements. At reporting date, the Group is exposed to interest / profit rate pertaining to the following interest-bearing financial instruments:

	2026 KD'000	2025 KD'000
Loans and borrowings	(508,381)	(918,971)
Funds held by the Parent Corporation	112,140	146,956
Term deposits	30,314	2,576
	(365,927)	(769,439)

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit for the year by KD 3,659 thousand (2025: KD 7,694 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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.

The Group is not exposed to equity price risk as there are no investments in equity securities.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes. Management has implemented health and safety policies and procedures addition to an adequate insurance coverage to mitigate operational risk.

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Group is not significantly exposed to prepayment risk.

30. Fair value of financial instruments

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. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

In the opinion of the management, the estimated fair value of financial assets and liabilities that are not carried at fair value at the reporting date is not materially different from their carrying value due to short to medium term nature of these instruments.

31. Capital management

The management's policy is to maintain a strong capital base to sustain future development of the business and maximise shareholder value. In order to determine or adjust the capital structure, the Group monitors its capital structure and makes adjustment to it in light of changes in economic conditions. The Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is defined as financing received from the Parent Corporation and term loans less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position.

The analysis of the Group's components of capital is as follows:

	2026 KD'000	2025 KD'000
Financing received from the Parent Corporation	6,480,036	6,177,647
Loans and borrowings	508,381	918,971
Term deposits	30,314	(2,576)
Cash and cash equivalents	(98,871)	(101,315)
Net debt	6,919,860	6,992,727
Total equity	2,265,309	2,168,206
Total capital	9,185,169	9,160,933
Gearing ratio	**75%**	**76%**

There were no changes in the Group's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except the minimum capital requirements of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations.

32. Capital commitments

As at the reporting date, the Group had commitments with respect to future capital expenditure amounting to KD 236,545 thousand (2025: KD 69,716 thousand). Except for CFP, other commitments will be financed by the Parent Corporation.

KARO's subsidiary has following fixed sale and purchase commitments until the agreement is cancelled in writing by both contractual parties:

- Sale of benzene to TKSC amounting to approximately KD 0.16 million per day (2025: KD 0.22 million per day);
- Purchase of naphtha from KNPC amounting to approximately KD 1.29 million per day (2025: KD 1.48 million per day); and
- Sale of return stream of naphtha to KPC amounting to approximately KD 0.66 million per day (2025: KD 0.75 million per day).

In addition to the above, the subsidiary also has other capital commitments amounting to KD 8,651 thousand (2025: 3,385 thousand).

33. Contingent liabilities

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, the management has recorded certain provisions in the consolidated financial statements in relation to the ongoing litigations which are based on the probable estimate of the management in consultation with the Group's legal counsel.

34. Base erosion and profit shifting "BEPS" Pillar Two

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed to a two-pillar solution to address tax challenges arising from the digitalization of the economy. Under Pillar 2, multinational entities whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15%.

The jurisdictions in which the Group operates, including the State of Kuwait, have joined the IF. The State of Kuwait issued Law Number 157 of 2024 on 31 December 2024 ("Law") introducing domestic minimum top-up tax ("DMTT") effective from the year 2025. The Law effectively replaces the existing National Labour Support Tax ("NLST") and Zakat tax regimes in Kuwait for entities that fall within the scope of the Law.

On 29 June 2025, the Ministry of Finance (MOF) of the State of Kuwait issued the Executive Regulations for Law No. 157 of 2024 (the "Regulations"). These Regulations are intended to clarify the provisions of the Law by establishing the mechanisms for calculating taxable income and the effective tax rate, as well as outlining the relevant procedures and implementation measures.

The Parent Corporation is located in the State of the Kuwait and constitute as Ultimate Parent Entity (UPE) for the purpose of the DMTT law for the Group.

The Parent Corporation, as the Group Tax Function, is responsible for computing the Top-up Tax for each jurisdiction, leveraging its oversight and access to all entities across sub-groups and will be responsible for computation and allocation of the amounts to each sub-group for financial reporting purposes.

In line with the above responsibility as UPE under the DMTT law, The Parent Corporation has performed an assessment of its exposure to Pillar Two income taxes based on the most recent country by-country reporting (CbCr) and other relevant data to determine to what extent the transitional CbCr safe harbor tests are met whereby the Pillar Two top-up tax for a jurisdiction is deemed to be zero. Furthermore, the Parent Corporation has assessed that no Top-Up Tax computation is required at Kuwait jurisdiction level as the jurisdiction do not meet one of the transitional safe harbor tests for FY 2025/2026. Accordingly, no top up taxes has been recorded by the Group.

35. Geopolitical Uncertainty in the Middle East Region

The Group operates in a region that has experienced periods of geopolitical tension and uncertainty commenced in late February 2026 which has affected GCC countries, resulting in regional disruptions such as airspace closures, flight cancellations, supply chain delays and heightened uncertainty. These developments continue to evolve and have created increased business and economic uncertainties.

