From the Heart of Every Challenge, Energy Blooms

Annual Report 2025-2026

Kuwait Petroleum Corporation and subsidiaries

مؤسسة البترول الكويتية وشركاتها

ANNUAL REPORT
2025-2026

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KuwaitPetroleumCorporation
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His Highness the Amir of Kuwait

Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah

His Highness the Crown Prince

Sheikh Sabah Khaled Al-Hamad Al-Sabah

An Artistic Imprint

This year's annual report cover features an original painting by our colleague, Heba Al-Anzi, reflecting KPC's commitment to nurturing local talent and celebrating the creativity of its people—because excellence extends beyond professional achievement.

About this report

This annual report covers Kuwait Petroleum Corporation's financial and operational activities and is published in both Arabic and English. In case of any discrepancies, the Arabic version shall prevail.

Images included in this report represent the operations provided by Kuwait Petroleum Corporation.

Contents

Mission

We optimize the value of Kuwait's hydrocarbon resources by operating commercially and globally in an integrated and sustainable manner, while providing opportunities for our people to grow and contributing to Kuwait's economic development.

Vision

Our vision is to be a global, integrated oil & gas leader, through:

- Leveraging innovation to maximize profit
- Excelling with capable and motivated people
- Acting as a secure and reliable supplier
- Delivering efficiently and effectively
- Ensuring health, safety and security
- Respecting the environment

KPC Values

Partnership

Caring for People

Commitment to HSSE

Pride

Integrity

Innovation

Excellence

One Team

About KPC and its Strategic Directions to 2040

About KPC

Kuwait Petroleum Corporation (KPC) recognizes its vital role in the responsible production and global marketing of hydrocarbons. The Corporation oversees operations across exploration and production, refining, petrochemicals, transportation, and international ventures through an integrated value chain managed by eight wholly owned subsidiaries. KPC is also committed to implementing innovative energy solutions across all aspects of its business, aligned with global market dynamics and strategic priorities. Our primary mission remains to foster prosperity and growth for our customers by continuing to serve as a safe and reliable energy supplier worldwide.

We also take pride in meeting Kuwait's present and future energy needs through the efficient utilization of resources that combine economic viability with environmental sustainability. KPC provides fair and inclusive opportunities for its workforce, while continuously developing employee talent to uphold our legacy of quality, adaptability, and credibility at both the local and global levels.

KPC Strategic Directions to 2040

General Directions:

- Continuous review of the operating portfolio to achieve the optimal balance.
- Meet Kuwait's current and future energy needs by providing a mix of fuels that are both economically and environmentally optimal.
- Leverag alternative, renewable, and other energy sources where they create added value to the Corporation's activities and operations.
- Develop a comprehensive digital strategy and implementing its framework to achieve operational excellence.

2040 Strategic Directions

Domestic Upstream

- Achieve and sustain a crude oil production capacity of 4.0 million barrels per day by 2035 (including the Divided Zone) and maintain this level through 2040.
- Reach a sustainable non-associated gas production capacity of 2.0 billion cubic feet per day by 2040.

International Upstream

- Enhance the current asset portfolio to achieve operational excellence and increase KPC's financial returns.
- Pursue high-value investment opportunities in collaboration with major international oil companies.

Domestic Downstream

- Achieve a maximum refining capacity of 1.6 million barrels per day by 2025, maximizing the processing of heavy Kuwaiti crude in domestic refineries and meeting local energy demands.
- Enhance integration between refining and petrochemical operations.

International Downstream

- Invest in economically viable projects with global partners to build refining capacity for 425,000 barrels per day of Kuwaiti crude by 2025 in high-growth markets.
- Maintain competitiveness in European retail operations and expand into promising high-growth markets.

Petrochemicals

- Expand intermediate and primary petrochemical product capacity in Kuwait and abroad to reach 14.5 million tons annually by 2040.
- Develop downstream industries related to major intermediate products, both locally and internationally.

International Marketing

- Maximize the value of Kuwaiti hydrocarbon resources through safe, diversified, and long-term marketing channels.
- Develop asset-backed trading businesses to enhance resource value and manage market and price risks.

Marine Transportation

- Secure strategic, long-term coverage and marketing for crude oil, petroleum products, and liquefied gas, aligned with targeted production levels, using economically efficient methods.

Human Resources

- Serve as a strategic partner to KPC and its subsidiaries by providing HR services that meet strategic needs and support employee development and training.

Health, Safety, Security & Environment (HSSE)

- Achieve world-class performance in Health, Safety, Security, and Environment (HSSE) by implementing rigorous standards and systems across all KPC and subsidiary sites.

Research & Development

- Build and maintain research and technology capabilities and infrastructure aligned with business needs by establishing a dedicated Research & Technology Center and collaborating with strategic partners.

Finance

- Develop financing capabilities and tools to improve financial management and optimize capital allocation.

Risk Management

- Promote a culture of risk awareness and integrate risk management into procedures and operations across all business areas.

Information Technology

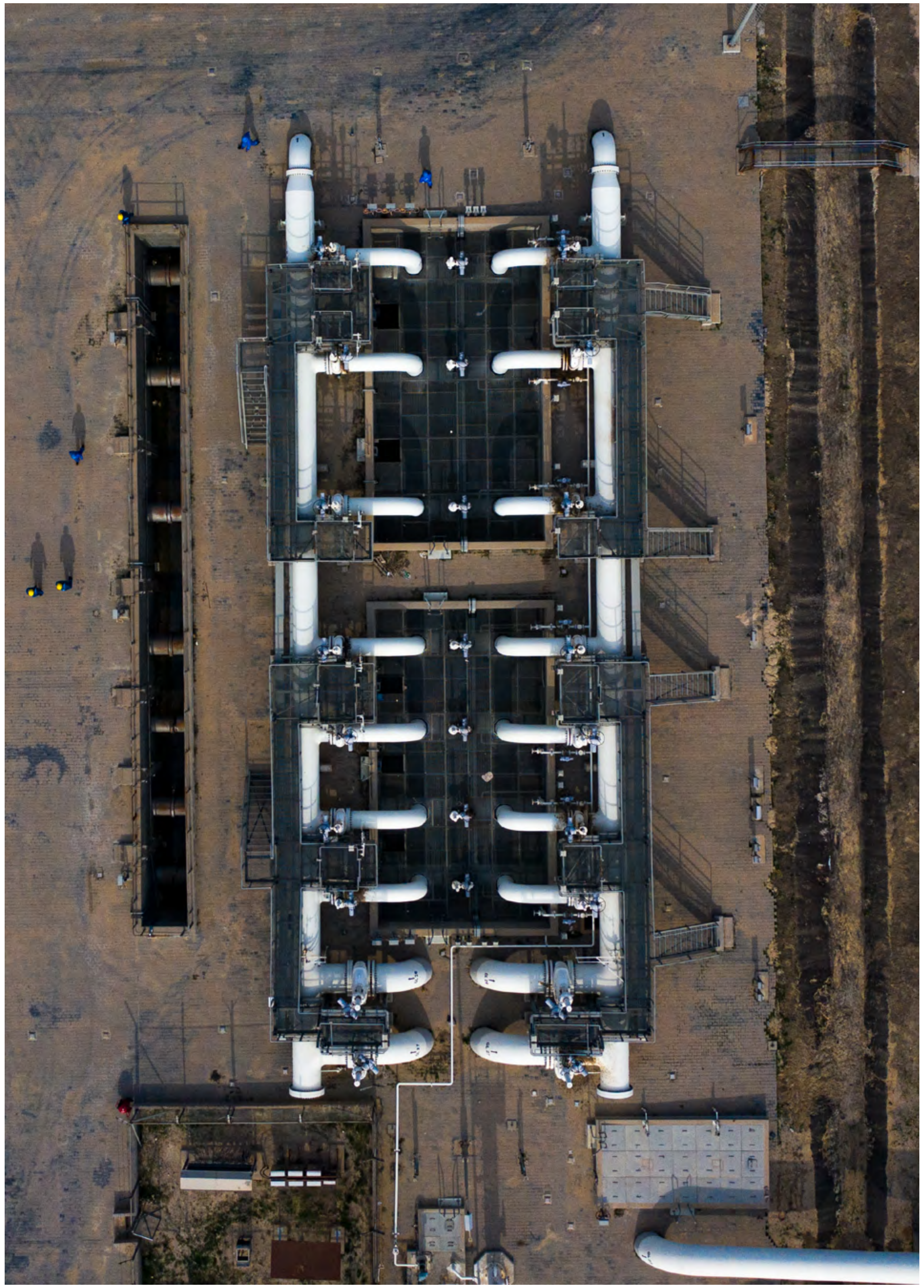
- Adopt best practices in network security standards and procedures across the Corporation and its subsidiaries to protect the oil sector from cyberattacks.
- Support operational technology through shared infrastructure, unified policies, and standardized procedures.

Internal & External Communication

- Proactively enhance the Corporation's image locally and globally, and design and implement a comprehensive corporate social responsibility (CSR) program in Kuwait.

Private Sector Participation

- Enable opportunities for the local private sector to establish downstream industries in Kuwait.
- Strengthen private sector engagement in current and future activities, investments, and support services.



Chairman's Message

It is my pleasure to present to you the Annual Report of Kuwait Petroleum Corporation (KPC) and its subsidiaries for the fiscal year 2025/2026. This report stands as a clear testament to a year of exceptional achievements, despite the malicious attacks that targeted the oil sector in our country. Indeed, this year marked a pivotal milestone in advancing our 2040 Strategic Directions through strategic international partnerships, technological initiatives, and a distinguished global presence, translating our vision into tangible outcomes.

One of the most prominent highlights of this global engagement was the success of the 5th Kuwait Oil & Gas Conference and Exhibition (KOGS 2026), which attracted major energy companies and decision-makers from around the world. The scale of international participation and the agreements concluded on its sidelines reflected Kuwait's leading role in advancing the global dialogue on energy security and market stability, while also reaffirming the readiness of our infrastructure and regulatory framework to support major projects.

Building on these achievements, this year witnessed the launch of the Center of Excellence for Artificial Intelligence in collaboration with Microsoft. This partnership aims to digitize oil operations and enhance production efficiency through advanced data and AI technologies, contributing to the development of a smart oil sector capable of competing globally while reducing operational costs.

Another significant milestone during the year was the signing of the development agreement for the Mutriba oil field in partnership with SLB Global. This serves as a strong example of Kuwait's openness to foreign investors and global technology companies. This collaboration is not only aimed at extracting complex hydrocarbon resources and enhancing production capabilities, but also at transferring technology and localizing global expertise within our field operations.

Beyond these strategic initiatives, the efforts of the oil sector extend beyond maximizing the economic value of hydrocarbon resources to include investing in human capital, empowering national talent, and enhancing the work environment. These are fundamental pillars for sustaining performance and supporting the comprehensive development journey of the State of Kuwait. During the year, the Corporation recruited 1,321 Kuwaiti men and women across various specializations.

Collectively, these achievements clearly reflect our vision for the future, whereby Kuwait opens its doors to strengthening international partnerships within a trusted and productive business environment that delivers mutual benefit. At the same time, they reflect our commitment to our citizens by providing a dynamic work environment that drives continuous development, while placing strong emphasis on human capital development and supporting local content to ensure sustainable employment opportunities for future generations.

On behalf of all members of the oil sector, I would like to express my sincere gratitude and deepest appreciation to His Highness the Amir of the State of Kuwait Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah; His Highness the Crown Prince Sheikh Sabah Khaled Al-Hamad Al-Sabah; and His Highness Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah the Prime Minister, may Allah protect them all, for their unwavering support of the oil sector, which in turn continues to serve our beloved homeland and its loyal people with dedication.

Tareq Sulaiman Al-Roumi
Minister of Oil,
Chairman of Kuwait Petroleum Corporation

CEO’s Message

The past fiscal year was marked by exceptional challenges arising from unprecedented regional developments, foremost among them the criminal Iranian attacks that targeted the oil sector. These events constituted a genuine test of Kuwait Petroleum Corporation’s (KPC) resilience and the readiness of our sector to continue operations efficiently and effectively. Despite these circumstances, KPC demonstrated a high level of preparedness and an integrated operational framework, supported by determination and steadfast commitment. This resilience reaffirmed KPC’s importance as one of the main pillars of the national economy and its continued ability to operate and deliver successfully under various conditions.

Despite geopolitical volatility and the uncertainty facing the global economy, KPC achieved net profits amounting to KWD 2.155 billion. This performance reflects the continued implementation of the 2040 Strategic Directions and the drive to achieve operational excellence and maximize added value across the entire oil sector value chain.

During the year, we also recorded a number of significant strategic achievements, most notably Kuwait Petroleum International (KPI) signing an agreement with a leading Chinese petrochemicals group, paving the way for the establishment of a Kuwaiti petrochemical complex in China. This agreement represents a substantial step in expanding KPC’s international presence and strengthening its global partnerships, while supporting the diversification of its investment portfolio and enhancing returns from downstream petrochemical industries.

Within the same context, we launched the “Shaheen” and “Seef” projects, which constitute two key pillars of our future plans to increase production capacity and enhance the economic value of the oil sector. The Shaheen project is based on innovative investment models aimed at maximizing returns from strategic infrastructure assets through the lease and lease-back of the crude oil pipeline network, while maintaining full state ownership and operational control.

The Seef project represents a pivotal and unprecedented step by inviting major international oil companies to contribute to the development of recent offshore discoveries, particularly Al-Nokhatha, Jazah, and Al-Julaia oil fields, through service-based contractual models aligned with the Kuwaiti Constitution and regulatory framework. This initiative supports the development of offshore capabilities and opens new horizons for sustainable growth.

Together, these two projects represent a key pillar of our strategic objective to increase production capacity to four million barrels per day by 2035, in line with the highest standards of efficiency and sustainability.

The 5th Kuwait Oil & Gas Conference and Exhibition (KOGS 2026) also served as an important platform for strengthening strategic partnerships. The event witnessed the signing of a number of contracts and agreements with leading global energy companies across the fields of exploration and production, field development, infrastructure, biofuels, and technology transfer, further enhancing the sector’s ability to increase production capacity and achieve sustainable growth in accordance with international best practices.

This report reflects a year of hard work, resilience, and achievement, reaffirming our firm commitment to realizing KPC’s vision, enhancing operational efficiency, and ensuring long-term sustainability.

We remain guided by the continued support and wise leadership of His Highness the Amir of the State of Kuwait Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince Sheikh Sabah Khaled Al-Hamad Al-Sabah, and His Highness Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah the Prime Minister, may God protect and bless them.

Nawaf Saud Al-Sabah
Deputy Chairman & CEO
Kuwait Petroleum Corporation

Leadership Team

KPC Board of Directors

Tareq Al-Roumi

Minister of Oil & Chairman

On 29 October 2024, Amiri Decree No. 183 of 2024 was issued appointing His Excellency Mr. Tareq Sulaiman Al-Roumi as Minister of Oil. Throughout his distinguished career in the oil sector, Al-Roumi held several prominent positions. He began his career at Kuwait Oil Company in 1976, where he served in a number of senior Internal Audit positions before moving to other companies within the oil sector. In June 2011, he was appointed Managing Director of Internal Audit at Kuwait Petroleum Corporation, a position he held until his retirement in May 2013.

In addition, Al-Roumi served on the boards of several companies, including as Chairman of the Board of Kuwait Oil Tanker Company from October 2023 to November 2024, and as Deputy Chairman of the Board of Kuwait Drilling Company.

Al-Roumi currently serves as Minister of Oil and Chairman of the Board of Directors of Kuwait Petroleum Corporation.

Al-Roumi holds a Bachelor's degree in Accounting from Kuwait University.

Sheikh Nawaf Al-Sabah

Deputy Chairman & Chief Executive Officer

Sheikh Nawaf Saud Al-Sabah has served as Deputy Chairman and Chief Executive Officer of Kuwait Petroleum Corporation since March 2022.

Prior to his current appointment, Al-Sabah served as Chief Executive Officer of Kuwait Petroleum International (KPI), one of Kuwait Petroleum Corporation's subsidiaries, from February 2019 to March 2022. During his tenure, he redefined the company's strategy to focus on strategic, value-adding projects that support the profitability of Kuwait's oil sector.

Al-Sabah previously served as Chief Executive Officer of Kuwait Foreign Petroleum Exploration Company (KUFPEC), a subsidiary of Kuwait Petroleum Corporation, for nearly nine years beginning in 2013.

Before joining KUFPEC, Al-Sabah spent approximately 14 years at Kuwait Petroleum Corporation, where he held several positions, the last eight of which were as Deputy Managing Director and General Counsel to the Chief Executive Officer.

From 2002 to 2004, Al-Sabah headed Kuwait Petroleum Corporation's office in Washington, D.C., where he worked to identify opportunities for collaboration and develop strategic partnerships. He also contributed to policy analysis relating to the United States.

Prior to joining KPC in 1999, Al-Sabah worked as an attorney specializing in mergers and acquisitions at Gibson, Dunn & Crutcher LLP, an international law firm headquartered in Los Angeles, California, United States.

Al-Sabah holds an A.B. degree magna cum laude from Princeton University's School for Public and International Affairs, as well as a Juris Doctor degree cum laude from Harvard Law School.

Aseel Al-Munaifi

Board Member

Aseel Suleiman Al-Munaifi is the Undersecretary of the Ministry of Finance and a member of KPC's Board. She previously served as Deputy Chairman of Kuwait Oil Tanker Company and held senior roles overseeing public budgeting, financial affairs, and taxation. She holds a Bachelor's degree in Accounting from Kuwait University.

Sheikh Al-Sabah

Board Member

Sheikh Saud Salem Al-Sabah is a Board Member of Kuwait Petroleum Corporation and is the Managing Director of the Kuwait Investment Authority. He is also the Head of Financial & Strategic Planning at Dom National General Trading Company. Prior to these roles, he was an Associate for the Middle East & Africa Region at BlackRock in London. Al-Sabah holds a Bachelor's degree in Economics and Finance from Bentley University and is a Chartered Financial Analyst (CFA).

Yousef Al-Qabandi

Board Member

Yousef Khalid Al-Qabandi is the former Deputy Managing Director of Middle Distillates and Fuel Oil Marketing at KPC. He previously served as Deputy Chairman of Kuwait Oil Tanker Company and contributed to various strategic marketing and operational roles. He holds a Bachelor's degree in Industrial Management from Kuwait University.

Wafaa Al-Qatami

Board Member

Wafaa Ahmed Al-Qatami serves as a Board Member of KPC and as Deputy Chair of the Kuwait Direct Investment Promotion Authority. She has been General Manager of Al-Durar Al-Tis'a since 1981, with extensive experience in real estate and financial investments. She has held directorships in several financial institutions, including the Kuwait Chamber of Commerce and Industry, Kuwait Clearing Company (Maqasa), and Arzan Financial Group. Al-Qatami holds a BA in Political Science and Public Administration from the American University of Beirut.

Yousef Al-Yateem

Board Member

Yousef Abdullah Al-Yateem has held prominent roles within the Kuwaiti oil sector, including Deputy Managing Director of Financial and Administrative Affairs at Kuwait Petroleum International and Accounts Manager at KPC. He has also previously served as a Board Member for Kuwait National Petroleum Company, Petrochemical Industries Company, and Kuwait Oil Tanker Company. His career with KPC and its subsidiaries began in 1973. Al-Yateem holds a Bachelor's degree in Finance from the University of Toledo, USA.

KPC Executive Management

Sheikh Khaled Al-Sabah

Managing Director – International Marketing

Sheikh Khaled Ahmed Al-Sabah is the CEO of Kuwait Oil Tanker Company and the Managing Director of International Marketing at KPC. He previously served as Deputy Managing Director of Global Sales and Deputy Managing Director of Crude Oil and Petroleum Products Marketing. He holds a Bachelor’s degree in Petroleum Engineering from the University of Southern California.

Hesham Al-Refae

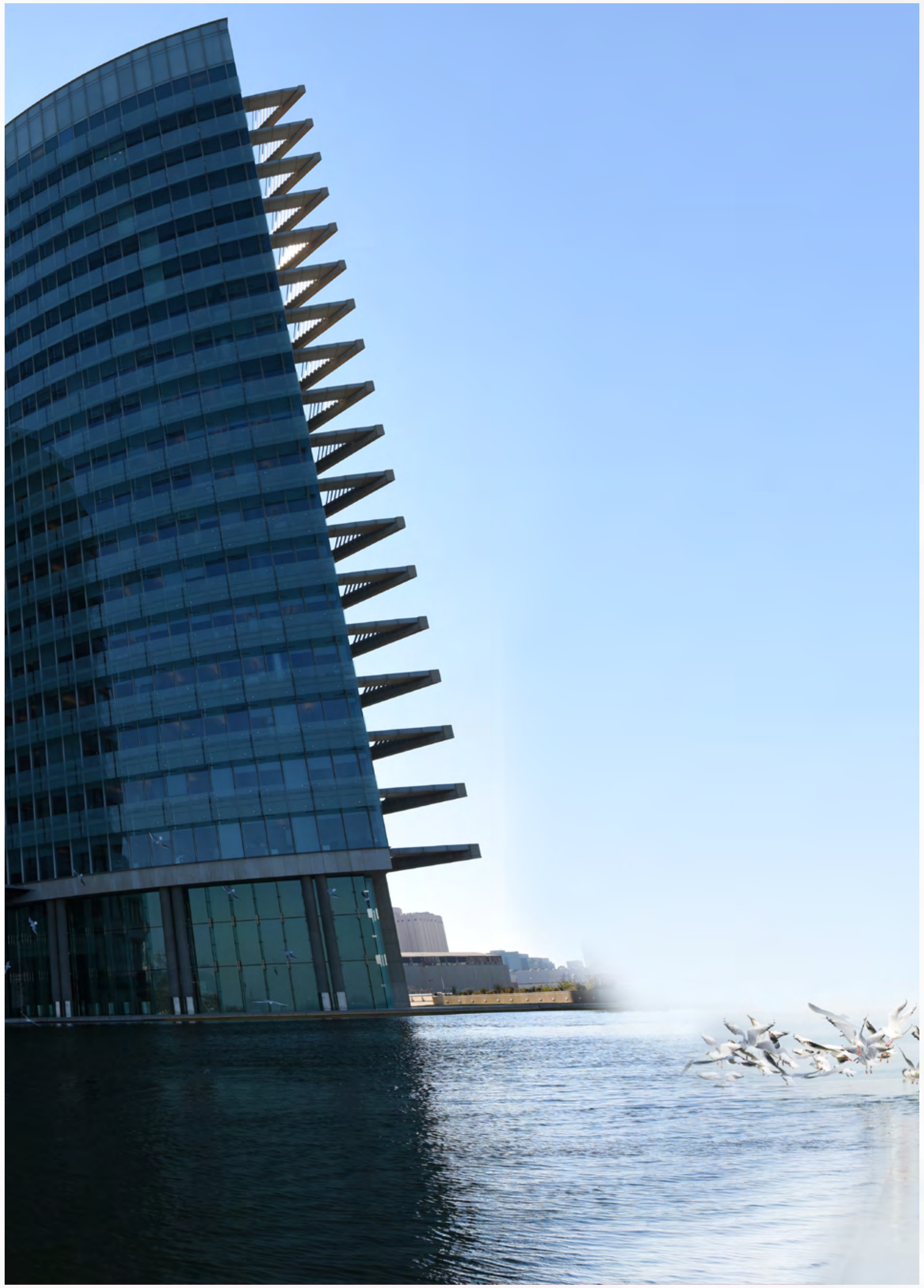
Managing Director – Human Resources and Corporate Services

Hesham Ahmed Al-Refae serves as the Managing Director of Human Resources and Corporate Services at KPC. He previously served as Deputy Managing Director of Training and Deputy CEO for Administrative and Financial Affairs at Petrochemical Industries Company. He holds a Bachelor's degree in Statistics from Kuwait University.

Bader Al-Attar

Managing Director – Planning & Finance

Bader Ibrahim Al-Attar serves as the Managing Director of Planning and Finance at KPC. He previously served as Deputy CEO for Planning and Finance and Deputy CEO for Planning and Commercial Affairs at Kuwait Oil Company. He holds a Bachelor's degree in Petroleum Engineering from Colorado School of Mines.



CEOs of KPC Subsidiaries

Kuwait Oil Company (KOC)

Established in 1934 by British Petroleum and Gulf Oil (Chevron), KOC conducts exploration, land and marine surveys, well drilling, and field development. The first commercial oil discovery was made in 1938 at Burgan, now the world's second-largest oil field.
KOC operates under Kuwait Petroleum Corporation (KPC) and aims to become a global leader in oil and gas exploration while ensuring sustainable production.

In 1938, oil was discovered in commercial quantities in Burgan, the second largest oil field in the world. In June 1946, the late Amir of Kuwait, His Highness Sheikh Ahmad Al-Jaber Al-Sabah inaugurated the first Kuwait crude oil export. As a Kuwait Petroleum Corporation's subsidiary, KOC's Vision is to assume a leading position in global oil and gas industry, in addition to developing the Country's oil reserves to ensure production Sustainability.

Ahmad Al-Eidan

Chief Executive Officer

Ahmad Jaber Al-Eidan was appointed CEO in November 2022 and has served at KOC for 31 years in exploration, drilling, and development roles. He also serves as Chairman of Kuwait Gulf Oil Company since October 2023. Al-Eidan holds a Bachelor's degree in Geology from Kuwait University.

Kuwait National Petroleum Company (KNPC)

Founded in October 1960 as a public-private partnership, KNPC became fully government owned in 1975 and was integrated into KPC in 1980. It is responsible for refining crude oil, gas manufacturing, and marketing petroleum products, operating the Mina Al-Ahmadi and Mina Abdullah refineries.

Kuwait Integrated Petroleum Industries Company (KIPIC)

Established in 2016 under KPC as Kuwait's first fully integrated refining and manufacturing company, KIPIC oversees the strategic Al-Zour Refining Complex, which includes a refinery and LNG import facilities.

Wadha Al-Khateeb

Chief Executive Officer KNPC and Acting CEO, KIPIC

Wadha Ahmed Al-Khateeb was appointed CEO in 2022 and serves as Acting CEO of KIPIC. She previously served as Head of the Gulf Cooperation Council Gas Producers Association and held key leadership roles in technical services, HSE, and operations. She holds a Bachelor's degree in Chemical Engineering from Kuwait University.

CEOs of KPC Subsidiaries

Kuwait Foreign Petroleum Exploration Company (KUFPEC)

Founded in 1981 by Kuwait Petroleum Corporation, KUFPEC conducts international exploration, development, and production of crude oil and natural gas. The Company has established partnerships with global operators, facilitating the adoption and integration of cutting-edge technologies into Kuwait's domestic oil operations.

Eisa Al-Maraghi

Chief Executive Officer

Eisa Abdulrahman Al-Maraghi serves as CEO of KUFPEC with over 28 years of experience in the oil and gas industry. He previously served as Deputy CEO (North & West Kuwait) at Kuwait Oil Company. Al-Maraghi holds a Bachelor's degree in Petroleum Engineering from Kuwait University.

Kuwait Gulf Oil Company (KGOC)

Established in 2002 as a wholly-owned subsidiary of Kuwait Petroleum Corporation, KGOC represents Kuwait in the Divided Zone shared with the Kingdom of Saudi Arabia. The Company oversees upstream operations in collaboration with Saudi Arabian Chevron in Wafra and Aramco Gulf Operations in Khafji.

Bader Al-Munaifi

Chief Executive Officer

Bader Ahmed Al-Munaifi serves as CEO of KGOC with more than 33 years of experience in the oil and gas industry. Al-Munaifi holds a Bachelor's degree in Petroleum Engineering from the Colorado School of Mines.

CEOs of KPC Subsidiaries

Petrochemical Industries Company (PIC)

Founded in 1963 as a subsidiary of Kuwait Petroleum Corporation, PIC was the first Gulf company to establish an integrated chemical complex for fertilizer production. Today, it leads the petrochemical sector in the region with core operations in olefins, aromatics, and fertilizers.

Nadia Al-Hajji

Chief Executive Officer

Nadia Bader Al-Hajji was appointed CEO in November 2022. She has over 32 years of experience in refining and petrochemicals, beginning her career as a process engineer at Kuwait National Petroleum Company. She holds a Bachelor's degree in Chemical Engineering from Kuwait University.

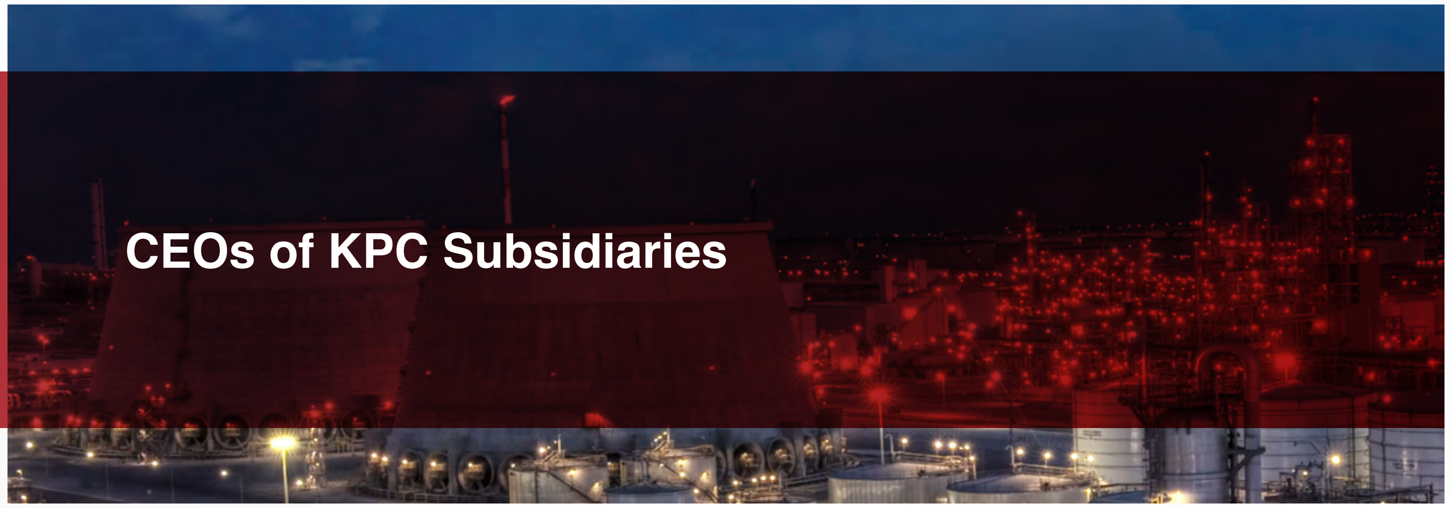
Kuwait Petroleum International (KPI)

Established in 1983 as KPC's global marketing arm, KPI manages an extensive retail fuel network and service stations across Europe. The Company supplies aviation fuel at more than 70 international airports and markets one of the world's leading lubricant brands. KPI also holds stakes in three international refineries located in Italy, Vietnam, and Oman through strategic partnerships.

Shafi Al-Ajmi

Chief Executive Officer

Shafi Taleb Al-Ajmi was appointed CEO in November 2022. He previously served as EVP for Planning and Finance at PIC and EVP for Manufacturing Affairs at KPI. He holds a Bachelor's degree in Chemical Engineering from Kuwait University.



CEOs of KPC Subsidiaries

Kuwait Oil Tanker Company (KOTC)

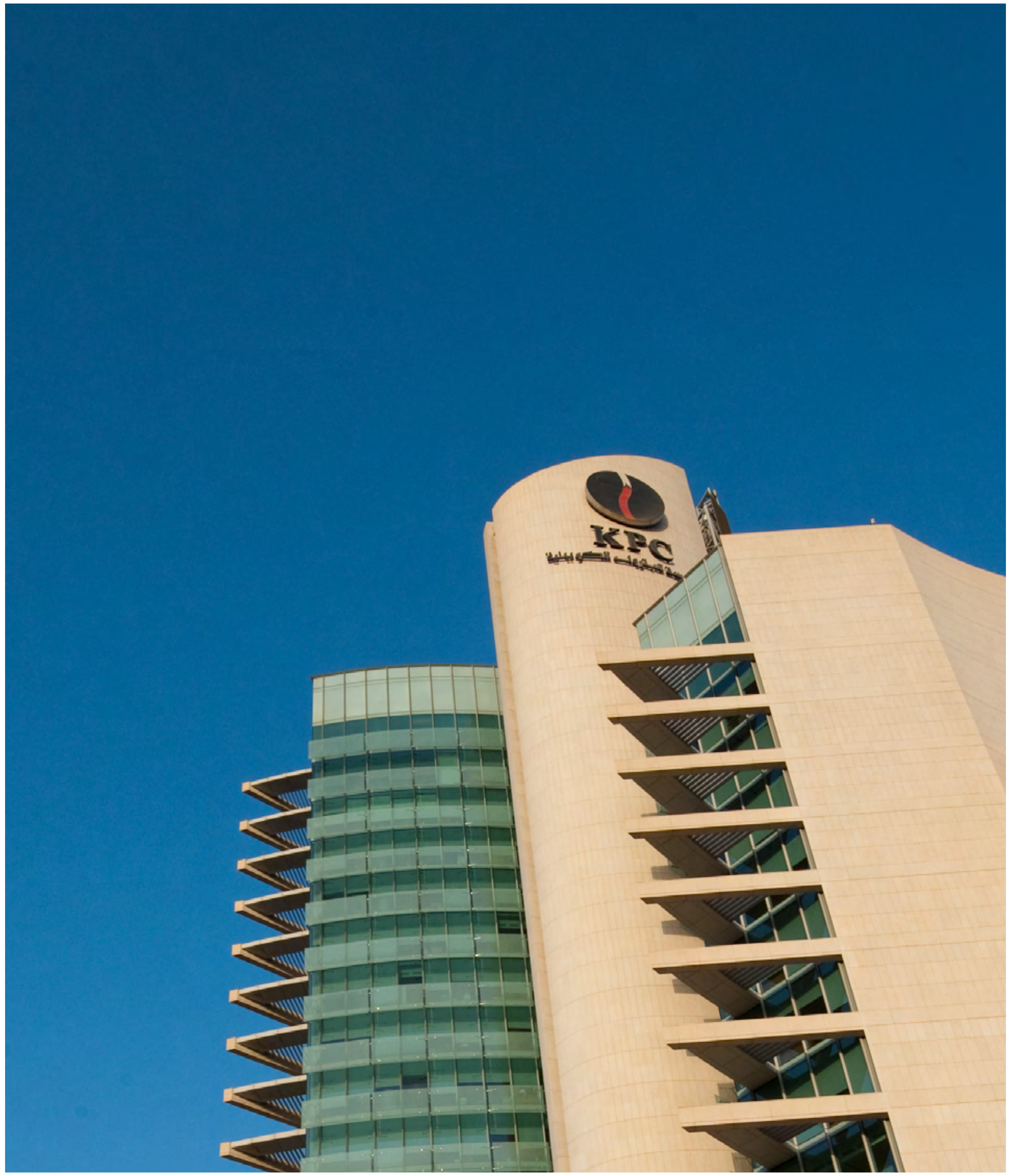
Founded in 1957 by pioneering Kuwaiti investors who recognized the strategic importance of oil as a vital energy source, KOTC launched its first oil tanker, Kathma, in 1959, with a capacity of 49,000 tons. In 1976, the Kuwaiti government acquired a 49% stake in the company. Following the establishment of KPC in 1980, KOTC assumed full responsibility for KPC's oil transportation operations.

Sheikh Khaled Al-Sabah

Acting Chief Executive Officer

Sheikh Khaled Ahmad Al-Sabah is the CEO of Kuwait Oil Tanker Company and the Managing Director of International Marketing at KPC. He previously served as Deputy Managing Director of Global Sales and Deputy Managing Director of Crude Oil and Petroleum Products Marketing. He holds a Bachelor's degree in Petroleum Engineering from the University of Southern California.


Corporate Governance & Strategic Framework



KPC places great importance on implementing sound corporate governance principles across all activities and operations because it believes that effective governance is fundamental to achieving operational efficiency, transparency, accountability, and long-term sustainability.

KPC's governance framework integrates relevant legislation and internal regulations, while adopting global best practices, including those set by the Organization for Economic Co-operation and Development (OECD). This approach balances KPC's strategic objectives with internationally recognized standards in the oil sector.

Governance Framework

KPC's governance system is based on several core principles:

Transparency and Disclosure

Commitment to accurate and timely disclosure of financial and non-financial information, reinforcing stakeholder trust.

Accountability

Clear definition of responsibilities and authorities, ensuring executive management is accountable to the Board of Directors and stakeholders.

Fairness

Equitable and impartial treatment of all parties, including employees, partners, and clients.

Institutional Oversight

Empowering the Board of Directors and its committees to oversee strategy implementation and compliance with internal systems and regulations.

Governance System

KPC's corporate governance system is tailored to the oil and gas sector. Governance is exercised through the Board of Directors, comprising the Chairman, Deputy Chairman, and seven members. The Board approves strategic plans for KPC and its subsidiaries and oversees their performance and operations.

The Board may establish, restructure, or dissolve committees as needed to enhance efficiency and oversight."

Board Committees

There are three main committees under the Board of Directors, each with specific responsibilities. Meetings are held at least four times per year:

1. High Executive Committee:

- Reviews annual budget estimates for KPC and its subsidiaries, and submits recommendations to the Board.

- Approves changes to timelines and scopes for capital and operational programs, provided costs do not exceed KD 100 million. For larger programs, the committee reviews and submits recommendations to the Board.

- Approves pricing principles and policies for fuel and feedstock transactions between KPC, its subsidiaries, and related entities.

- Approves execution and renewal of contracts for marketing crude oil, gas, and products, as per KPC's Financial Regulation.

2. Committee for Compensation and Development of Employees and Leaders

- Reviews and approves changes to organizational structures at KPC and its subsidiaries.

- Considers creation or cancellation of executive positions and submits recommendations to the Board.

- Periodically reviews compensation, allowances, incentives, and benefits, taking action as needed based on market surveys.

- Reviews and approves incentive systems, rewards, and annual performance targets for executives and employees.

- Proposes and monitors development plans for Managing Directors and CEOs.

- Reviews criteria for selecting board members of fully owned subsidiaries and submits recommendations to the Board.

3. Audit and Risk Committee

- Reviews standards for appointing external auditors, determines their fees, and issues opinions on reappointment and additional services.

- Reviews annual external audit results and auditor's observations on internal controls.

- Examines financial policies and international accounting standards, evaluating significant changes.

- Reviews risk management policies and plans, assesses risk limits, submits recommendations to the Board, and ensures business risks remain within approved controls.

Governance of Subsidiaries

KPC's subsidiaries implement corporate governance principles under KPC's direct supervision, considering each company's unique activities and size. Standardized governance policies and practices includes the following:

- Adoption of a unified governance framework aligned with KPC policies.
- Development of clear board charters.
- Establishment of audit and risk committees across all subsidiaries.
- Enhancement of internal control systems and risk management.

Key Governance Achievements in FY 2025/2026

1. Updating governance systems and procedures to comply with new legislation and global standards.

2. Implementing annual assessments of subsidiary boards' performance, using a unified methodology.

3. Providing awareness programs to enhance board and executive leadership capabilities in governance and risk management.

4. Promoting a unified system for governance reporting and submitting reports to the Board.

5. Improving disclosure and communication with internal and external stakeholders.

Future Governance Directions:

1. Further developing governance frameworks aligned with KPC's strategy through 2040.

2. Accelerating digital transformation in governance and oversight systems.

3. Integrating governance, risk, and compliance into a unified framework across KPC and subsidiaries.

4. Enhancing the use of performance measurement indicators in governance.

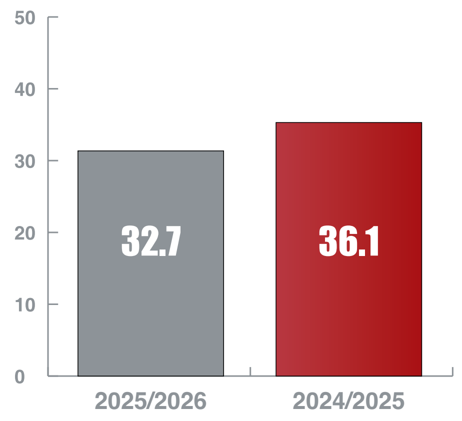
KPC's commitment to effective corporate governance is a cornerstone of institutional excellence, supporting strategic objectives through transparency, fairness, and discipline, while enhancing stakeholder trust.

Financial Performance of Kuwait Petroleum Corporation for FY 2025/2026

Total Revenue

32.7

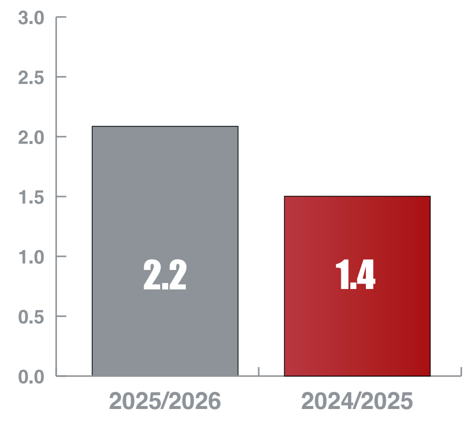
KWD Billion



Net Profit

2.2

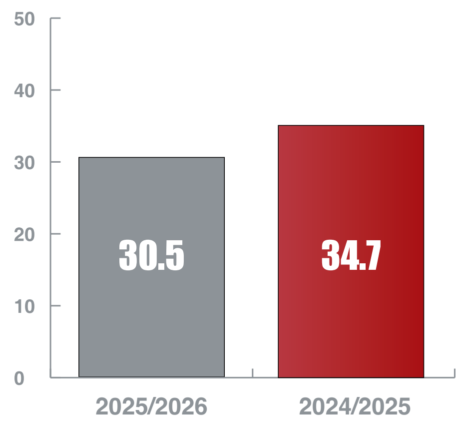
KWD Billion



Total Expenditure

30.5

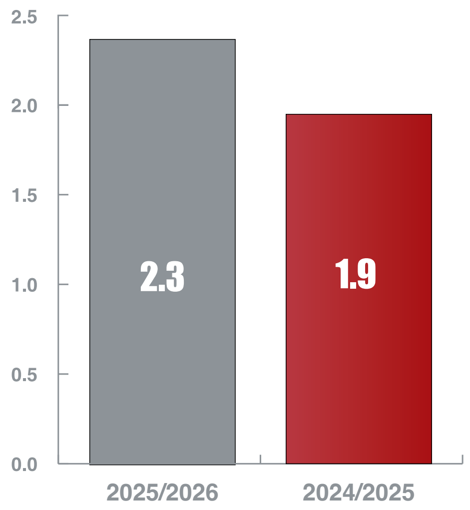
KWD Billion



Total Capital Expenditure

2.3

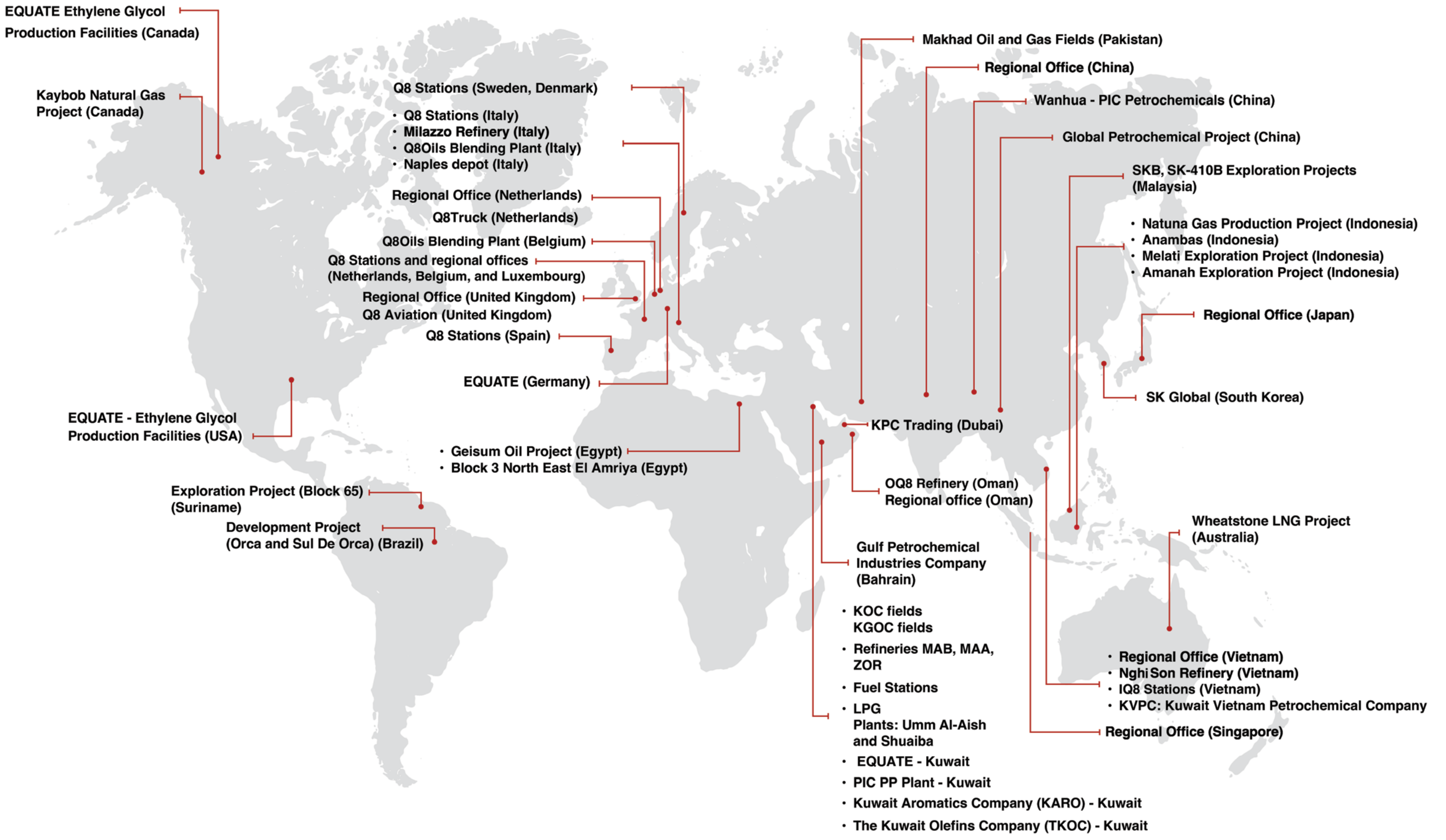
KWD Billion



Our Operations

KPC's Global Presence

KPC maintains an extensive global presence through its regional offices and international subsidiaries, strategically positioned to optimize value throughout its operational chain.