Recent developments in the Middle East have increased the level of volatility in economic and market conditions, which may have direct and indirect implications on the Group's operations. These uncertainties could potentially impact key aspects of the Group's business, including supply chain continuity, availability and cost of feedstock, export logistics, insurance premiums, financing conditions, and overall market demand for refined petroleum products. Additionally, fluctuations in global oil prices and regional security concerns may affect revenue generation and operating margins.

Management continues to monitor the evolving situation and assess its potential implications for the Group's operations and financial information. Given the evolving nature of the situation, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.

As of 31 March 2026, the geopolitical tension does not give rise to any material financial or operational impact to the Group except as disclosed under note 9 and note 10.

Company Overview



Kuwait National Petroleum Company (KNPC) was established in October 1960 as a joint venture between the State of Kuwait and the private sector. By 1975, it became fully government-owned, and in 1980 was placed under Kuwait Petroleum Corporation (KPC). The Company is responsible for crude oil refining, gas processing, and petroleum product marketing across Kuwait. KNPC operates two major Refineries, Mina Al-Ahmadi and Mina Abdullah with a combined refining capacity of 800,000 barrels per day. It also owns a gas processing facility at Mina Al-Ahmadi Refinery with a daily production capacity of 3.125 billion cubic feet of gas and 332,000 barrels of condensates. The Company runs LPG Cylinder Filling Plants in Shuaiba and Umm Al-Aish, collectively producing 28 million cylinders annually. Additionally, it owns Kuwait Aviation Fuelling Company (KAFCO), which manages aviation fuel distribution throughout Kuwait.

KNPC produces a diverse range of petroleum products, including Gasoline grades (Octane 91/95/98), Gas Oil (Diesel), Jet Fuel, Kerosene, Naphtha, Bitumen, Petroleum Coke, Sulfur, and Liquefied Petroleum Gas (LPG). While the majority of these products are exported to international markets, KNPC simultaneously meets all domestic petroleum requirements. The Company operates 69 Fuel Filling Stations nationwide, including five temporary stations serving areas where permanent facilities are not yet available.

In recent years, KNPC has executed several major capital projects of significant strategic importance to Kuwait's economy, reinforcing the Country's standing among the world's leading oil refining nations. Among these is the Clean Fuels Units, which involved the construction of new refining units incorporating the latest industry technologies. This landmark project substantially enhanced the conversion capabilities of KNPC's Refineries, maximising the added value of Kuwait's hydrocarbon resources by upgrading lower-value products such as residual oil into premium, high-value outputs like Gasoline and Gas Oil, delivering both economic and environmental benefits.

KNPC produces high-quality, low-sulfur products that comply with the most stringent environmental standards, including Euro-5 specifications. This significantly reduces harmful emissions and mitigates environmental impact within Kuwait, while also opening access to new export markets across Europe and North America.

The Company further strengthened Kuwait's gas processing capabilities through the implementation of the Fourth and Fifth LPG Trains Projects, ensuring stable supplies of Clean Energy to various productive sectors. Additionally, KNPC is preparing to begin construction of a petroleum products depot in Al-Mutlaa area, designed to meet growing future demand across Kuwait's western and northern regions.

Beyond operations, KNPC embraces a comprehensive sustainability policy that reflects its pivotal role in supporting Kuwait's national economy, contributing meaningfully to the development of Kuwaiti society, and upholding the highest standards of health, safety, and environmental responsibility across all its activities.

CEO
Profile



Engineer Wadha Ahmad Al-Khateeb brings 32 years of distinguished experience in the oil sector, having held senior technical and administrative leadership positions across technical services, health, safety, and environment (HSE). She holds a Bachelor's degree in Chemical Engineering from the College of Engineering and Petroleum at Kuwait University, earned in 1994.

Since April 2024, Al-Khateeb has served as Acting Chief Executive Officer of Kuwait Integrated Petroleum Industries Company (KIPIC), alongside her role as Chief Executive Officer of Kuwait National Petroleum Company (KNPC). She additionally holds the position of Vice Chairman of Gulf Downstream Association, parallelly, a member of Abdullah Al-Salem University Board of Directors.

Key Achievements

• Mina Abdullah Refinery ranked first globally in Engineering Insurance Risk Assessment.

• Fifth LPG Train Project successfully inaugurated in 2023.

• Awarded second place at the Oil & Gas Middle East Awards in 2023.

• Received official recognition from the National Diwan for Human Rights in the State of Kuwait in 2023.

• Oversaw the full-scale operational launch of Al-Zour Refinery in 2024.

• Won a special achievement in GIS Award in 2024.

• Ranked third on Forbes Middle East's 100 Most Powerful Businesswomen in the Middle East, and second among Kuwaiti Businesswomen in 2024.

• Included in Forbes Middle East's 100 Most Powerful CEOs in the Middle East for 2025, ranking second among female CEOs.

• Widely recognised for pioneering initiatives in Digital Transformation, innovation, and leadership of major Strategic Projects, including the Clean Fuels Project. She remains a committed advocate for women's empowerment, environmental protection, and volunteer work, and serves as an active member of Women's Cultural and Social Society.



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