Employee Safety First

The safety of oil sector employees remained the highest priority as the sector responded to the repercussions of the heinous Iranian attacks against the State of Kuwait, which caused damage to several vital oil sector facilities. In this regard, measures to protect the national workforce and ensure their safety were taken immediately through the rapid activation of emergency plans operating the operations rooms 24/7, as well as intensifying the coordination between the concerned entities (parties) to ensure a safe working environment in this exceptional circumstance. The damage to some vital assets and facilities were instantly handled and contained in order to mitigate their impact to ensure the continuity of operating the vital utilities, which reflected the sector's readiness and ability to manage crises flexibly and professionally.

As part of the oil sector's national responsibilities, the operational efforts were prudently guided to ensure the needs of the local market as a main priority despite the challenges that affected the production and refining levels, and to sustain supplies stability, enhance operational efficiency, and minimize the impact of the crisis.

In parallel, force majeure clauses were activated according to the approved contractual frameworks in a way that ensures the responsible and transparent management of the contractual obligations. The sector continued its commitments to clients in the global markets through reorienting the supplies and enhancing the flexibility of supply chains , in a manner that ensures continuous fulfillment of contractual obligations under exceptional circumstances.

Cooperation among Arab Gulf countries were demonstrated in their finest form,as Kuwaiti oil sector worked with its counterparts for enhancing the security of regional oil supplies, and providing the available oil products to the countries whose facilities had been affected, which contributed to the stability of logistic integration and effective response to emergent needs.

These efforts reflect the oil sector's ability to manage crises and turn challenges into opportunities, building on a well-established national heritage and corporate values that place high priority on human safety and solidify Kuwait's position as a reliable partner in the international energy system.

Business Continuity and Readiness

In light of the exceptional developments witnessed across the region during the aggression against the State of Kuwait, KPC proactively initiated risk management measures. In close coordination with the Corporation's departments and its subsidiaries, comprehensive business continuity plans were activated effectively to ensure the continuity of operations activities and to strengthen preparedness in addressing potential risks in accordance with approved procedures and contingency plans.

The effective implementation of these plans significantly enhanced the Corporation's ability to manage crisis-related challenges efficiently and mitigate their potential impact. Furthermore, it ensured the continuity of operations in line with established frameworks, standards, and mechanisms for managing such exceptional circumstances. Employees across various sectors demonstrated a high level of professionalism, commitment, and awareness in crisis management, which contributed positively to strengthening business continuity, minimizing operational disruptions, and maintaining normal business operations.

Kuwait Petroleum Corporation's Achievements for the Fiscal Year 2025-2026

Innovation & Excellence
60+
Innovative Projects

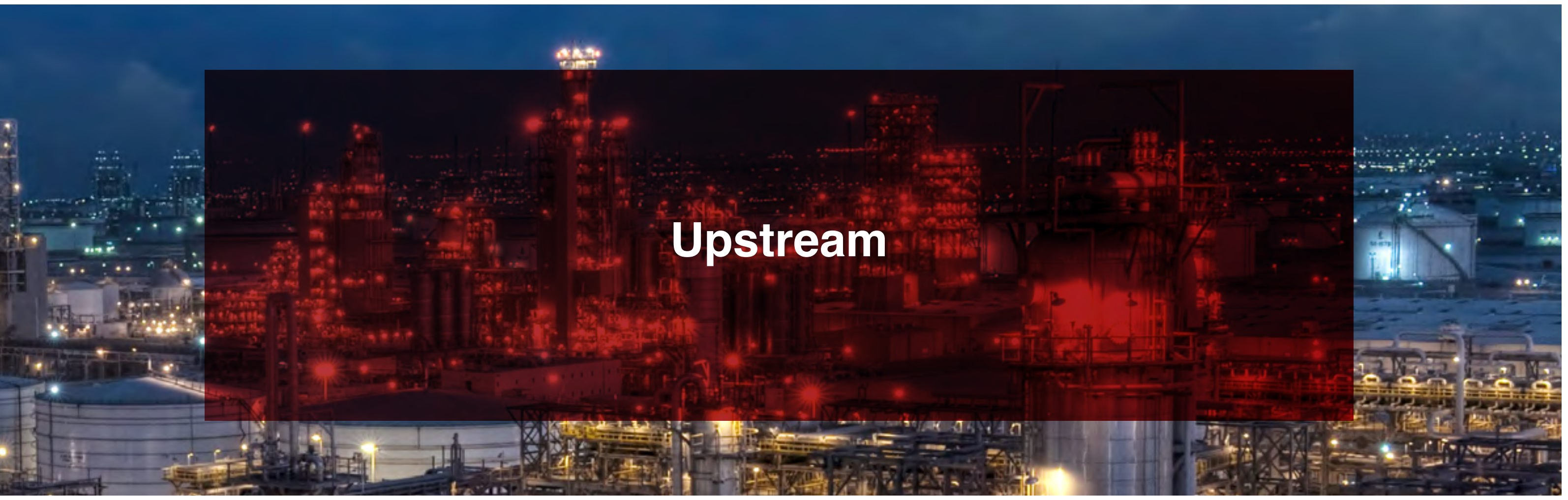
Daily Oil Production
2.72
Million BPD

Daily Refining Rate
1.167
Thousand BPD

Environmental Initiatives
3500+
Planted Trees

Modern and Advanced Fleet
31
Oil Tankers

Kuwaitization Percentage
91%



Upstream

The Exploration and Production sector represents the backbone of Kuwait's oil activities, encompassing all operations related to the exploration, development, and production of hydrocarbon resources both locally and internationally. The sector focuses on achieving energy security, sustaining production, and increasing production capacity through the application of advanced technologies and the expansion of exploration activities across broader geographical areas, while maintaining full compliance with environmental and operational safety standards.

Domestic Upstream

Kuwait Oil Company successfully continued to implement its strategy, achieving its annual total crude oil production target for the second consecutive year by reaching 2.72 million barrels of oil per day. In addition, the Company recorded its highest daily production rate of non-associated gas, on December 29, 2025, demonstrating its high operational efficiency and capability to meet targeted objectives.

Among the most notable significant exploration achievements was the discovery of Jazza Field, the first gas field discovered within Kuwait's offshore area from the Minagish formation, where results revealed exceptional gas and condensate production potential. The Company also drilled the first two Jurassic wells in the offshore area (Julaia and Ruqwa) and commenced drilling of the first Jurassic well in Ras Ashairij using Extended Reach Drilling (ERD) technology.

Onshore exploration activities also achieved significant milestones through the drilling of the first Cretaceous well in Karaa Al Marou Field and the first well in Adal Field, confirming the existence of new hydrocarbon reservoirs.

As part of efforts to strengthen integration across government entities, a strategic Memorandum of Understanding was signed between the Ministry of Electricity, Water and Renewable Energy, Kuwait Petroleum Corporation, and Kuwait Oil Company. The agreement aims to maximize utilization of national resources through the development of a co-generation plant project for electricity generation and steam production.

The project is expected to play a key role in supporting production operations at the South Ratqa Heavy Oil Field by increasing daily production rates while reducing operating costs and optimizing fuel usage. This will enhance economic returns and support environmental objectives in alignment with international climate change commitments.

Implementation of Strategic Projects

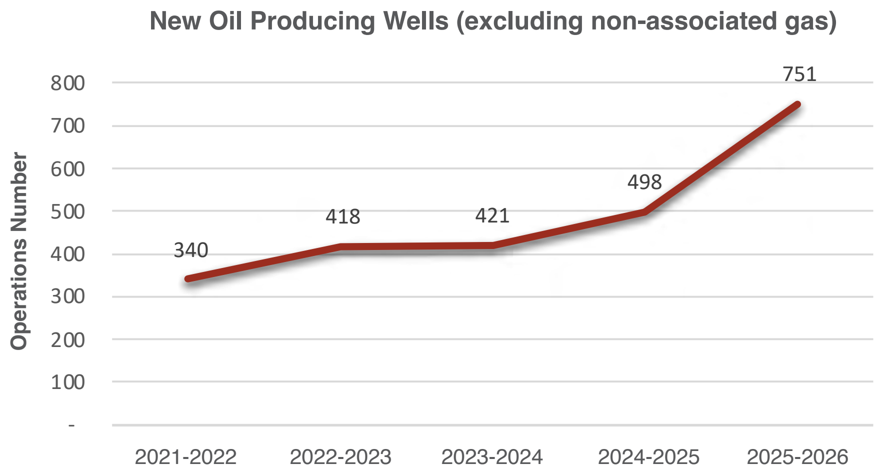
Kuwait Oil Company continued its efforts through innovative contracting strategies aimed at enhancing competitiveness and maximizing value creation. Despite challenges in implementing several major strategic projects due to external factors, particularly the limited interest shown by international contractors in water management projects, the Company maintained progress across its project portfolio. These initiatives are expected to provide advanced technical solutions and address operational challenges over the coming years.

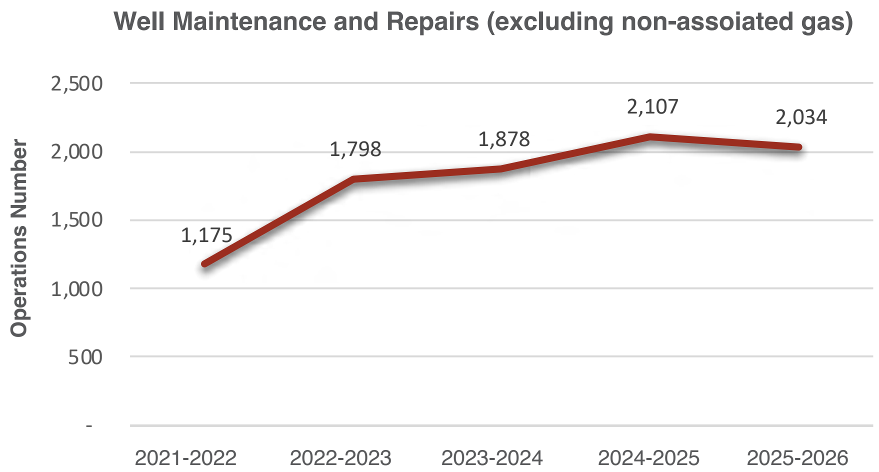
Area	Project
South and East Kuwait Operations	Construction and installation of Oil Separation Gathering Center–1 and Water Injection Station–1 in East Kuwait.
	Construction and installation of Oil Separation Gathering Center–3 and Water Injection Station–3 in South Kuwait.
	Construction and installation of Water Injection Station–4 in South Kuwait.
	Development of marine facilities at the North and South Piers in Mina Al-Ahmadi Port under the Fleet Project also continued, including progress on the following components:
	Fleet Project – Buoys: 25.48% complete
	Fleet Project – Landing Craft: 20.7% complete
	Fleet Project – Dredging Vessels: 24.2% complete
North and West Kuwait Operations	Crude oil separation in the Sabriya and Bahra fields (including Gathering Centers 23 and 24), and monitoring water injection at Gathering Center 31 and the water injection network - North Kuwait.
	• New water injection networks in Sabriya and Bahra.
	• New water injection networks in Rawdatain.
	• Construction of Separation Facility at Gathering Center 25 and Water Injection Facility at Gathering Center 30.
Drilling Projects	Drilling of six exploratory wells to establish hydrocarbon potential in Kuwait's offshore area.
Gas Operations Area	The New Gas Sweetening Facility at Gas Booster Station 171 in West Kuwait reached 30% completion.

Well Drilling and Maintenance Operations (Excluding Non-Associated Gas)

Kuwait Oil Company successfully drilled several oil production wells (excluding non-associated gas wells), in addition to carrying out extensive well maintenance and workover operations. These activities reflect the scale of operational efforts undertaken to support production sustainability and reliability.

The figures below show the number of well-related operations completed since 2021:





Enhancing Operational Efficiency and Innovation

As part of its ongoing efforts to enhance operational efficiency and support production growth plans, Kuwait Oil Company successfully implemented the Sabkha De-watering Project, addressing a longstanding operational challenge dating back to the discovery of the Burgan Field.

The project reduced groundwater levels by approximately 0.5 meters, enabling the drilling of more than three wells at one of the field's locations, thereby supporting drilling operations and enhancing production efficiency.

This achievement was realized through the implementation of advanced technical solutions, including:

- Designing groundwater de-watering wells.
- Developing integrated operating programs for Electrical Submersible Pumps (ESPs).
- Completing more than 90% of the site's equipment installation.

These measures enhanced operational efficiency and enabled the successful resumption of production from the first two wells. Building on this success, the Company plans to replicate this approach to facilitate production from an additional five wells in the Burgan Field.

Strengthening Strategic Planning and Investment

Strategic planning efforts continued to focus on enhancing production capabilities and supporting the integrated growth of the oil sector through the "Seif" project, one of the strategic initiatives aimed at leveraging global expertise and attracting leading international oil companies to support Kuwait Oil Company's efforts in developing new oil discoveries and bringing them into production.

These discoveries are expected to strengthen Kuwait's hydrocarbon resource base and increase production capacity to 4 million barrels per day by 2035.

In addition, a comprehensive model for assessing investment opportunities was completed in collaboration with S&P Global. The model included the identification and analysis of investment opportunities and the preparation of an integrated report covering opportunity identification, environmental preservation program scenarios, company selection criteria, benchmarking analyses, and competitiveness assessments, thereby supporting informed investment decision-making.

Associated and Non-Associated Gas Production Capacity

During FY 2025/2026, Kuwait Oil Company continued enhancing its natural gas production capacity through infrastructure development, advanced technical solutions, and greater integration between reservoirs, wells, and production facilities.

These efforts contributed to sustaining production and creating new opportunities for future growth, reinforcing the Company's leading position within the energy sector.

Average non-associated gas production remained below the annual target, after accounting for production adjustment measures. The variance between actual and targeted output was primarily attributed to external constraints beyond operational control. Nevertheless, the strong production performance achieved during December clearly demonstrated the production system's capability to meet FY 2025/2026 targets, provided the required resources and supply chains are fully available.

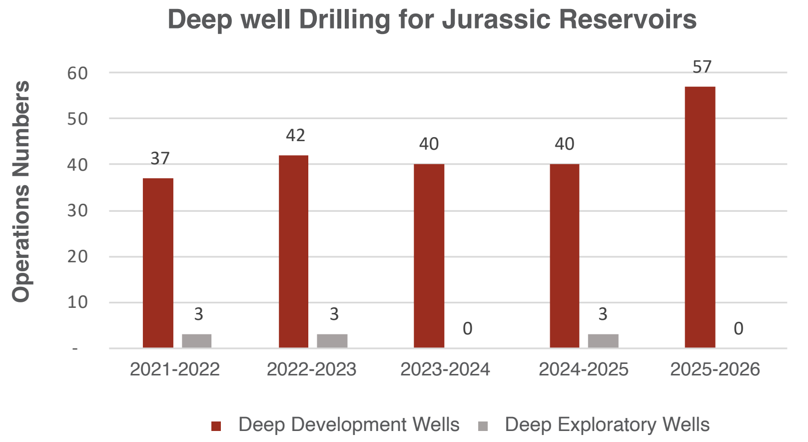
During the third quarter, the Low-Pressure Gas Network strategic replacement in Shuaiba Industrial Area was successfully implemented. The project is a key initiative supporting the reliable gas supply to vital facilities, particularly power generation stations operated by the Ministry of Electricity, Water and Renewable Energy, as well as industrial consumers.

The project contributed significantly to:
- Enhancing operational reliability
- Reducing operational and safety risks
- Improving asset integrity performance
- Supporting the long-term sustainability and efficiency of Kuwait's energy infrastructure

Deep Well Drilling Operations (Development and Exploration Activities in Jurassic Reservoirs)

Several drilling operations were completed during the fiscal year under both development and exploration programs targeting Jurassic reservoirs, supporting efforts to expand non-associated gas production and enhance exploration potential.

The Company also completed several maintenance and workover operations for non-associated gas wells to support production continuity and enhance operational performance:



Advanced technologies were introduced for the first time in Jurassic gas well drilling activities, including the deployment of integrated automated drilling systems that provide real-time connectivity between down-hole operations and surface facilities.

These technologies significantly enhanced drilling performance by:
- Improving drilling efficiency
- Reducing drilling time
- Optimizing operational performance
- Supporting performance-based drilling approaches

The implementation of these technologies reflects the Company's commitment to adopting advanced digital solutions, enhancing drilling performance, and achieving greater operational economic efficiency.

Reducing Annual Gas Flaring Rates

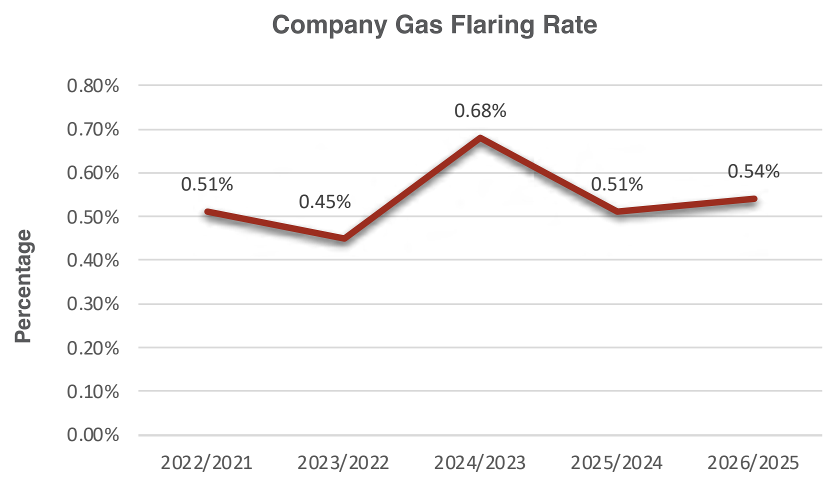
Kuwait Oil Company maintained its strong performance in reducing annual gas flaring rates, which remained well below the target for FY 2025/2026.

This result was achieved despite the planned 15-day shutdown of the Acid Gas Removal Unit at Mina Al-Ahmadi, demonstrating the efficiency and resilience of operational systems in responding to such circumstances.

This performance supports the optimal utilization of gas resources by providing additional volumes for domestic consumption, while reducing environmental impacts and promoting more sustainable operating practices.

Kuwait Oil Company conducted a comprehensive study to address challenges associated with acid gas processing capacity across gathering centers, gas networks, and processing facilities. The study focused on identifying operational gaps and analyzing root causes affecting crude oil production in West Kuwait Operations, as well as the increase in gas flaring rates.

The study identified a range of short and longterm solutions aimed at improving gas processing efficiency and maximizing the utilization of hydrocarbon resources.



Based on the study's outcomes, an integrated field trial program comprising six field experiments was developed and implemented to optimize gas processing systems in both West Kuwait Operations and Gathering Center 32.

These initiatives were implemented through close coordination among the relevant stakeholders across the Company, reflecting a high level of operational integration and collaboration.

The outcomes of these efforts are expected to contribute to:

- Increasing crude oil production
- Reducing gas flaring rates
- Enhancing operational efficiency
- Supporting environmental sustainability objectives

International Upstream

Khafji Joint Operations

The Khafji Joint Operations, operated by Kuwait Gulf Oil Company, continued delivering strong performance throughout 2025, supported by ongoing efforts to enhance operational efficiency and maximize resource utilization.

Production capacity reached 137 thousand barrels per day, exceeding the 2025 target of 135 thousand barrels per day.

Production enhancement initiatives, including increasing the Gas Lift System's capacity to 60 million cubic feet per day, contributed an additional 9,000 barrels per day in production. This achievement qualified for the final stage of the KPC Excellence Awards.

- Further achievements included:
- Addition of new reserves within the Ratawi reservoir at Khafji Field
- Launch of the first phase of offshore seismic surveys to identify new hydrocarbon reservoirs
- Commencement of water injection operations in the reservoir
- Completion and commissioning of the Hout Gas Project facilities
- Integration of power generation facilities with distribution infrastructure

Drilling activities also recorded major milestones, including completion of Well K-312, the longest well in the reservoir at 11,493 feet, with expected production of 4,000 barrels per day, in addition to commencement of development drilling at Well K-310, and completed the drilling of two water disposal wells in the Burgan formation to support environmental stewardship and preserve water resources.

Wafra Joint Operations

Wafra Joint Operations recorded notable operational growth during the reporting period, with production capacity reaching 89 thousand barrels per day and successfully meeting the target set for 2025.

A new oil discovery was made in North Wafra Field (Wara/Burgan Reservoir) with estimated reserves of approximately 500 million barrels of crude oil (26° API) through the drilling of two exploratory wells.

In addition, seismic interpretation studies and formation property analyses contributed to:

- Increasing production by 2,700 barrels per day from six wells in the Arq Field within the (Burgan reservoir).
- Increasing production by 2,400 barrels per day from six wells in the Hartha reservoir at (Wafra Field) through the utilization of depleted wells.

Operational progress also included the commencement of water-flooding operations in the Second Eocene Reservoir as part of the Polymer Injection Enhanced Oil Recovery Project, in addition to the commissioning the Produced Water Disposal Network Replacement Project. Three crude oil sales transactions involving Chevron Saudi Arabia were completed, totaling 400 thousand barrels, alongside completion of coastal strip protection projects at Al-Zour Port.

Kuwait Gulf Oil Company also recorded tangible environmental progress in Wafra Joint Operations through the successful implementation of its Memorandum of Understanding with Chevron Saudi Arabia, which has been in place since January 2022.

This partnership enabled the export of surplus gas produced from joint operations to Kuwait Oil Company for optimal utilization, thereby contributing directly to a reduction in gas flaring rates from 61% in 2022 to 46% in 2025.

Global Exploration Activities

Kuwait Foreign Petroleum Exploration Company delivered strong financial and operational performance, closing the year with net profits exceeding USD 348 million and an average production rate of 83,055 barrels of oil equivalent per day, 63% of which represented natural gas production.

These results reflect the Company's effective strategy and strong operational performance.

Globally, KUFPEC continued to diversify its investment portfolio across continents while maintaining the highest standards of safety and sustainability.

The Company currently operates across 10 countries spanning 6 continents, managing an investment portfolio of 30 projects organized across two key regions. It also maintains 7 regional offices in Australia, Canada, Egypt, Indonesia, Malaysia, the Netherlands, and Pakistan.

The Company also strengthened its international portfolio through two partnership agreements with Shell and TotalEnergies.

The agreement with Shell establishes a framework for exploration and production activities that supports the Company's long-term growth strategy, while the partnership with TotalEnergies strengthens asset value enhancement and international expansion in exploration and production activities.

Canada and Australia Operations Region

Dedicated efforts across the Canada and Australia operations region significantly enhanced performance, contributing to increasing production levels and supporting strategic growth across the Company's asset portfolio.

In Canada, the Kaybob Project achieved net production of 25,048 barrels of oil equivalent per day, driven by efficient execution, accelerated development activities, and continuous field optimization efforts.

The Company's Australian assets recorded net production of 41,245 barrels of oil equivalent per day, reflecting continued progress and reinforcing the Company's commitment to sustaining long-term growth.

As a result, net production from KUFPEC's Canada and Australia operations averaged 66,702 barrels of oil equivalent per day during 2025, compared with 59,573 barrels in 2024, representing an increase of approximately 11%.

Asia, Europe and Africa Operations Region

The Asia, Europe and Africa Operations Region continued making progress through strategic initiatives and project development activities.

Among the most significant achievements was securing approval from the Indonesian government for the Anambas Development Plan, allowing the project to move into the Project Definition Phase, paving the way toward a Final Investment Decision (FID).

The Company also secured FID approval for the West Mina Project in Egypt in June 2025, achieving the highest gas pricing benchmark within the region. Production is expected to commence during the fourth quarter of 2026.

From an operational perspective, the region recorded an average production rate of 16,353 barrels of oil equivalent per day, compared with 16,632 barrels in 2024.

Americas Operations Region

Kuwait Foreign Petroleum Exploration Company signed an agreement to acquire a 20% interest in the Orca and Sul de Orca Project assets owned by Shell in Brazil, effective 1 January 2026, subject to obtaining all required Brazilian regulatory approvals.

The development plan includes the installation of a Floating Production, Storage and Offloading (FPSO) unit with a production capacity of up to 120 thousand barrels per day.

Current estimates indicate recoverable resources at the Orca Project of approximately 370 million barrels, with production expected to commence in 2029.

Americas Operations Region	Asia, Europe and Africa Operations Region	Canada and Australia Operations Region
120,000	**16,353**	**66,702**
BPD	BPD	BPD

The Refining and Manufacturing sector is one of the key pillars of the oil industry, as it is responsible for processing crude oil and converting it into high-value refined products that meet the requirements of both domestic and international markets.

The sector’s activities encompass the operation and management of major refineries, the development of operational technologies, the enhancement of production efficiency, and the adherence to the highest standards of safety, environmental stewardship, and quality, thereby supporting the national economy and meeting growing demand for petroleum products.

Domestic Downstream

Kuwait National Petroleum Company continued to operate efficiently, in line with its approved strategic plans. During FY 2025/2026, crude oil refining rates across the Company’s refineries remained stable at approximately 744.5 thousand barrels per day.

Production capacity was distributed across the Company’s refining facilities as follows:

- Mina Abdullah Refinery: average feedstock output of 408.8 thousand barrels per day
- Mina Al-Ahmadi Refinery: average feedstock output of 335.7 thousand barrels per day

This performance positively impacted final production volumes, with net refined petroleum products reaching approximately 37.85 million metric tons.

The Company also successfully enhanced cost optimization initiatives through the activation of its Expenditure Rationalization Committee, contributing to total financial savings of approximately USD 192.5 million by the end of the third quarter.

Profitability enhancement programs contributed approximately USD 71.2 million to the total realized savings. Simultaneously, the Company implemented several qualitative initiatives that reduced material and service costs by an estimated KWD 17 million, strengthening the Company’s financial position and supporting operational sustainability.

Operational Excellence and Technological Innovation

The Company made a series of strategic achievements that strengthened the security and reliability of its assets, with the most notable being the attainment of the final certification for the operation of the North Pier at Mina Al-Ahmadi Refinery, extending its operational approval through 2037, thereby ensuring the continuity of export operations.

In line with the State's urban expansion plans, Fuel Filling Station No. 158 was inaugurated in West Abdullah Al Mubarak to meet growing community needs.

The Company also achieved a significant milestone after the Fire Training Center at the Main Support Center earned international accreditation from the International Fire Service Accreditation Congress (IFSAC). KNPC further strengthened its innovation capabilities by obtaining two patents in petroleum innovation.

As for digital transformation and global marketing, on 21 January 2026, the Company achieved a regional milestone by successfully launching the first digital shipment of petrochemical naphtha to Japan's Mitsubishi Corporation through the "Easyship" electronic platform, positioning the Company at the forefront of digital oil trading practices.

Meanwhile, KNPC implemented its largest maintenance campaigns using the "Block Maintenance" approach across three major units at the Gas Liquefaction Plant.

The plant maintained strong operational performance, with feedstock output reaching 1,834.3 million cubic feet per day and exports totaling approximately 5,923.6 thousand metric tons of propane and butane.

In parallel, the Company continued meeting domestic market demand through its network of 69 fuel stations, achieving total fuel sales of 8,124.7 million liters, reaffirming its contribution to the national economy.

Mina Abdullah Refinery

Mina Abdullah Refinery maintained a high level of operational activity during FY 2025/2026, with petroleum product exports reaching about 14,559.5 thousand metric tons. In addition, approximately 1,076.6 thousand metric tons of petroleum coke were exported through the Shuaiba Commercial Port.

The refinery also supplied approximately 378.5 thousand metric tons of petroleum coke to Kuwait Petroleum Coke Industries Company through truck transportation and delivered approximately 2,339.2 thousand metric tons of naphtha to Kuwait Paraxylene Production Company.

Mina Al-Ahmadi Refinery

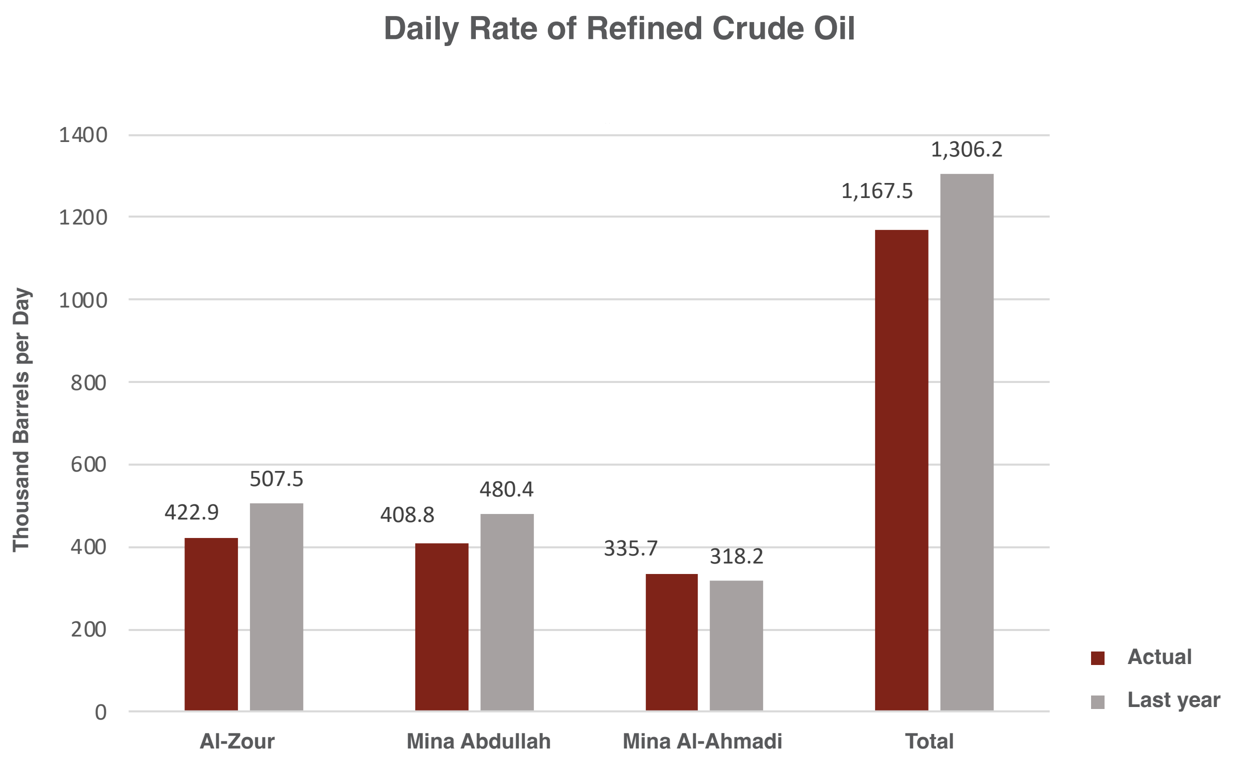
Mina Al-Ahmadi Refinery maintained high levels of production and export performance throughout the reporting year, as total exports from the refinery reached approximately 12,375.3 thousand metric tons, while sulfur exports totaled about 1,303.9 thousand metric tons.

The refinery continued to demonstrate operational resilience and efficient asset utilization, supporting Kuwait's refining strategy and ensuring reliable product supply to global markets.

Al-Zour Refinery

The average crude oil refining rate at Al-Zour Refinery reached 422,947 barrels per day during FY 2025/2026, compared with 542,000 barrels per day targeted in the annual plan and 507,458 barrels per day achieved during FY 2024/2025.

Total exports from Al-Zour Refinery during the reporting year reached approximately 14,291 thousand metric tons.



Statement of Produced Petroleum Quantities (KNPC)

KNPC recorded total net production of approximately 37.85 million metric tons during FY 2025/2026, compared with approximately 38.43 million metric tons under the annual plan and approximately 40.56 million metric tons during FY 2024/2025, as detailed in the following table:

ANNUAL PRODUCTION FOR THE FISCAL YEAR COMPARED TO THE PLAN				
PRODUCT	ACTUAL		INCREASE (DECREASE)	
	THOUSAND METRIC TONS	Percent %	THOUSAND METRIC TONS	Percent %
Naphtha/gasoline/ Reformate	9,079.5	24.0	(103.3)	(1.1)
Kerosene / Jet Fuel	9,032.3	23.9	(1,612.9)	(15.2)
GasOil / Diesel	10,880.9	28.7	(1,441.0)	(11.7)
Fuel Oil / Residue	3,735.3	9.9	1,718.3	85.2
Other Products*	3,894.8	10.3	327.3	9.2
Products Net TotaL	36,622.8	96.8	(1,111.6)	(2.9)
Consumed / Lost**	1,228.6	3.2	532.8	76.6
TOTAL	37,851.4	100	(578.8)	(1.5)

* Petroleum gases from refineries, sulfur, petroleum coke, and bitumen, in addition to propylene gas, are included.

** The consumption/ loss includes carbon dioxide.

Petroleum production statement (KIPIC)

KIPIC further strengthened its role as a strategic pillar of the energy sector through disciplined implementation of its operational plans. During FY 2025/2026, Al-Zour Refinery achieved high refining output levels averaging 422,947 barrels per day, while net petroleum product output totaled approximately 20,812 thousand metric tons, compared with approximately 26,704 thousand metric tons under annual plan estimates, as detailed in the following table:

ANNUAL PRODUCTION COMPARED WITH THE FISCAL YEAR PLAN				
PRODUCT	ACTUAL		INCREASE (DECREASE)	
	THOUSAND METRIC TONS	Percent %	THOUSAND METRIC TONS	Percent %
Naphtha/gasoline	1,946	8.92	(517)	(20.98)
Kerosene / Jet Fuel	2,797	12.82	(1,004)	(26.40)
Gas Oil / Diesel	4,340	19.89	(2,976)	(40.68)
Very low sulfur Fuel Oil 0.5%	10,427	47.80	(1,523)	(12.75)
Granular Sulfur	646	2.96	(224)	(25.74)
Liquefied Gas	143	0.66	(163)	(53.37)
Other Products*	517	2.37	517	-
Products Net TotaL	20,815	95.42	(5,890)	(22.06)
Consumed / Lost	1,000	4.58	(550)	(35.30)
TOTAL	21,815	100.00	(6,440)	(22.79)

* Products under manufacturing and petroleum gasses used within the refinery are included.

Maintaining Operational Resilience Amid Regional Challenges

KIPIC demonstrated a high level of operational resilience despite challenges associated with medium and heavy crude processing and an increasingly complex regional operating environment.

The refinery successfully adapted to these circumstances and demonstrated exceptional technical capabilities in managing diverse crude blends, highlighting its readiness and ability to sustain supply under challenging operating conditions.

Sustaining Operational Performance and Technical Excellence

The Company achieved unprecedented operational progress through enhanced refining capabilities for multiple grades of Kuwaiti crude.

Among its key achievements was a major advancement in processing flexibility through the successful integration of Umm Niqa crude oil within the Kuwait Heavy Crude blend, enabling sustainable processing rates of 120 thousand barrels per day.

This achievement was accompanied by improvements in distillation unit performance to process an innovative intermediate-heavy crude blend consisting of (50% Ratawi Burgan crude and 50% West Kuwait crude). Processing rates reached 100 thousand barrels per day.

The Company also demonstrated a high degree of operational flexibility by maximizing processing of Eocene crude and accommodating Saudi Chevron allocations, reaching processing volumes of approximately 360 thousand barrels in January 2026 alone.

In regard to export excellence and product quality, KIPIC strengthened its position in international markets through the launch of its first shipment of Low Sulfur Aviation Turbine Kerosene (ATK) in October 2025 in accordance with international quality standards.

The Company also successfully continued exports of Ultra-Low Sulfur Diesel (ULSD) to French markets with exceptional self-sustained product quality requiring no additive use.

These operational achievements were recognized through winning a KPC Excellence Award* by the Technical Services Group for innovation in heavy oil processing.

The refinery also participated for the first time in the international Solomon benchmarking study, reinforcing its commitment to continuous performance improvement and operational excellence.

In parallel, the LNG facilities reinforced their strategic role in safeguarding Kuwait's energy security, receiving 85 LNG carriers with a total cargo volume of 13.18 million cubic meters. The company also achieved a historic operational peak in August 2025, recording a daily send-out rate of 1,609 million standard cubic feet (MMSCFD).

Alongside these operational milestones, the company reached a significant stage in its sustainability and digital transformation journey, reaching 86% completion of its Energy Management Project while advancing its solar energy initiative and planting more than 3,500 trees, reaffirming its commitment to achieving carbon neutrality by 2050.

The company concluded the fiscal year with a strong financial performance, as its cost optimization strategies generated total savings of USD 49.88 million. This operational efficiency was reflected in the year-end results, with net production reaching 20,812 thousand metric tons, driving total sales to KWD 3,592 million and delivering a net profit of KWD 239 million. These results underscore the company's solid financial position and its ability to transform operational challenges into sustainable economic returns.

*Excellence Award: Kuwait Petroleum Corporation launched the first edition of the Excellence Award to promote organizational excellence and foster a work environment that encourages innovation, creativity, and sustainable growth.

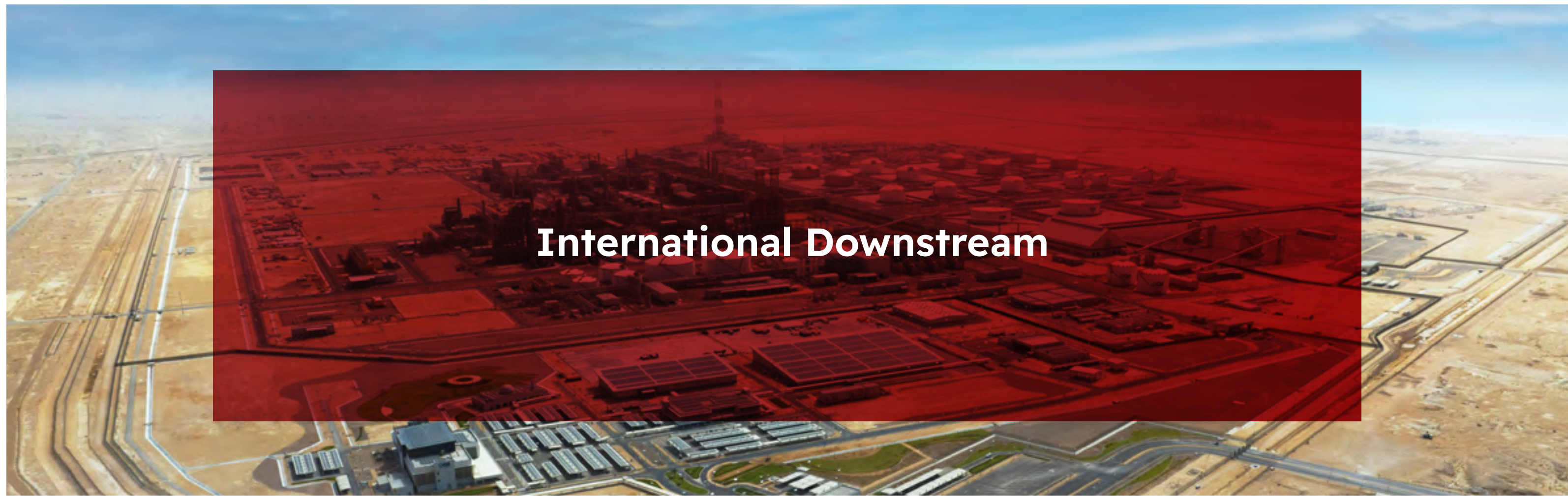
LNG Facilities Operations

The Company's liquefied natural gas facilities continued to play a strategic role in meeting local energy needs.

During FY 2025/2026, LNG facilities received a total of 85 LNG carries, with aggregate imported volumes reaching approximately 13.18 million cubic meters, compared with 92 vessels and 13.9 million cubic meters during the previous fiscal year.

The total volume of natural gas delivered to Kuwait Oil Company's gas network reached 286,838 (MMSCF) by the end of March 2026.

The facilities also recorded a historic peak on 19 August 2025, when natural gas dispatch to consumers reached 1,609 (MMSCFD), equivalent to approximately 1,576 billion British Thermal Units (BTUs).



International Downstream

Nghi Son Refinery and Petrochemical Complex – Vietnam

FY 2025/2026 marked a significant leap in the operational and financial performance of the Nghi Son Refinery and Petrochemical Complex, with the refinery delivering a series of exceptional achievements reflecting its commitment to the highest standards of quality and operational excellence, thereby reinforcing its position as one of Kuwait's most successful international strategic assets.

The refinery successfully completed the turnaround maintenance of the RHDS-M1 Unit in a record 21 days, while the Crude Distillation Unit (CDU) achieved exceptional operational performance with 125% utilization efficiency.

To further strengthen governance systems, the refinery promoted an integrated management framework and successfully obtained multiple international certifications, including ISO and DNV-GL certifications.

On the financial and legal front, the refinery successfully resolved an arbitration dispute in its favor valued at approximately USD 1.5 billion and generated approximately USD 66 million in savings during 2025, increasing cumulative savings achieved since 2021 to USD 336 million.

The refinery also continued supporting Kuwait's national resources strategy through the import of an additional 10 million barrels of Kuwaiti crude oil, while maintaining an exemplary safety record of 23 million safe working hours without lost-time injuries.

Duqm Refinery Project – Sultanate of Oman

Kuwait Petroleum International continued to deliver outstanding results through the sustained commercial operation of the Duqm Refinery.

Transformation initiatives implemented during 2025 generated savings of approximately USD 270 million, with an additional USD 55 million realized through the end of February 2026.

The refinery also continued to support national resource utilization by importing approximately 41.5 million barrels of Kuwaiti crude oil.

Furthermore, the refinery successfully passed lender reliability testing in record time and achieved first place in the Project Execution category at the Gulf Downstream Association

Excellence Awards. According to the international Solomon Study, the refinery was ranked within the top global tier in three major performance indicators: Process Utilization, Operational Availability, and the Volumetric Expansion Index.

Milazzo Refinery Project

Milazzo Refinery continued delivering record levels of performance aligned with Kuwait Petroleum Corporation's strategy to strengthen its international assets, enhance operational efficiency across its global facilities, and seize sustainable growth opportunities in international markets.

The refinery also maintained an incident-free operational record, for the fourth consecutive year.

Additionally, several major operational achievements were made during the year, including:

- Modification of the vacuum unit to process sour crude oil
- Completion of the first blending operation involving HEFA feedstock for the production of Sustainable Aviation Fuel (SAF)
- Installation of bio-feed nozzles within the FCC Unit
- Completion of bio-naphtha blending operations

The refinery also delivered a full cargo shipment of approximately 90 thousand tons of CPC crude oil, generating additional revenues estimated at US$2 million.

In addition, a global operations services tender was awarded, resulting in approximately 40% savings.

Retail Activity

Kuwait Petroleum International achieved a series of strategic milestones across the retail and marketing sector, strengthening its global presence while supporting sustainability and innovation objectives.

A master franchise agreement was signed between KPI's Belgium branch and Noahs, a leading information technology solutions provider for the food retail sector. The first pilot stores in Belgium were launched during the third quarter. In addition, Hydrotreated Vegetable Oil (HVO) was introduced in the first fuel station in southern Spain, aligned with the Company's objective of expanding into cleaner and alternative fuel solutions.

The lubricants business also achieved notable recognition, receiving an innovation award at the Metef Exhibition under the Green Materials and Processes category for its Q8 Brunel XF 700 product. The Company also launched the Q8Truck brand to unify fuel services for commercial transportation fleets.

Strategic collaborations were expanded through partnerships with:

- Apar Industries (India)
- Sinopec (China)
- WEX Inc. (Global)
- These collaborations support the expansion of lubricant production, fuel marketing activities, and fuel card acceptance across more than 3,400 stations in Italy.

As part of the Company's sustainable mobility initiatives:

- Electric vehicle charging services were integrated into the Q8 application
- Specialized loyalty programs were introduced
- Battery and solar systems were installed at fuel stations
- Seven additional fuel stations were acquired in Belgium
- The first Sustainable Aviation Fuel (SAF) blending operation was completed at the Port of Koper in Slovenia
- Phase 1 of the Metallo project for metalworking fluid production in Northern Italy was completed

These accomplishments were further recognized with two awards at the Gulf Downstream Conference 2025, reflecting excellence in sustainability and innovation.

Petrochemicals

The petrochemical sector is one of the fastest-growing sectors of Kuwait's oil industry and it is managed primarily through the Petrochemical Industries Company (PIC).

The sector focuses on converting petroleum products into chemical materials utilized across numerous industries, such as plastics, fertilizers, and industrial products, thereby creating substantial added value from hydrocarbon resources. The sector also contributes to expanding Kuwait's industrial base, attracting investments, facilitating technology transfer, and strengthening the global competitiveness of Kuwait's petrochemical industry.

In line with its vision of becoming a leading global petrochemical company committed to maximizing value from Kuwait's national resources, PIC continued pursuing promising investment opportunities and strengthening strategic partnerships through mergers and acquisitions, as well as the development of new projects in Kuwait and abroad.

People's Republic of China

PIC completed the acquisition of a 25% stake in an existing strategic petrochemical project owned by Wanhua Chemical in China.

This investment represents more than an entry into a new market; it constitutes a strategic expansion into one of the world's fastest-growing and most influential petrochemical markets as part of the Company's sustainable growth strategy.

The alliance with a globally recognized partner such as Wanhua Chemical provides direct access to:

- Advanced manufacturing technologies
- A large customer base across Asia
- Sustainable growth opportunities
- Expanded market reach within strategic sectors

This acquisition significantly enhances the Company's ability to balance its investment portfolio between domestic operations and international expansion, thereby reducing operational risks and increasing cash flow flexibility.

Further reinforcing its long-term growth ambitions, executive management also secured the Board of Directors' approval to initiate due diligence studies for the potential acquisition of additional petrochemical complexes in China, reflecting the Company's commitment to expanding its international asset base through a disciplined strategic approach.

These initiatives directly support Kuwait Petroleum Corporation's 2040 Strategy, which aims to expand the petrochemical sector by establishing secure and sustainable outlets for Kuwaiti hydrocarbons and converting them into higher-value products.

Investment in existing projects represents a strategic shift, reducing startup risks while generating immediate returns and strengthening the Company's financial solvency and contribution to Kuwait's economic development abroad.

Looking ahead, PIC intends to maximize operational synergies between domestic operations and its newly acquired Chinese assets, while facilitating the transfer and localization of technical and managerial expertise.

This integrated approach aims to strengthen PIC's position as a major international player in emerging and East Asian markets.

Olefins IV Project – Kuwait

Following confirmation of the availability of the required gas feedstock volumes, market and product studies for the Olefins IV Project in the Shuaiba Industrial Area were completed.

Project feasibility was confirmed in collaboration with EQUATE Petrochemical Company through a joint working team. Final consultations with relevant parties are underway to approve the study's outcomes and proceed with implementation.

Site evaluation activities are also underway in preparation for demolition and site development.

PIC achieved profits of approximately KWD 23.8 million through the end of March 2026, despite continuous market pressures and fluctuations of petrochemical and energy prices because of the escalating Iranian aggression and the impact of the current geopolitical situation on market instability.

In recognition of its commitment to institutional excellence, the Company received the Business Continuity Institute Global Award in the category of Most Effective Supply Chain Resilience Strategy in the Middle East, after previously winning the same award.

This achievement reflects the maturity of the Company's institutional framework and its ability to effectively address operational challenges in accordance with the highest international standards.

As part of the Company's firm commitment to HSSE standards, more than 15.36 million work hours were completed without a lost-time injury recorded through the end of March 2026.

The Company has also maintained a zero environmental incidents record since 2012.

Moreover, PIC strengthened its regional presence through active participation in the 19th Gulf Petrochemicals and Chemicals Association Annual Forum (GPCA 19) held in Bahrain under the theme: "Driving Competitiveness Through Strategic Partnerships."

This participation reflected the Company's commitment to strengthening regional partnerships, expanding cooperation opportunities, and reinforcing its leading role in supporting the development of the regional petrochemical industry.

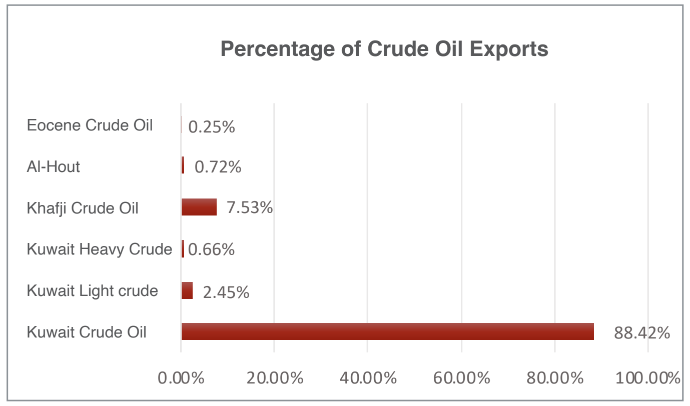
The International Marketing sector represents the external commercial arm of Kuwait Petroleum Corporation (KPC) and is responsible for marketing Kuwaiti crude oil and its derivatives across international markets. This is achieved through an extensive marketing network that spans key markets worldwide, including Asia, Europe, and the Americas. The sector works to strengthen KPC's presence in high-growth markets by building long-term strategic relationships with customers, in addition to exploring new markets and managing spot sales activities.

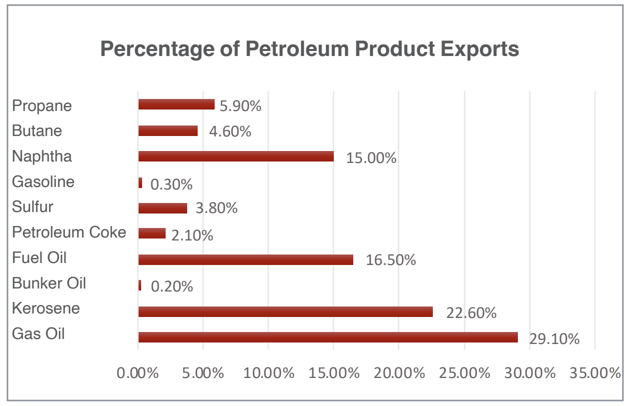
The sector further reinforces Kuwait's position as a reliable energy supplier by ensuring supply flexibility and its commitment to meet market demands. It also focuses on developing products in line with environmental and technical requirements, while supporting international investment expansion to contribute to achieving KPC's objectives in global energy security.

Marketing of Kuwaiti Crude Oil

Kuwait Petroleum Corporation continues to strengthen its position in global markets, with enhanced capabilities to export Kuwaiti crude oil to multiple countries, including key Asian markets such as China, India, South Korea, and Japan. Long-term customer relationships have played a pivotal role in ensuring stable demand for Kuwaiti crude oil.

In addition, overseas storage and distribution facilities—such as KPC's facility in South Korea—have supported export operations by improving supply chain efficiency and ensuring timely product availability in international markets. The State of Kuwait and KPC also remain committed to the OPEC+ production agreement, which play a fundamental role in maintaining stability in global oil markets.





Overview of Global Markets

In 3025, notable shifts were observed in global energy balances, as global demand for oil rebounded, reaching 105.2 bpd, according to OPEC's monthly report for April 2026 . This constant growth is driven by the increasing consumption rates in India, China' and non-OECD member states.

Forecasts indicate a continued moderate growth in global demand during 2026 , averaging 1.3 million bpd on an annual basis, bringing total demand to an average of 106.5 million bpd.

In March 11, 2026, the International Energy Agency (IEA) announced the release of approximately 400 million barrels of crude oil and petroleum products from the emergency stockpiles to compensate for the oil and gas supply shortage resulting from Arabian Gulf supply corruptions and the closure of the Strait of Hormuz.

On its part, and amidst the geopolitical challenges facing the Arabian Gulf region and the impact of these challenges on global supply chains, Kuwait Petroleum Corporation reaffirms its commitment as a safe and reliable energy supplier to the world, aiming at limiting price fluctuations and protecting the global economy.

As for petroleum products, profit margins sustained a positive and stable performance during FY 2025/2026 , compared to the previous fiscal year.

KPC intensified to strengthen strategic partnerships and expand the presence of major national oil companies in key global markets, particularly in Asia, in alignment with long-term strategic directions leading up to 2040. These efforts aim to maximize value from downstream operations.

Key developments in this context include:

- Signing a long-term crude oil supply agreement with SK Energy Company under the Ex Tank system from storage facilities in Ulsan, South Korea.
- Expanding storage capacity by an additional 4 million barrels at the Korea National Oil Corporation (KNOC) in South Korea, securing strategic supply chains for Asian markets.
- Signing a memorandum of understanding with the Japanese company ENEOS to enhance cooperation in refining, marketing, and logistics integration.
- Expanding marketing activities and strengthening strategic partnerships with companies such as Formosa Petroleum Corporation (CPC).

Furthermore, liquefied petroleum gas (LPG) markets witnessed increased activity, with exports exceeding 35 million barrels to Asian markets, generating substantial revenues and reinforcing Kuwait's position as a reliable energy supplier. These efforts contributed to achieving additional revenues for the State during the fourth quarter of 2025.

African Market

KPC continues to enhance its marketing footprint and expand its advisory role in the global oil market. The Africa Division successfully increased its share of the Mediterranean basin markets, leveraging flexible supply strategies and strengthening long-term agreements.

Demand for petroleum products in Ethiopia grew modestly, with expected increases ranging between 1.0 and 1.2 million tons per year through 2026, further supporting KPC's market position in the region.

European and American Markets

Kuwait Petroleum Corporation continued to strengthen its position as a major and reliable supplier of jet fuel and diesel in the European market during 2025. This was achieved by maintaining its presence across the four key regional hubs, within a list of key suppliers of jet fuel (kerosene) and diesel, reflecting the Corporation's strategy of responding to growing demand in European markets for Kuwaiti supplies.

Despite the challenges posed by economic volatility in Europe, global inflation levels, and ongoing geopolitical tensions, the Corporation successfully maintained stable export flows. The network of storage facilities and strategically located supply points in the United States of America, the Caribbean, and Europe contributed to ensuring the continuity of supplies and enhancing operational efficiency across the value chain.

KPC also strengthened its presence in the European market by securing marketing advantages and capturing additional value from premiums in long-term contracts, benefiting from the Corporation's flexibility in supply and its efficient operational performance. In addition, the Corporation ensured the arrival of its shipments to Europe through the Suez Canal using its fleet of oil tankers, despite geopolitical challenges in the region. This contributed to reducing transit time by approximately 14 days, thereby improving delivery efficiency and enhancing the Corporation's ability to meet customer requirements in a timely manner.

Furthermore, KPC's success in concluding jet fuel marketing agreements with QatarEnergy marked a strategic milestone, enabling the provision of direct supply chains to the State of Qatar and strengthening its position as a key and reliable supplier in regional energy markets.

KPC Trading Ltd (A Subsidiary of Kuwait Petroleum Corporation):

Key Achievements During the Fiscal Year 2025–2026

KPC Trading successfully completed the integrated foundation phase of its trading platform in record time. This included attracting commercial and operational expertise, and launching trading and risk management systems. Additionally, governance, compliance, and control frameworks were activated prior to the actual operational launch. The Company succeeded in expanding its commercial operations to include various refined petroleum products and international markets during its first operational year, in close coordination with the International Marketing Sector of KPC.

The Company also strengthened its presence in global refined product markets, including aviation fuel, gas oil, and fuel oil, which contributed to solidifying the commercial position of the State of Kuwait in global energy markets.

Key Projects and Initiatives

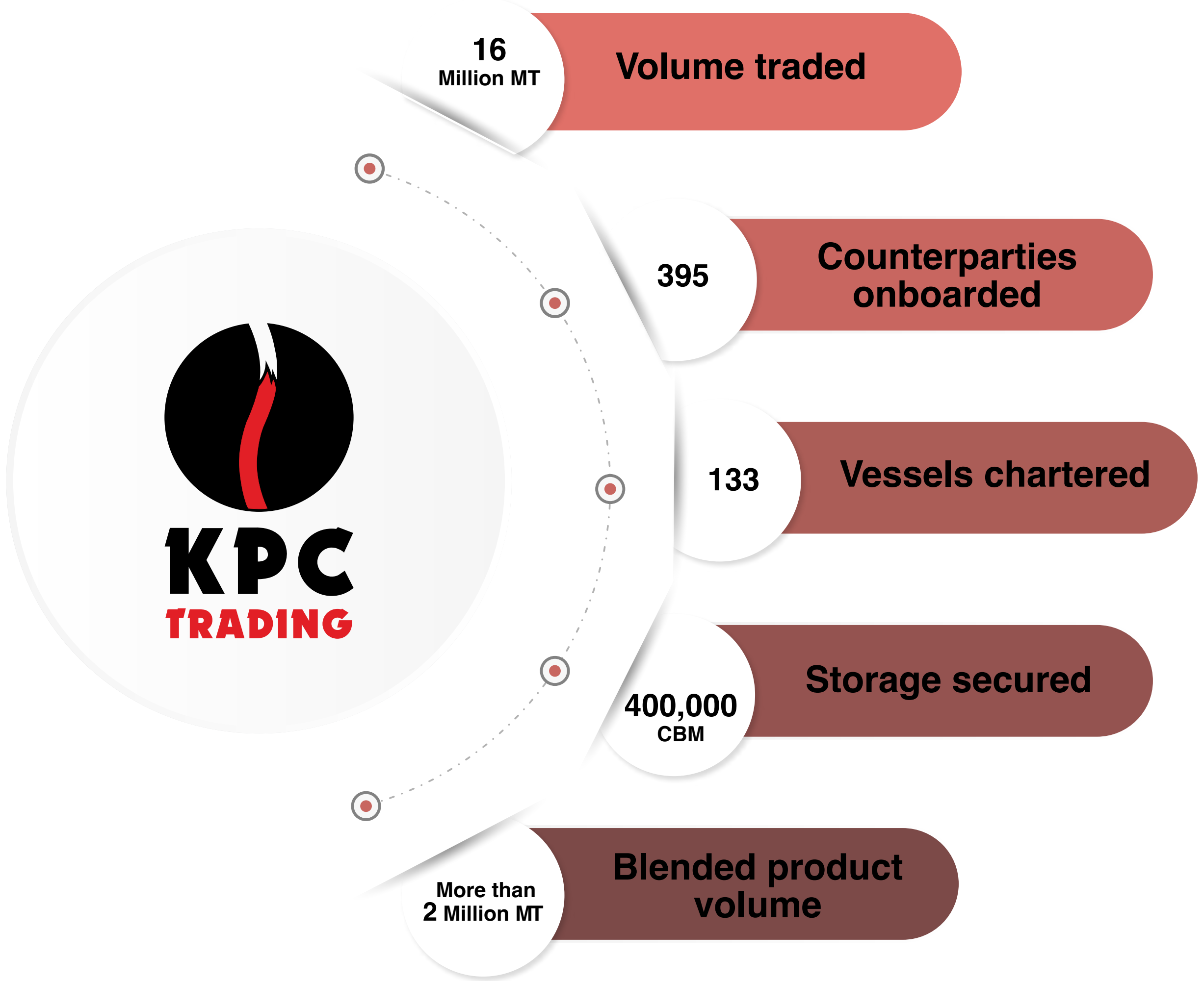
Trading and Risk Systems: The Company continued to develop its infrastructure for trading and risk management systems to support the growth of its commercial activities, with a focus on digitizing workflows to enhance operational efficiency.

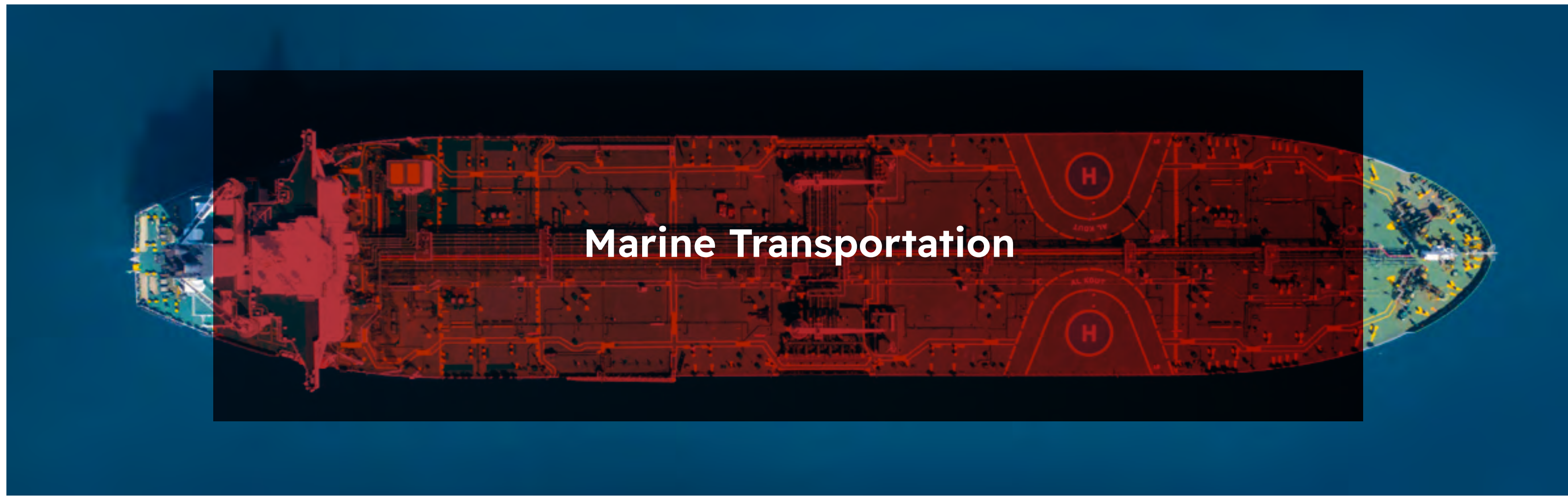
Storage and Blending Activities in Fujairah: The Company successfully secured storage capacities in the Fujairah region to support product blending operations, optimize shiploads, and stimulate regional trade, with plans to replicate this model in other strategic areas.

Commercial Relations: The Company expanded its network of international relations with new commercial partners in the fields of supply, logistics, and trading.

Market Expansion: The Company made tangible progress in discussing opportunities to enter new international markets, including selected African markets, supported by its presence in global trading hubs.

KEY OPERATIONAL INDICATORS AND STATISTICS





The Marine Transportation and Shipping Sector plays a vital role in enabling the movement of crude oil and petroleum products from Kuwait to global markets. This sector manages maritime fleet, logistics services, and supply operations.

Kuwait Oil Tanker Company (KOTC) supervises this sector, ensuring the efficient and reliable operation of maritime transport activities. The sector is characterized by a high level of operational competency, contributing to the Corporation's ability to meet customer requirements across various regions.

The Company recorded a net profit of KWD 7.205 million, demonstrating its strong financial stability and the high efficiency of its operational management.

During FY 2025/2026, the fleet achieved strong operational an financial performance, transporting approximately 32 million metric tons of crude oil and petroleum products. Of this total, around 22.6 million metric tons were delivered to international markets, reflecting the sector's strong contribution to achieving the Corporation's strategic objectives.

The reporting year also marked the successful transfer of Al-Shuaiba and Umm Al-Aish gas plants from Kuwait Oil Tanker Company (KOTC) to Kuwait National Petroleum Company (KNPC), under the direct supervision of Kuwait Petroleum Corporation (KPC). The transfer was carried out in a phased and well-structured manner.

The Company also received the International Maritime Organization's Environmental Protection Award in recognition of its commitment to the highest environmental and professional standards.

Operational and Financial Performance

Kuwait Oil Tanker Company (KOTC) continued to deliver strong operational and financial performance, supported by its modern fleet. The fleet consists of 31 vessels, including 11 oil tankers, 15 product tankers, and 5 LPG tankers.

The Company achieved advanced operational capacity, with total transported volumes reaching approximately 4.64 million metric tons, reflecting its capability to support the Corporation's global operations efficiently and reliably.

Crude Oil, Petroleum Products, and LNG Transportation During FY 2025/2026

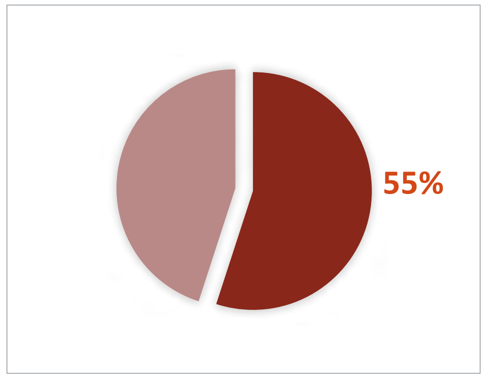
The Company continued to play its pivotal role as KPC's strategic logistics arm, successfully transporting substantial volumes of crude oil, petroleum products, and liquefied gas to ports around the world despite prevailing geopolitical challenges and regional developments. The transported volumes were distributed as follows:

Crude Oil	Petroleum Products	Liquefied Gas
24.1 million metric tons	6.1 million metric tons	1.8 million metric tons

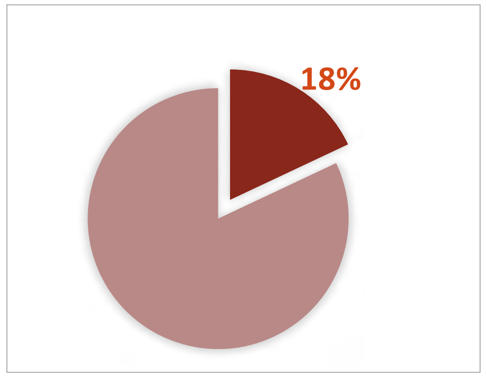
These indicators reflect KPC's continued ability to sustain stable export levels and reinforce its role as a reliable global energy supplier.

KOTC also contributed to securing Kuwaiti crude oil supplies to Asian markets through long-term contracts, where exported quantities reached approximately 97.27% during the reporting period.

Additionally, KPC strengthened its presence in the European market, achieving an increase of approximately 55% in the total quantities supplied, supported by flexibility in supply chains and effective operational capabilities.



Percentage of KOTC's total approved budget spent on cost contracts and C&F.



Percentage of KOTC's approved budget spent on the Corporation's total cargoes.

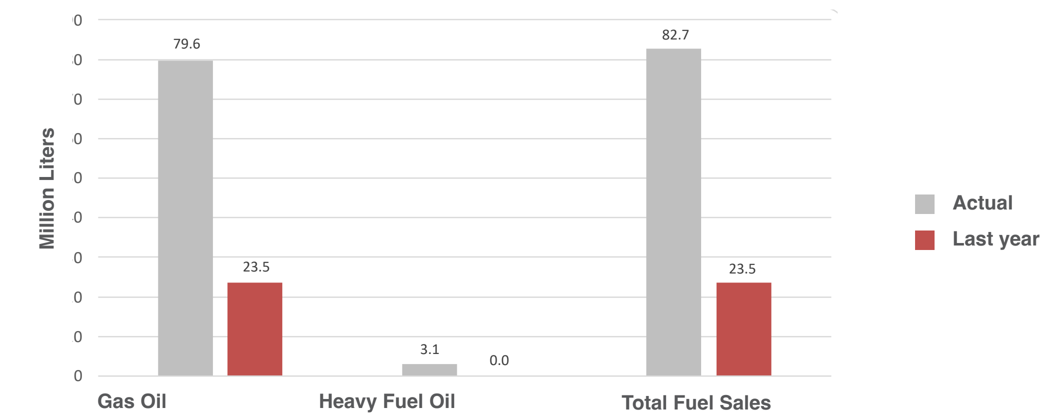
KNPC continues to play a pivotal role in ensuring the uninterrupted supply of petroleum products to the domestic market, meeting the needs of individuals and various sectors across the State of Kuwait. The Company is responsible for distributing a wide range of petroleum products through its integrated network of service stations and distribution facilities.

As part of its commitment to improving infrastructure and enhancing customer services, KNPC continued to implement a number of development projects during the year. These initiatives included upgrading service stations, expanding their geographic coverage, and accelerating digital transformation through the deployment of smart payment systems and advanced technologies that meet the highest standards of quality and safety, thereby ensuring the sustainable delivery of services to customers.

Fuel Sales to the Ministry of Electricity, Water and Renewable Energy

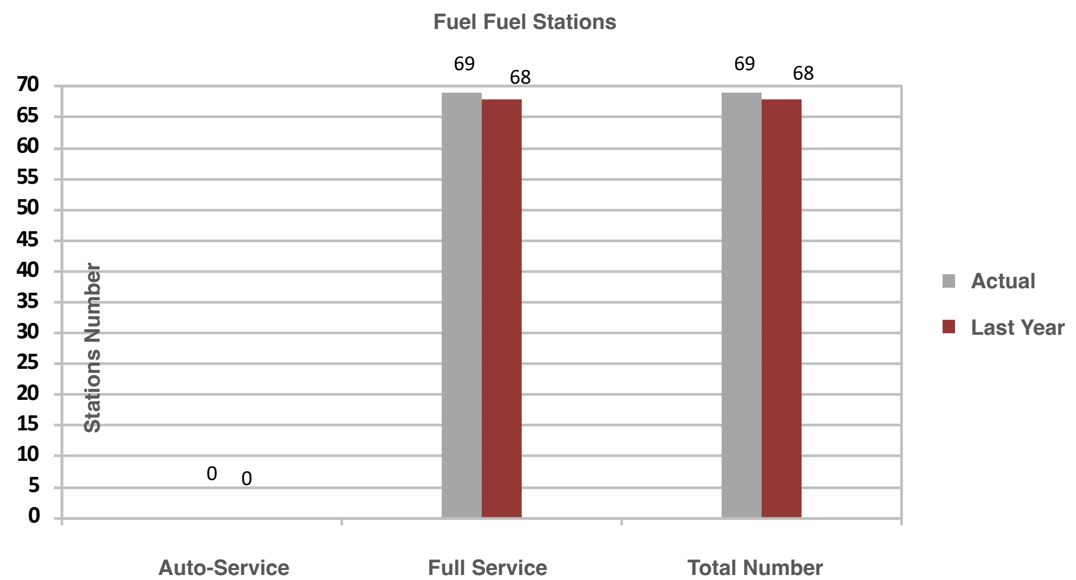
Total sales of Very Low Sulfur Fuel Oil (VLSFO) to the Ministry of Electricity, Water and Renewable Energy amounted to approximately 5,716 thousand metric tons, in addition to 190 thousand metric tons of Low Sulfur Gas Oil (LSGO), as shown in the following table.

Annual Sales for FY 2025/2026	
PRODUCT	ACTUAL
Extra Low-sulfur fuel oil (0.5%) for the Ministry of Electricity, water and Renewable Energy	5,716 thousand metric tons



Local Fuel Stations

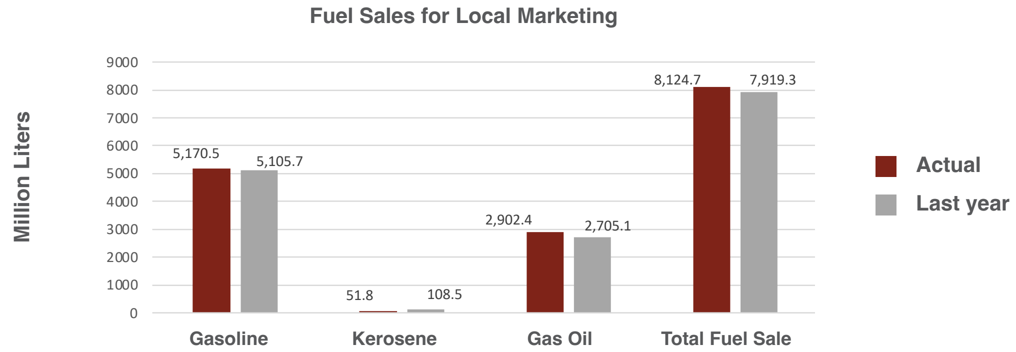
KNPC operated 69 retail fuel stations, of which 64 were permanent including eight stations undergoing rebranding to the Q8 brand, and five were temporary. KNPC in collaboration with KPI, began implementing the Supreme Petroleum Council's decision regarding the unification of all fuel filling stations under the International Brand Q8. Hence, the transfer of assets and operations began in the FY 2025/2026. The process is expected to be completed during FY 2027/2028, in parallel with KPC's evaluation of innovative initiatives aiming at improving the public services.

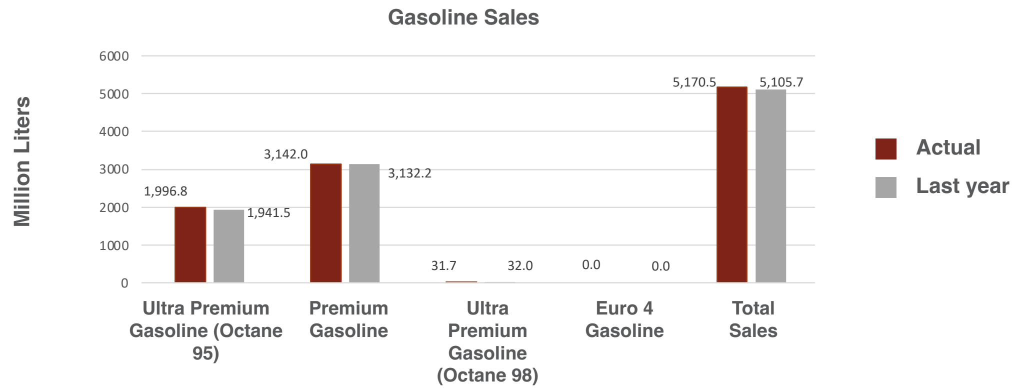


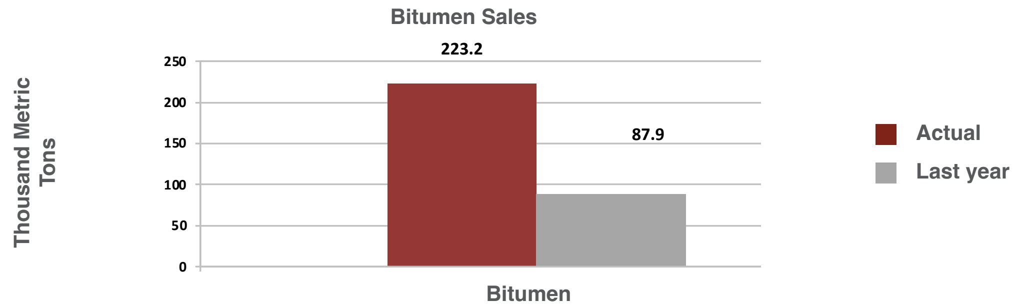
KNPC also continued to operate its fuel stations in the areas of Bayan, Saad Al-Abdulla, Sabah Al-Ahmad, Jaber Al-Ahmad and West Abdulla Al-Mubarak during FY 2025/2026.

Local Market Sales

Local market sales recorded a slight increase in sale volumes during the fiscal year 2025/2026 compared to the previous fiscal year 2024/2025. The charts below illustrate a comparison between sale volumes and planned targets for the fiscal year 2025/2026 against actual performance for the fiscal year 2024/2025.







KNPC Sales to the Ministry of Electricity, Water and Renewable Energy

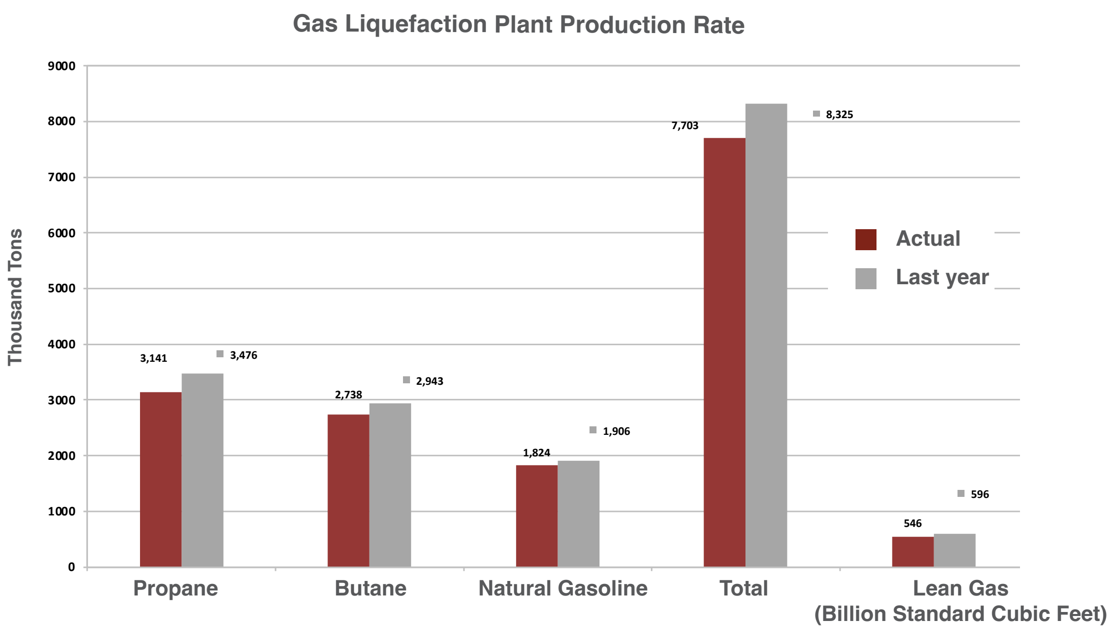
Total Sales for FY 2025/2026		
PRODUCT	ACTUAL	INCREASE / DECREASE %
Extra low - Sulfur (0.5%) - KNPC	56 Thousand metric tons	-
Kerosene / Jet Fuel - KNPC	42 Thousand metric tons	-
Liquefied gas - KNPC	111 Thousand metric tons	(63.73)

Gas Operations

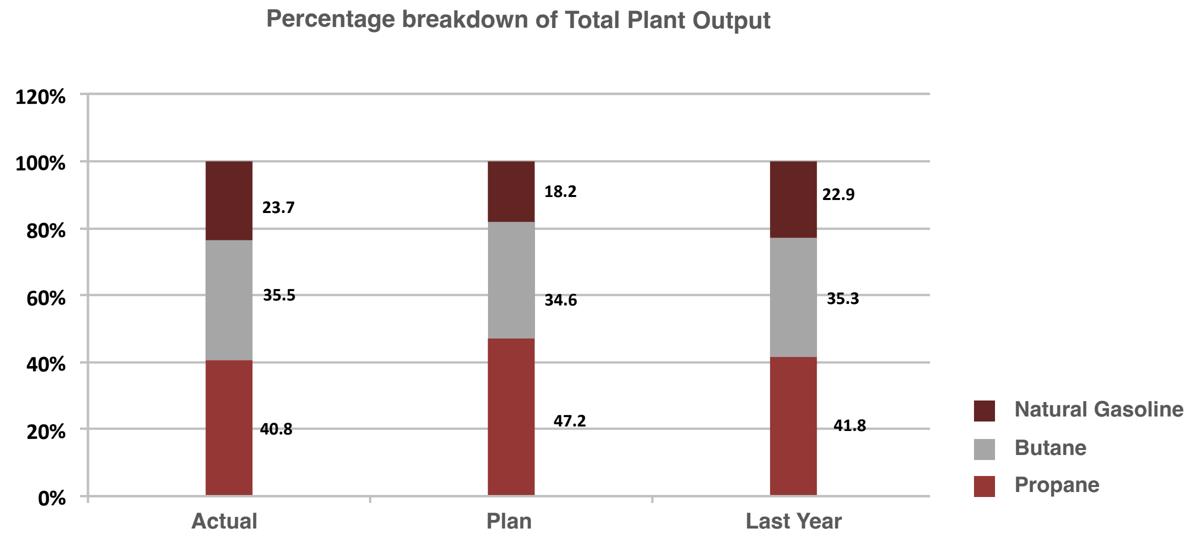
The Liquefied Natural Gas (LNG) import facility continued to perform at high efficiency to meet local energy needs. The number of gas ships unloaded during FY 2025/2026 reached 85 ships, with a total volume of 13.18 million cubic meters, compared to 92 ships and million cubic meters in the previous fiscal year.

As part of the facility's substantial contribution to enhancing Kuwait's energy security, the total quantities of natural gas delivered to Kuwait Oil Company's gas network amounted to 286.838 million standard cubic feet by the end of March 2026 .

The facility also reached the highest operational peak of gas delivery to consumers on August 19 , 2025 , with a delivery rate of 1.609 million standard cubic feet per day, which equals 1.576 billion British Thermal Units (BTU) .



The chart below illustrates the percentages of the plant's total output of the liquid products:

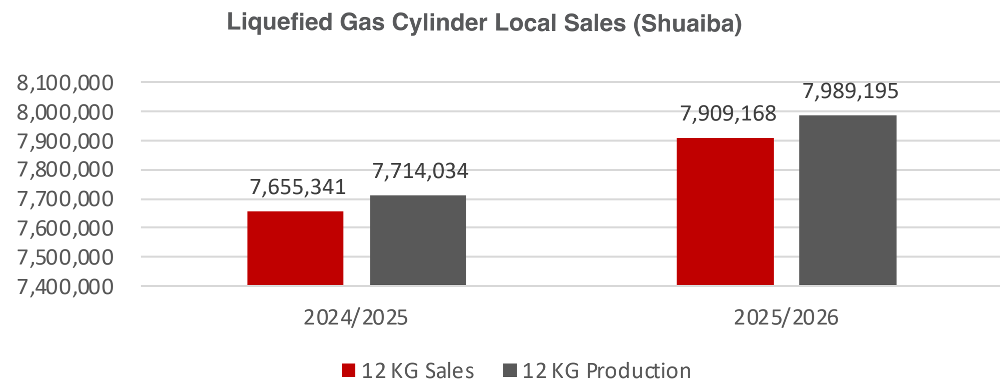


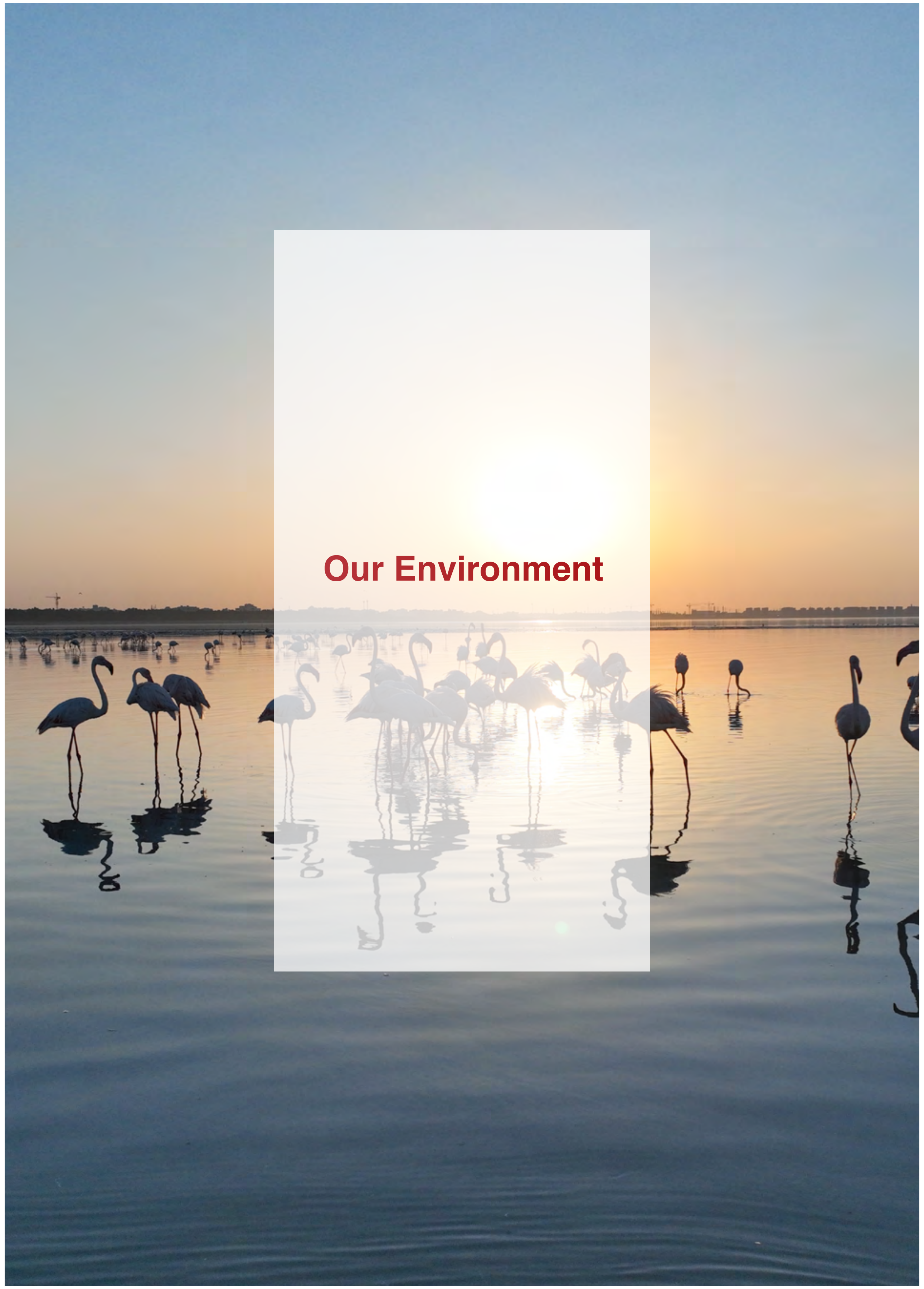
Quantities of propane and butane exported during the year amounted to approximately 5,923.6 thousand metric tons, compared to 6,200.4 thousand metric tons in the previous fiscal year 2024/2025, reflecting a decrease of 4.5%.

Liquefied gas cylinder filling plants continued to record improving operational and commercial performance during FY 2025/2026, as Al-Shuaiba plant's production rate amounted to approximately 7,989,195 cylinders (12 kg), achieving an increase of 3.57%, compared to the previous fiscal year. The plant's total sales rose by 3.32% to 7,909,168 cylinders.

Umm Al-Aish plant's production rate, in turn, increased by 2.2% to 9,290,648 cylinders. The plant's total sales also rose by 2.2% to 9,131,842 cylinders.

To ensure the availability of these vital products to consumers, the Company continues to meet the local market's needs through extensive distribution network of 83 gas branches across the country, reflecting its efficiency of the supply chain and its commitment to meet the growing demands.





Our Environment

Kuwait Petroleum Corporation (KPC) places environmental protection and the sustainable use of natural resources at the heart of its operational strategy, with a particular focus on initiatives aimed at reducing carbon emissions and minimizing waste. In line with KPC's commitment to achieving net-zero emissions for Scopes 1 and 2 by 2050, Kuwait Oil Company (KOC) has established a comprehensive governance framework for managing the energy transition through five integrated strategic initiatives.

These efforts include pursuing the Zero Routine Flaring by 2030 target, supported by the planned award of the Leak Detection and Repair (LDAR) project contract to identify methane leaks. They also include implementing energy efficiency plans targeting improvements of 8–12% by 2045 through the connection of associated pumps to the national power grid and conducting periodic energy audits.

In the field of renewable energy, the Company has completed the operation of the SIDRA 500 solar power station with a production capacity of 1 GW. In parallel, it has completed the feasibility study for developing a major green hydrogen project with a production capacity of 17 GW, while adopting advanced carbon capture and storage (CCS) technologies targeting the capture and storage of 26 million tonnes annually by 2050. Studies have identified the Burqan formation in western Kuwait as an ideal geological reservoir for the secure storage of carbon dioxide, paving the way for the commercial deployment of this technology. These technical initiatives are complemented by environmental programs, including the planting of mangrove trees and desert vegetation to serve as natural carbon sinks and enhance biodiversity.

As part of its commitment to this ambitious environmental pathway, the Company has also planned the implementation of the Gas Compression Project at the Company's booster stations. The project forms part of the Capital Program and aims to maximize the utilization of central gas while providing additional energy supply.

This strategic project, which is currently under implementation, represents a key pillar in achieving KPC's primary environmental objective of reducing routine gas flaring to 0% by 2028. This reinforces the Corporation's commitment to adopting best environmental practices and ensuring clean and sustainable operations.

Meanwhile, the Kuwait National Petroleum Company (KNPC) is actively working to meet Kuwait's environmental commitments, targeting net-zero emissions in the oil and gas sector by 2050. In line with this strategy, KNPC collaborated with KIPIC to form a 'Sustainability Committee.' Furthermore, KNPC achieved a major milestone by minimizing flare gases in its Clean Fuels Project and registering its initiatives under the UN's Clean Development Mechanism (CDM).

For its part, KIPIC has progressed toward 'Zero Flaring' by auditing pressure relief systems to fix leaking valves and deploying Advanced Process Control (APC) in hydrogen units to curb routine flaring and optimize resource consumption."

Sustainability Towards a Sustainable Future

KPC has adopted an ambitious roadmap that focuses on adopting advanced technologies, maximizing operational efficiency, and improving governance frameworks to ensure long-term sustainability. These efforts align with global best practices and reinforce the Corporation's commitment to achieving environmental and economic balance.

Transparency in Periodic Reporting

The Corporation and its subsidiaries issued a consolidated Sustainability Report for the fiscal years 2023/2024 and 2024/2025, reflecting their firm commitment to the principles of sustainable development and transparency. The report highlights the environmental, social and governance (ESG) performance of Kuwait's oil sector. It was prepared in accordance with the Global Reporting Initiative (GRI) Standards for sustainability reporting, reaffirming our alignment with international best practices and enhancing the credibility of our disclosures and the quality of our strategic content.

Active Participation in International Forums (COP30)

The Corporation and its subsidiaries actively participated as part of the State of Kuwait's negotiating delegation at the 30th United Nations Climate Change Conference of the Parties (COP30), held in Belém, Brazil. This participation provided an important platform for engaging with international stakeholders on energy transition pathways and emissions reduction initiatives, supporting the Corporation's leadership role in developing sustainable environmental policies.

Strategic Partnerships and International Cooperation

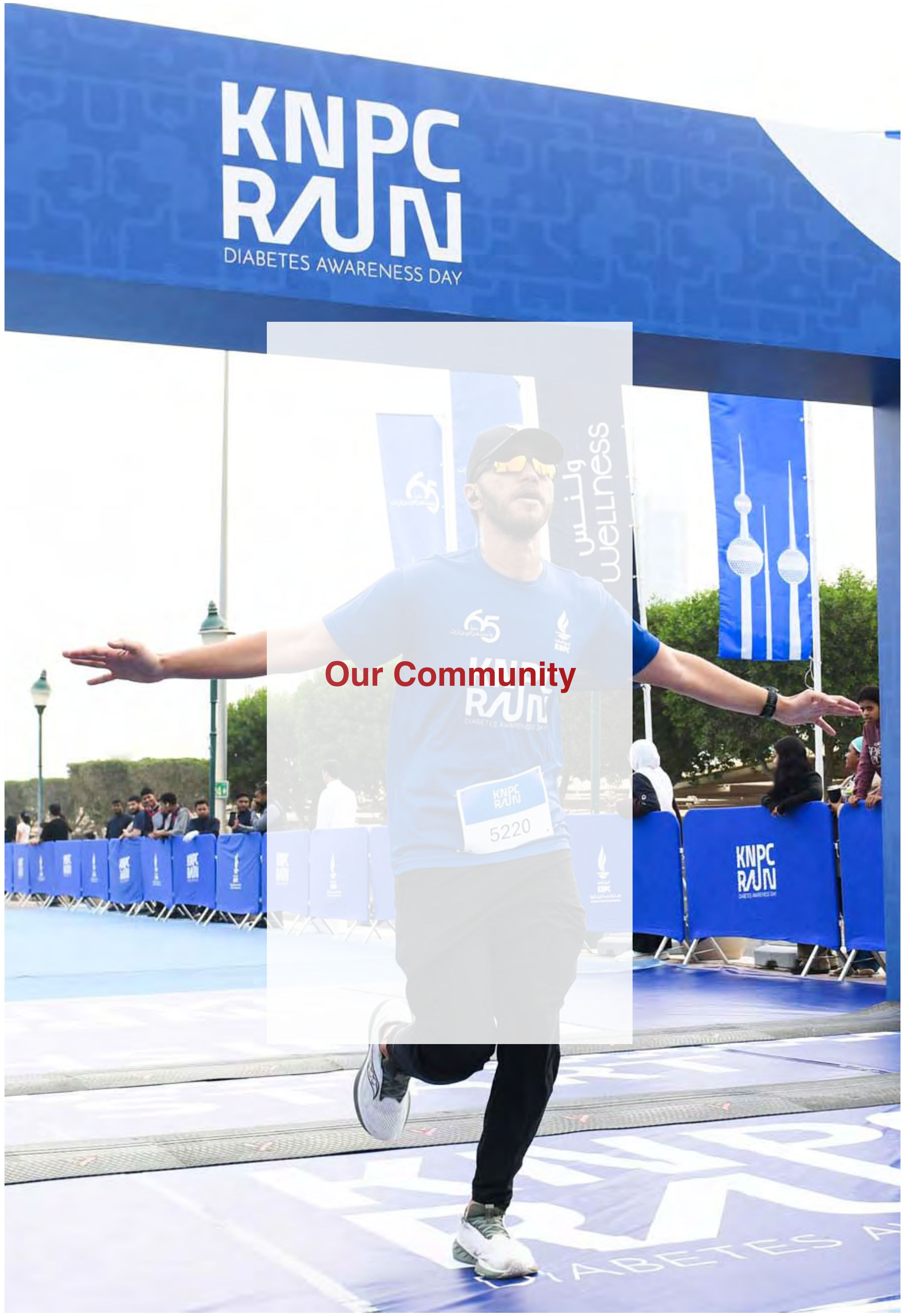
As part of its efforts to strengthen international cooperation, Kuwait Petroleum Corporation participated in the EU–Kuwait Green Transition Forum, where discussions focused on enhancing technical cooperation in the fields of sustainable energy and energy security, while promoting policy alignment and the exchange of institutional expertise. These engagements reflect the Corporation's commitment to making sustainability a strategic priority in both national and international dialogue, in line with the State of Kuwait's energy transition strategy.

Sustainability Projects

The Corporation directed its community initiatives towards promoting environmental sustainability by extending its partnership with Loyac through the Green Spaces program, which engages young people in urban greening projects. The Corporation also continued its collaboration with Algeria Secondary School, in cooperation with the Protect It initiative, to support the integration of sustainability concepts into educational curricula as Kuwait's first environmentally friendly school. This ongoing project aims to strengthen environmental awareness among future generations.

Reaffirming its commitment to enhancing environmental sustainability, reducing its carbon footprint, expanding green spaces and promoting responsible environmental practices, Kuwait Petroleum Corporation continued its initiative to plant more than 900 Sidr trees for the second consecutive year at the Kuwait Oil Company oasis, with the participation of the Corporation's leadership and its subsidiaries, in cooperation with Al Ahmadi Governorate.

Kuwait Oil Tanker Company (KOTC) also reaffirmed that environmental protection is a fundamental pillar of its operational strategy and continues to align its operations with international environmental standards and best practices. During FY 2025/2026, the Company's fleet sailed more than 1.6 million nautical miles and called at 637 ports worldwide with outstanding operational efficiency. This performance was demonstrated by the absence of any marine pollution incidents and the absence of any harmful hydrocarbon emissions during cargo loading and discharge operations, reflecting the Company's firm commitment to the highest standards of safety and environmental protection.



Our Community

Local Initiatives and Participations

Kuwait Oil Company (KOC) continued to demonstrate its commitment to social responsibility through a range of impactful initiatives that supported national priorities and community development. Leveraging its technical expertise and administrative capabilities, the Company successfully completed the first phase of the Kuwait GeoPark Project in a record 28 days. The project included the planting of 1,500 indigenous plants to support environmental tourism and contribute to the UNESCO Global Geoparks Network. In parallel, KOC launched the “Nabdh” Program, a national educational initiative aimed at enhancing awareness of the oil and energy sectors among secondary school students in Kuwait. The program included the development of a structured educational reference book covering the Company’s establishment and evolution, exploration, drilling, production, and export operations, as well as the repercussions of the Iraqi invasion. The publication also provided information on Kuwait Petroleum Corporation (KPC), its subsidiaries, and the OPEC and OAPEC organizations. Through this initiative, the Company contributed to supporting Kuwait’s vision by investing in human capital.

KOC further strengthened its social role through the organization of “Ahmadi Sports Day,” which has become one of Kuwait’s most prominent community and sporting initiatives. The event attracted more than 4,300 participants across a wide range of sporting competitions and activities and welcomed over 15,000 visitors. The initiative promoted public health and community sports while fostering social engagement and reinforcing the values of social responsibility through diverse programs and activities targeting various segments and age groups of society.

In line with KPC and its subsidiaries’ efforts to promote quality-of-life concepts, fiscal year 2025/2026 witnessed close collaboration between Kuwait National Petroleum Company (KNPC) and Petrochemical Industries Company (PIC) in organizing an integrated sports marathon coinciding with the International Diabetes Day. The event recorded participation exceeding 5,000 competitors and was attended by leaders from the oil sector in coordination with the Ministry of Interior, reflecting the sector’s shared commitment to serving health causes. As part of its strategic approach to fostering a positive work environment, the Company also organized the fourth edition of Al-Zour Sports Day, featuring a variety of activities for employees and their families and reaffirming the comprehensive nature of employee well-being programs. KPC also continued its leadership role in supporting youth talent through sponsorship of the National Companies Sports League Festival, organized by Porsche Kuwait in Kuwait Motor Town.

Kuwait Petroleum Corporation further demonstrated its role as an active partner in society through a series of strategic partnerships. The Corporation collaborated with the Kuwait Women’s Cultural & Social Society to raise awareness of Alzheimer and support affected people and their families. It also continued its partnership with the National Campaign for Cancer Awareness (CAN) to promote the early detection and prevention of breast cancer. In support of persons with disabilities, KPC contributed to empowering members of the visually impaired community through the provision of advanced BRAILLO 600SR2 devices and the sponsorship of specialized training programs in mobility and independent living skills in cooperation with the International Training Gateway, thereby supporting their full integration into society.

In support of innovation and education, KPC expanded its efforts to foster scientific and technological excellence through its strategic partnership with the World Robot Olympiad (WRO), supporting education in science, technology, engineering, arts, and mathematics (STEAM). The Corporation also sponsored a specialized workshop on artificial intelligence applications in sustainable water resource management in collaboration with the Kuwait Institute for Scientific Research (KISR). Furthermore, KPC strengthened its support for academic initiatives through sponsorship of the 29th Engineering Design Exhibition and the 5th Scientific Conference at Kuwait University, where awards were presented for outstanding projects in digital transformation, energy transition, and sustainable innovation.

Al-Ahmadi Hospital continued to reinforce its position as a leading healthcare institution through the adoption of advanced technologies and the expansion of strategic partnerships with reputable local and international organizations, including the Kuwait Institute for Medical Specializations (KIMS) and Royal Marsden Hospital. During the reporting year, the hospital achieved several notable milestones, including the operation of the Al-Zour Clinic, the organization of a conference on palliative care for the elderly, and the establishment of a fully integrated emergency shelter to ensure service continuity. The Company's efforts were further recognized through the attainment of the fourth level of the Blood Donation-Friendly Centers Program, the Patient Safety Award, and the Medication Safety Initiative Award.

As regards strengthening the strategic presence of the brand both globally and locally, the Corporation leveraged its (Q8) brand to sponsor major sporting events, most notably the His Highness the Amir's Cup and the French Super Cup 2026, thereby contributing to enhancing the market value of the brand identity in sporting arenas.

Kuwait National Petroleum Company: 65 Years as a Pillar of Regional Refining

In celebration of the 65th anniversary of the founding of Kuwait National Petroleum Company, the Company announced the issuance of an exceptional commemorative stamp in cooperation with the Kuwait Philatelic Society. It is worth noting that the Company issued its first commemorative stamp in 1968 in celebration of the commissioning of the (Umm Al-Khair) Shuaiba refinery.

Kuwait Oil & Gas Show and Conference (KOGS 2026)

Strategic Dialogue with Global Impact

In February 2026, the Kuwaiti energy sector witnessed an exceptional event with the fifth edition of the Kuwait Oil & Gas Show and Conference (KOGS 2026), held under the gracious patronage of His Highness the Prime Minister. Kuwait Petroleum Corporation, as the host organization, succeeded in transforming this event into a vibrant platform that highlighted the State of Kuwait's growing capabilities in the Upstream (Exploration and Production) and Downstream (Refining and Manufacturing) sectors. The conference also reflected the wise leadership's vision of entrenching the State's standing as a global center of gravity for strategic dialogue on energy and innovation issues, particularly amid the accelerating transformations reshaping the global oil industry.

Operational Momentum and a Comprehensive Technical Program

This edition was marked by unprecedented momentum, with a record attendance of more than 10,000 participants and attracting more than 1,100 companies from 48 countries. The conference presented a fully integrated technical program with the contribution of 200 specialized entities, focused on enhancing operational excellence and ways to advancing innovation and scientific research across the value chain. The accompanying international exhibition also provided an ideal platform for exchanging technical knowledge and facilitating high-level meetings between senior figures and sector leaders, which contributed to attracting foreign investment and strengthening international partnerships.

Celebrating Innovation and Digital Excellence

The conference celebrated its success by recognizing innovators in the fields of sustainable energy and digital transformation, where Kuwait Petroleum Corporation and its subsidiaries received several Excellence Award. Kuwait Oil Company, in cooperation with Shell, garnered the Sustainability Award for the Greenhouse Gas Emissions Dashboard for North Kuwait Gas, while the "SANAD" project—the AI powered generative digital assistant for drilling operations—won the Digital Transformation Award. In the context of regional excellence, the Integrated Offshore Drilling Services Project received the Best Project in the Region award, while "Anwar Al-Salem" of Kuwait Petroleum Corporation won the Young Professional Award, affirming the Corporation's commitment to investing in national talent and adopting the latest technologies to support a sustainable energy future.

Innovation and Excellence Recognition Awards

Category	Winner / Project	Entity
Sustainability and Energy Transition	North Kuwait Gas Greenhouse“ Gas Emissions Dashboard” project	Kuwait Oil Company (KOC), in cooperation with Shell
Artificial Intelligence and Digital Transformation	SANAD program: the generative -AI digital assistant for drilling operations	Kuwait Oil Company (KOC), in cooperation with SLB
Excellence in Regional Projects	Integrated Offshore Drilling Services (IODS) project	Kuwait Maritime Project (Halliburton)
Young Professionals	Anwar Jamal Al-Salem	Kuwait Petroleum Corporation (KPC)
Diversity, Equity and Inclusion	Khabeer Development Program	ADNOC Offshore
Academic Achievement	Dr. Mohammad Al-Abdullah	Kuwait University

Participation in International Forums

Kuwait Petroleum Corporation and its subsidiaries continued to strengthen their global presence and reinforce Kuwait's position on the international global energy stage during 2025 and 2026. Kuwait Oil Company participated actively in the 86th Annual Conference and Exhibition of the European Association of Geo-scientists and Engineers in France, and in the Annual Technology Conference and Exhibition of the Society of Petroleum Engineers in Houston, where these engagements focused on the exchange of technical knowledge and highlighting advancements in subsurface technologies, digital transformation, and operational efficiency.

In the context of regional integration, the local and international refining sector maintained a joint presence at the International Downstream Industries Conference in Bahrain to explore innovations in refining, while the Corporation showcased applications of artificial intelligence in energy systems during the Society of Petroleum Engineers symposium in the Kingdom of Saudi Arabia.

The Corporation also maintained its annual participation in the CERAWeek in Houston to support strategic dialogue on the energy transition. Despite regional circumstances that precluded in-person participation, the Corporation's Chief Executive Officer joined a virtual leadership dialogue with energy expert Daniel Yergin.

Maximizing Added Value and Local Content

Supporting the National Economy

As part of its pivotal role as a fundamental pillar of the national economy, Kuwait Petroleum Corporation and its subsidiaries succeeded in achieving high local-content spending rates of approximately 38% of total spending on goods, services, and projects through the fourth quarter of FY 2025/2026, reflecting the great importance the Corporation places on supporting the local private sector and enhancing the efficiency of Kuwaiti suppliers and contractors.

In this context, Kuwait Oil Company refined its contracting model to support national companies, enabling Kuwaiti drilling and maintenance companies to acquire 48% of the drilling-rig fleet, which strengthens the local economy and creates new job opportunities. Effective communication channels with government bodies also yielded the removal of surface obstacles at the Qashaaniya Field in cooperation with the Public Authority for Agriculture.

FY 2025/2026 also witnessed a strategic achievement with the completion of the detailed feasibility study for the "Shaheen Project" and the transition to the implementation phase in cooperation with global financial institutions, as the project is considered a pioneering model in improving the efficiency of asset utilization through the leasing of crude oil pipelines, aiming primarily to attract foreign direct investment and draw capital from the private sector, ensuring the achievement of sustainable economic development for the State of Kuwait.

To strengthen institutional cooperation and advance integration between the oil sector and government entities, the Corporation held the Local Content Forum, which enjoyed wide participation from representatives of sovereign and relevant bodies, including the Kuwait Direct Investment Promotion Authority, the Public Authority for Industry, the Public Authority for Manpower, the National Fund for Small and Medium Enterprise Development, in addition to the Kuwait Authority for Partnership Projects, Kuwait Municipality, the Central Agency for Public Tenders, and sister oil companies. The strong positive engagement from attendees reflected the depth of shared interest in unifying concepts and objectives, affirming the role of local content as a fundamental pillar in supporting the resilience of the national economy.

The forum provided a vital platform to showcase the pivotal role of government bodies in supporting and developing the local-content program, with a focus on removing operational challenges and exchanging leading expertise to ensure efficient implementation. The discussions also yielded the formulation of collective recommendations aimed at building an integrated national framework that enhances the value of local content, in line with the national development plan aimed at diversifying sources of national income.

Strengthening Innovation as a Strategic Pillar

Building on its efforts to make innovation a key driver of growth, Kuwait Petroleum Corporation held the “Innovation Excellence” conference, which aimed to foster a culture of technical innovation as a core element in supporting the national economy, while activating joint work and achieving strategic integration between the various companies of the oil sector.

The Corporation’s commitment to innovation and advanced technologies yielded positive results, embodied in a major milestone within the digital transformation path in the operational processes. Kuwait Oil Company, in collaboration with Microsoft, opened the Center for Innovation in Artificial Intelligence. The Center enjoys the support of Kuwait Direct Investment Promotion Authority and aims to accelerate the adoption of artificial intelligence technologies within the Company, contributing to raise operational performance efficiency, reducing costs, and improving productivity, while improving the quality and speed of decision-making through investing in the latest innovative digital solutions, which embodies Kuwait Oil Company’s standing as a leading company in developing the national energy sector and its keenness to keep pace with the latest global technological trends.

The Company also succeeded in launching the first integrated application for monitoring gas flow from the reservoir to the well, which enables the integration of reservoir and well data, real-time performance monitoring, and supports the preparation of operational plans to increase productivity. The application contributed significantly to reducing the time spent in manual data processing and to enhancing the speed and accuracy of decision-making across the various operational teams, supporting sustainable improvement of operational efficiency.

The Company also lunched the private LTE network as the first of its kind in the exploration and production sector in the region, providing advanced communications infrastructure that supports operations across the Company’s various sites, while transitioning a 5G ready infrastructure. A cloud-computing agreement was also signed with "Google Cloud" to support digital capabilities and artificial intelligence.

Additionally, KOC achieved a notable technical accomplishment with the Reservoir Monitoring for Enhanced Water Injection Project winning the award for Best Field Development Paper at ADIPEC 2025, from among more than 6,000 submissions. This achievement reflects the Company’s leadership in employing digital solutions and artificial intelligence to improve operational performance, as the project contributed to increasing production and reducing related well work-over operations by more than 95%.

On its part, Kuwait National Petroleum Company achieved exceptional accomplishments that placed it among the world’s leading companies, as it was ranked within the top quartile of innovation leaders globally in the energy, oil, and gas sector according to a study by Abdullah Al-Salem University and the Swedish “Innovation 360” group, and it

ranked first locally on the innovation index according to a Boston Consulting study. Further demonstrating its technical excellence, the Company garnered the (GeoExcellence) award from the global (ESRI) institution in recognition of its development of the Digital Twin concept at levels exceeding recognized standards, in parallel with the launch of its executive program for the oil sector's digital transformation strategy, which includes 24 ambitious initiatives. On the front of enhancing digital culture and institutional innovation, the Company concluded the fifth edition of its annual hackathon with the participation of 124 employees, which resulted in the launch of the Saif application as a virtual employee relying on artificial intelligence technologies.

The year also witnessed a major advancement in process automation, including the development of the (OGAS) system via the Oracle APEX platform, the digitization of the (Scorecards 360) system within the K-Tendering system, the automation of purchase requests for maintenance and shutdown works, and the development of the (ISO Tracker) and budget-management systems, in addition to strengthening its research standing by obtaining two patents.

In a related context, Kuwait Integrated Petroleum Industries Company succeeded in enhancing its operational efficiency through completing the full integration between the Unified Tenders Platform and the Maximo asset-management system, and automating the procedures for deferring preventive maintenance for fixed assets, tanks, and pipes, with the integration of risk assessments and the approval chain automatically. The Company also activated the third phase of the digital Permit to Work system, which links contractors' work validity to contract durations, with the activation of the automatic-alerts feature; and continued to support scientific research by renewing its partnership with the (technologycatalogue.com) platform to keep pace with the latest renewable-energy technologies, emission reduction, and innovation in refinery maintenance.

On its part, Kuwait Petroleum International is advancing with confident steps toward comprehensive digitalization, as its initiatives during FY 2025/2026 focused on automating the full payroll cycle via robotic process automation between the Human Resources and Finance Departments, and expanding the scope of intelligent automation at the institutional level to accelerate workflow and raise operational efficiency.

The Company also unified its data sources within an enterprise cloud platform that supports analytics, artificial intelligence, and machine learning, and developed an omni-channel customer-fulfillment system and an intelligent asset-management system that provides real-time monitoring, predictive maintenance, and automated reconciliation across retail stations and plants. As part of modernizing the work environment, the Company launched the Q8sky project to transfer its employees to a secure, mobile, cloud-based work system.

In its continuous pursuit of improving financial and technical performance, Petrochemical Industries Company continues its digital transformation journey through strategic partnerships aimed at enhancing efficiency, having joined the unified government program developed in partnership with Microsoft, in a step that contributed to reducing costs and achieving tangible financial savings for the Company.

Joining this program reflects its keenness to benefit from government initiatives supporting digital transformation and enhancing spending efficiency, in support of its orientation toward adopting advanced technical solutions that contribute to raising operational efficiency and achieving financial sustainability.

Kuwait Oil Tanker Company continued to strengthen its digital transformation journey through implementing a number of initiatives, most notably the launch of the Fleet Performance Monitoring Center, central platform that integrates vessel and shore-side system data to enable real-time monitoring of the fleet, fuel consumption, and voyage efficiency. The Company also developed an automation system (RPA) for procurement and fleet ticket management, and implemented a Security Information and Event Management (SIEM) system via QRadar to strengthen its security infrastructure.

Our People

Leadership in Human Resources & Recruitment Systems

As part of implementing its updated 2040 Strategy, Kuwait Petroleum Corporation continues to strengthen its human capital as a key driver of sustainable success. The Human Resources Sector achieved a significant milestone by obtaining ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety) certifications. This achievement reflects the implementation of the Integrated Management System (IMS), which supports alignment with best international practices.

KPC also continues to invest in attracting and retaining national talent while enhancing workforce capabilities. During the year, 1,321 candidates were appointed under trainee contracts across various disciplines, ensuring the continued development of national talent and preparing qualified professionals to meet the evolving needs of the oil sector.

Academic Development and Corporate Awareness

KPC places strong emphasis on continuous professional development. Nineteen employees were supported in pursuing advanced academic degrees in specialized fields aligned with the Corporation's strategic objectives, including cybersecurity, petroleum engineering, chemical engineering, environmental sciences, law, finance, and business administration.

KPC also implemented comprehensive orientation and training programs to strengthen employees' competencies and improve performance. In addition, awareness initiatives were conducted on governance topics, including awareness sessions about conflict-of-interest regulations, which were organized in collaboration with Kuwait University. The Corporation also provided workshops to familiarize employees with the objectives and vision of the Corporation and provided awareness sessions on the oversight mechanisms of the State Audit Bureau, promoting transparency, integrity, and professional ethics throughout the organization.

Modernization of Administrative Systems and Digital Transformation

During FY 2025/2026, KPC made significant progress in modernizing and standardizing its administrative systems. Key initiatives included adopting a unified promotion system across the oil sector, updating annual bonus criteria to ensure fairness and operational efficiency, launching the electronic attendance and leave management system in December 2025, and implementing a trainees' evaluation system linked to the ULMS platform, enabling continuous monitoring and improvement of training performance.

Training Innovation and International Cooperation

Looking ahead, the Corporation has begun integrating Augmented Reality (AR) and Virtual Reality (VR) technologies into its technical training programs, including valve maintenance and control systems, to provide a hands-on learning environment that closely simulates real-world operations.

In parallel, the Information Technology training curriculum for FY 2026/2027 has been updated to focus on Artificial Intelligence (AI) applications and Microsoft Copilot tools to enhance productivity and digital capabilities. To further strengthen technical excellence, the Corporation also signed a long-term agreement with SLB to deliver specialized training programs in subsurface technologies, ensuring the continued development of advanced technical competencies.

Training Statistics and Community Service

The Petroleum Training Center continued its efforts to develop national capabilities by delivering 772 training programs covering technical, administrative, and financial disciplines. In addition, 312 local and international training programs were delivered, while 531 trainees participated in various leadership and technical programs.

As part of its social responsibility toward the academic sector, KPC provided field training opportunities for students at Kuwait University, Kuwait International Law School, and the College of Technological Studies, helping bridge the gap between academic learning and practical applications in the oil industry.

DATA	(2025/2026)
TOTAL OPERATIONAL WORKFORCE	22323
TOTAL NON-OPERATIONAL WORKFORCE	0
TOTAL OPERATIONAL AND NON-OPERATIONAL WORKFORCE	22323
TOTAL NATIONAL WORKFORCE IN THE OIL SECTOR	20317
KUWAITIZATION RATE	%91
TOTAL NEW EMPLOYEES	
KUWAITI EMPLOYEES	1321
NON-KUWAITI EMPLOYEES	128

Contractor Workforce Data:

DATA	(2025/2026)
KUWAITIZATION RATE OF CONTRACTOR WORKFORCE AT KPC AND SUBSIDIARIES	19%
NUMBER OF KUWAITIS HIRED UNDER CONTRACTOR CONTRACTS	5034

Kuwait Petroleum Corporation and its Subsidiaries' Workforce Data for FY 2025/2026

Training and Career Development (Petroleum Training Centre):

TRAINING PROGRAMS	FY 2024/2025 APRIL 2024 TO MARCH 2025		TOTAL TRAINING PROGRAMS:
NUMBER OF PROGRAMS DELIVERED TO OIL SECTOR EMPLOYEES BY TRAINING ACTIVITY TYPE	VIRTUAL	0	772
	CLASSROOM	768	
	E-LEARNING	4	
NUMBER OF PROGRAMS DELIVERED TO OIL SECTOR EMPLOYEES BY TRAINING COMPETENCY	TECHNICAL	179	772
	GENERAL	375	
	PROFESSIONAL	218	

EXTERNAL TRAINING PROGRAMS	
NUMBER OF TRAINEES	464
NUMBER OF PROGRAMS	281

Diversity, Equity, and Inclusion

Kuwait Petroleum Corporation's Diversity, Equity, and Inclusion Council embodies KPC's strong commitment to creating a fair and inclusive work environment. This approach provides equal opportunities for all and fosters a culture of respect and belonging.

In this context, during FY 2025/2026, a series of initiatives and programs were implemented, reflecting KPC's vision of investing in human capital. These initiatives aim to foster an inclusive culture and support employees from all backgrounds.

Towards a Sustainable and Empowering Workplace

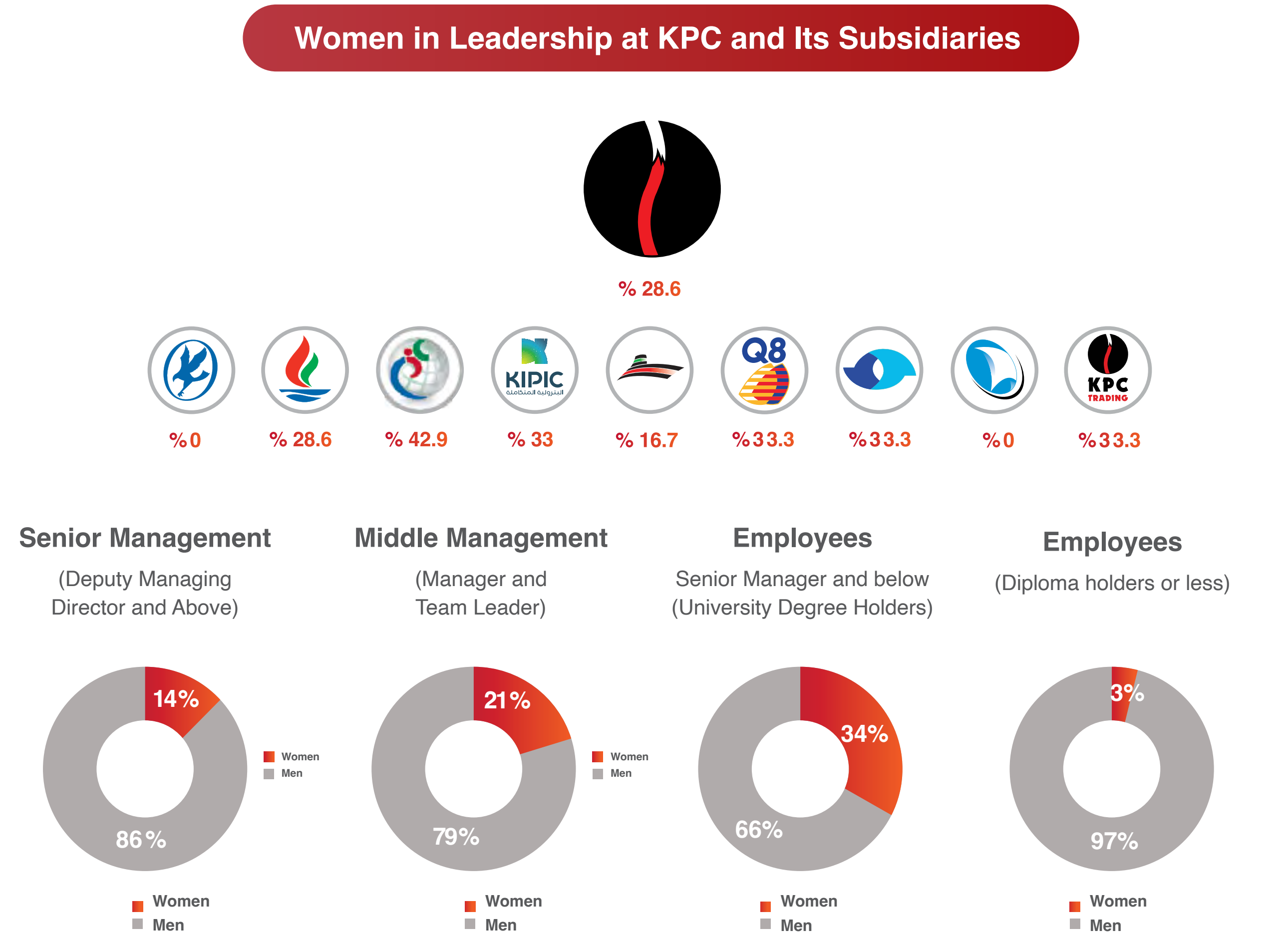
During FY 2025/2026, the Council achieved notable progress in advancing its strategic initiatives focused on youth empowerment, sustainability, human resource development, and enhancing the constitutional dialogue. KPC places strong emphasis on developing national talent, recognizing it as a key pillar for building the future of the oil industry. In this regard, the Corporation launched specialized programs such as "Fuel the Talk Podcast", aimed at engaging young professionals and enabling them to contribute to the future of the oil sector.

The Corporation also collaborated with various entities to provide training opportunities and enhance skills in areas aligned with labor market needs. These efforts included organizing workshops and seminars that support professional growth and prepare young talent for leadership roles.

KPC also strengthened its approach to international cooperation by expanding its participation in global organizations such as the World Petroleum Council (WPC) and the Gulf Petrochemicals and Chemicals Association (GPCA), facilitating knowledge exchange and enhancing institutional capabilities.

As part of its commitment to fostering the values of equity, equality, and inclusion, 2026 marked a significant advancement in embedding Diversity, Equity, and Inclusion (DE&I) principles across the Corporation's institutional practices. This commitment was clearly demonstrated during the Kuwait Oil & Gas Show (KOGS 2026), where specialized sessions highlighted the connection between the Corporation's environmental stewardship objectives and human capital development, with a strong emphasis on integrating Environmental, Social, and Governance (ESG) principles into core operational practices. The event also celebrated outstanding achievements through specialized awards recognizing digital innovation and initiatives that contribute to a collaborative, inclusive, and innovation-driven workplace.

The Kuwait Petroleum Corporation also continued to strengthen women's representation in leadership positions. During FY 2025/2026, more than 20 female employees were promoted to Team Leader and Manager positions across the Corporation, reflecting KPC's confidence in the capabilities of Kuwaiti women and their growing contribution to institutional development and organizational excellence.



KPC Excellence Awards

Kuwait Petroleum Corporation launched the first edition of its Excellence Awards during FY 2025/2026, marking a strategic step in promoting institutional excellence and fostering innovation and sustainable growth. The award aims to recognize and honor teams that successfully implemented outstanding projects with a tangible strategic impact on supporting the developed of Kuwait's oil sector.

The inaugural edition of the award witnessed wide participation from sector leaders and representatives of subsidiary companies. The judging committee reviewed more than 60 innovative projects, of which 19 projects qualified for the final stage across seven categories. The award reflects the Corporation's commitment to embedding a culture of excellence and innovation while reinforcing the importance of the One Team spirit as a cornerstone of the oil sector's continued success.

Excellence Award Winners

Project Overview	Project Name	Category	Company	Winner
The first employee in the Company to obtain a patent from the United States, which is on its way to being converted into a prototype undergoing field testing at the Mina Abdullah refinery.	United States Patent	Best Employee Award	Kuwait National Petroleum Company	Hussain Al-Ali
The Research and Technology Department won for its pioneering patent-registration program, which enabled employees to transform their ideas into patents and commercial opportunities within a comprehensive intellectual-property management strategy.	Patent Registration Program	Best Initiative in People Management and Culture Enhancement	Kuwait National Petroleum Company	Shaimaa Amir, Jaafar Hussein, Hussain Al-Ali, Jason Burgess
A celebration held in Bnaider; it was the first major cultural showcase since the COVID-19 pandemic, and the first gathering of all subsidiaries. It highlighted Kuwait's heritage and reinforced the Corporation's role as a supporter of culture.	The 45th Anniversary Celebration of the Corporation's Founding	Best Event Award	Kuwait National Petroleum Company	Shahad Al-Rashidi, Sara Al-Dagher, Wasmi Al-Asfer, Abdullah Faleh Al-Tammimi, Dana Al-Sabah, Jana Al-Hadidi, Razan Al-Hajji, Ahmad Al-Mansour, Fahad Al-Mutawa, Fahad Al-Dawass, Mohamad Rassam Al-Rashidi
A seminar that highlighted the challenges facing the families of seafarers who spend months away from them, providing a platform for dialogue between seafarers, their families, and the Company's leadership, with the participation of families of multiple nationalities.	Seminar on the Nature of Seafarers' Work	Best Initiative in Diversity and Inclusion	Kuwait National Petroleum Company	Captain Anwar Boftain, Salem Al-Shahoumi, Salman Shihab, Mohammad Mirza, Captain Alan Javier, Asmaa Al-Failakawi, Captain Raju Katoch, Captain Carol Nyesh, Mr. Rosier Rosiev, Mr. Todor Mihailov
As part of Q8 Italia's 40th anniversary celebration, the Company distributed innovative equipment to combat oil spills along the Italian coast, covering more than 45 ports, forming a national environmental-safety network.	"Sailing for Change" Campaign	Best Initiative in Environment, Society and Governance (ESG)	Kuwait National Petroleum Company	Bashar Al-Awadhi, Fabio Cortaci, Inigo Scott, Sara Rivanati, Silvia Scaldaferro, Sara Simonini, Francesca Di Bella, Tammy Maria Guterres
A joint collaboration between the Optimal Value Chain Department at the Corporation, the Technical Services Department at KIPIC, and the Export Operations and Production Excellence departments at Kuwait Oil Company, resulting in the development of optimal heavy-crude logistics and a significant increase in operational efficiency and profits.	The 45th Anniversary Celebration of the Corporation's Founding	Best Event Award	Kuwait National Petroleum Company	Shahad Al-Rashidi, Sara Al-Dagher, Wasmi Al-Asfer, Abdullah Faleh Al-Tammimi, Dana Al-Sabah, Jana Al-Hadidi, Razan Al-Hajji, Ahmad Al-Mansour, Fahad Al-Mutawa, Fahad Al-Dawass, Mohamad Rassam Al-Rashidi
The Drilling and Well Work-over Engineering Group won for its initiative to complete drilling and maintenance works in accordance with the international benchmark, which raised operational efficiency and strengthened supply-chain resilience.	Drilling and Well Work-over Initiative per the IOC's Drilling & Work-over Benchmark	Best Initiative in Exploration and Production	Kuwait National Petroleum Company	Mohammad Al-Bahar, Haitham [unspecified], Fatima Ahmad, Abdulaziz [unspecified], Fayez Al-Mazaal, Sara Al-Safran, Badr Al-Sumait, Sara Al-Juhail, Sara Jawhar Hayat, Abdullah Al-Rabbah, Abdulaziz Ali, Shahad Al-Mutawa, Najeeb Abdullah, Abdulaziz Al-Rashoud, Laila Al-Thuwaini, Dalal Al-Jasem, Youssef Al-Khayat, Marzouq Al-Hais, Iman Al-Hammadi, Fatima Al-Rashed, Dana Al-Salahi, Mishaan Al-Saqabi, Abdullah Malek, Qutaiba Okasha, Fatima Al-Sanasiri, Reham Dashti, Ahmad Al-Awadhi, Hussein Shobair, Nawaf Al-Anzi

Independent Auditor's Report & Consolidated Financial Statements

For the Year Ended 31 March 2026

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Independent auditor's report

His Highness Sheikh / Ahmad Abdullah Al-Ahmad Al-Sabah
The Prime Minister and Chairman of the Supreme Council for Petroleum
State of Kuwait
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Petroleum Corporation (the "Corporation") 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) and the Law Decree No. 6 of 1980.

Basis for Opinion

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

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.

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.

KPMG

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 the Law Decree No. 6 of 1980, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated 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.

KPMG

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 Law Decree No.6 of 1980. In our opinion, proper books of account have been kept by the Corporation and the accounting information given in the board of directors' report agrees with the books of accounts. We have not become aware of any contravention, during the year ended 31 March 2026, of the Law Decree No. 6 of 1980 that might have had a material effect on the business of the Corporation 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: 19 May 2026

	Notes	KD'000	KD'000
Assets			
Property, plant and equipment	*5*	33,073,230	32,501,021
Goodwill	*6*	129,102	119,374
Intangible assets	*7*	560,817	604,863
Right-of-use assets	*8*	1,757,188	1,311,866
Deferred tax assets	*15*	13,904	20,717
Other non-current assets	*9*	206,456	108,633
Financial assets at fair value through other comprehensive income	*10*	4,648,646	4,383,693
Investments in equity accounted investees	*11*	1,333,719	1,073,093
Non-current assets		41,723,062	40,123,260
Inventories	*12*	2,739,950	2,161,196
Trade receivables	*13*	8,822,813	7,671,800
Financial assets at fair value through other comprehensive income	*10*	451,157	240,193
Financial assets at fair value through profit or loss	*10*	1,398	1,675
Derivative financial assets	*33*	235,478	-
Other receivables and prepayments	*14*	1,384,028	1,033,313
Taxes receivable	*15*	16,947	15,905
Term deposits		79,207	28,119
Cash and cash equivalents	*16*	2,527,347	1,824,596
Assets held for sale	*17*	13,783	10,398
Current assets		16,272,108	12,987,195
Total assets		57,995,170	53,110,455
Equity			
Share capital		2,500,000	2,500,000
Statutory reserve	*18*	1,250,000	1,250,000
Capital reserve	*19*	232,945	232,945
General reserve	*20*	24,689,158	21,798,328
Reserve for replacement and renewal of property, plant and equipment	*21*	4,643,691	4,474,691
Remeasurement of defined benefit obligation reserve		(77,104)	(45,187)
Fair value reserve		750,262	554,233
Foreign currency translation reserve		(232,834)	(270,244)
Equity attributable to equity holder of the Corporation		33,756,118	30,494,766
Non-controlling interests		77,763	79,984
Total equity		33,833,881	30,574,750
Non-current liabilities	*22*	9,751,562	10,718,053
Trade payables		2,234,488	1,879,912
Derivative financial liabilities	*33*	384,263	-
Other payables and accruals	*23*	3,920,735	3,050,808
Lease liabilities	*8*	641,207	486,611
Taxes payable	*15*	245,588	221,517
Amounts due to Ministry of Oil	*24*	6,591,830	4,647,479
Profit available for distribution	*25*	391,616	1,531,325
Current liabilities		14,409,727	11,817,652
Total liabilities		24,161,289	22,535,705
Total equity and liabilities		57,995,170	53,110,455

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

	Notes	2026 KD'000	2025 KD'000
Revenues			
Sales of crude oil, gas, refined products and petrochemicals		31,453,195	34,895,874
Revenues from other operations		248,682	259,277
	26	31,701,877	35,155,151
Cost of revenues			
Cost of sales of crude oil, gas, refined products and petrochemicals		(28,412,637)	(32,679,925)
Cost of other operations		(142,496)	(174,345)
		(28,555,133)	(32,854,270)
Gross profit		3,146,744	2,300,881
Depreciation and amortisation	*5,7,8&9*	(868,748)	(838,633)
General and administrative expenses		(517,827)	(448,977)
(Provision) / reversal for impairment loss on property, plant and equipment, goodwill, and other provisions		(90,862)	597
Operating profit		1,669,307	1,013,868
Interest income		155,046	163,176
Interest expense		(265,557)	(296,960)
Net interest expense		(110,511)	(133,784)
Investment income	*27*	127,069	148,966
Share of profit / (loss) of equity accounted investees	*11*	116,454	(94,297)
Other income (net)	*28*	589,389	757,780
Directors' remuneration	*29*	(64)	(64)
Profit before provision for income tax		2,391,644	1,692,469
Income tax expense	*15*	(67,817)	(66,677)
		2,323,827	1,625,792
Provision for replacement and renewal of property, plant, and equipment	*21*	(169,000)	(260,000)
Profit for the year		2,154,827	1,365,792
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		(31,917)	5,909
Net change in fair value of financial assets at fair value through OCI		186,542	9,046
Other comprehensive income for the year		154,625	14,955
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		37,410	(10,895)
Other comprehensive income / (loss) for the year		37,410	(10,895)
Total other comprehensive income for the year		192,035	4,060
Total comprehensive income for the year		2,346,862	1,369,852
Profit attributable to:			
Equity holder of the Corporation		2,160,105	1,365,897
Non-controlling interests		(5,278)	(105)
Profit for the year		2,154,827	1,365,792
Total comprehensive income attributable to:			
Equity holder of the Corporation		2,352,140	1,369,957
Non-controlling interests		(5,278)	(105)
Total comprehensive income for the year		2,346,862	1,369,852

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

	Attributable to equity holder of the Corporation										
	Authorised and paid-up share capital KD'000	*Statutory reserve KD'000*	*Capital reserve KD'000*	*General reserve KD'000*	*Reserve for replacement and renewal of property, plant and equipment KD'000*	*Remeasurement of defined benefit obligation reserve KD'000*	*Cumulative changes in fair values KD'000*	*Foreign currency translation reserve KD'000*	*Proposed dividend KD'000*	*Sub-total KD'000*	*Non-controlling interests KD'000*	*Total equity KD'000*
Balance at 31 March 2024	2,500,000	1,250,000	232,945	20,358,572	4,214,691	(51,096)	534,142	(259,349)	1,171,249	29,951,154	85,590	30,036,744
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	1,365,897	-	-	-	-	-	1,365,897	(105)	1,365,792
Dividend payables	-	-	-	-	-	-	-	-	(1,171,249)	(1,171,249)		
Other comprehensive (loss) / income	-	-	-	-	-	5,909	9,046	(10,895)	-	4,060	-	4,060
Total comprehensive income / (loss)	-	-	-	1,365,897	-	5,909	9,046	(10,895)	(1,171,249)	198,708	(105)	198,603
Net movement in realised gain transferred to general reserve	-	-	-	73,859	-	-	11,045	-	-	84,904	(5,501)	79,403
Reserve for replacement and renewal of property, plant and equipment (Note 21)	-	-	-	-	260,000	-	-	-	-	260,000	-	260,000
Balance at 31 March 2025	2,500,000	1,250,000	232,945	21,798,328	4,474,691	(45,187)	554,233	(270,244)	-	30,494,766	79,984	30,574,750

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

	Attributable to equity holder of the Corporation										
	Authorised and paid-up share capital KD'000	*Statutory reserve KD'000*	*Capital reserve KD'000*	*General reserve KD'000*	*Reserve for replacement and renewal of property, plant and equipment KD'000*	*Remeasurement of defined benefit obligation reserve KD'000*	*Cumulative changes in fair values KD'000*	*Foreign currency translation reserve KD'000*	*Proposed dividend KD'000*	*Sub-total KD'000*	*Non-controlling interests KD'000*	*Total equity KD'000*
Balance at 31 March 2025	2,500,000	1,250,000	232,945	21,798,328	4,474,691	(45,187)	554,233	(270,244)	-	30,494,766	79,984	30,574,750
Total comprehensive income												
Profit for the year	-	-	-	2,160,105	-	-	-	-	-	2,160,105	(5,278)	2,154,827
Dividend payables	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive (loss) / income	-	-	-	-	-	(31,917)	186,542	37,410	-	192,035	-	192,035
Total comprehensive income / (loss)	-	-	-	2,160,105	-	(31,917)	186,542	37,410	-	2,352,140	(5,278)	2,346,862
Net movement in realised gain transferred to general reserve	-	-	-	164,070	-	-	9,487	-	-	173,557	3,057	176,614
Reserve for replacement and renewal of property, plant and equipment (Note 21)	-	-	-	-	169,000	-	-	-	-	169,000	-	169,000
Discounting for profit available for distribution (Note 25)	-	-	-	566,655	-	-	-	-	-	566,655	-	566,655
Balance at 31 March 2026	2,500,000	1,250,000	232,945	24,689,158	4,643,691	(77,104)	750,262	(232,834)	-	33,756,118	77,763	33,833,881

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

	Notes	2026 KD'000	2025 KD'000
Cash flows from operating activities			
Profit for the year		2,154,827	1,365,792
Adjustments for:			
Depreciation and amortisation		1,151,142	1,065,188
Provision for replacement and renewal of property, plant and equipment	*21*	169,000	260,000
Provision / (reversal) for impairment loss on property, plant and equipment, goodwill and other provisions		90,862	(597)
Write-off unsuccessful exploration	*7*	3,705	6,988
Provision for employees' terminal benefits and pensions		114,993	66,799
Share of profit / (loss) of equity accounted investees	*11*	(116,454)	94,297
Interest income		(155,046)	(163,176)
Interest expense		265,557	296,960
Income tax expense	*15*	67,817	66,677
Investment income		(127,069)	(148,966)
		3,619,334	2,909,962
Changes in:			
- Inventories		(578,754)	131,629
- trade receivables		(1,151,013)	(812,527)
- other receivables and prepayments		(351,757)	98,689
- non-current liabilities		(26,541)	(55,248)
- trade payables		354,712	107,734
- other payables, accruals and other credit balances		17,689	99,130
- derivative financial instruments		148,785	-
- change in amounts due to Ministry of Oil		3,167,634	1,423,464
Cashflows generated from operations		5,200,089	3,902,833
Interest paid		(209,977)	(260,012)
Taxes paid		(44,924)	(51,654)
Net cashflows from operating activities		4,945,188	3,591,167
Cash flows from investing activities			
Purchase of property, plant and equipment	*5*	(2,316,172)	(1,834,927)
Change in deposits maturing after three months from the date placement		(51,088)	(55,595)
Net movement in financial assets at FVOCI		(279,888)	(239,098)
Net movement in financial assets at FVTPL		277	1,013
Net movement in equity accounted investees		(144,172)	(55,953)
Additions to intangible assets and goodwill		(14,712)	(44,245)
Change in other non-current assets		(97,823)	6,101
Proceeds from disposal of property, plant and equipment		8,931	4,429
Interest income received		155,046	163,176
Net cashflows used in investing activities		(2,739,601)	(2,055,099)
Cash flows from financing activities			
Repayments of loans and borrowings		(858,771)	(1,072,113)
Proceeds from loans and borrowings		1,393,150	341,365
Payment of lease liabilities	*8*	(480,110)	(483,161)
Dividend paid	*25*	(1,648,919)	(436,297)
Net movement in non-controlling interests		(2,221)	(5,606)
Net cashflows used in financing activities		(1,596,871)	(1,655,812)
Net effect of foreign currency translation adjustments		94,035	164,203
Net increase in cash and cash equivalents		702,751	44,459
Cash and cash equivalents at beginning of the year		1,824,596	1,780,137
Cash and cash equivalents at end of the year	*16*	2,527,347	1,824,596

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

1. Corporate information

The Kuwait Petroleum Corporation (the "Corporation" or the "Parent" or "KPC") is wholly-owned by the Government of the State of Kuwait. The Corporation was established by Law Decree No. 6 of 1980 which came into effect on 27 January 1980. The principal activities of the Corporation and its subsidiaries (together referred to as the "Group") include exploration, drilling, production, storage, refining, processing, transportation, distribution and marketing of crude oil, natural gas, chemical, petrochemical and associated products. The marketing of crude oil and petroleum products produced by subsidiaries in the State of Kuwait is undertaken by the Corporation. The entire Group's other activities, including the marketing of crude oil and petroleum products produced by subsidiaries outside the State of Kuwait are carried out through its subsidiaries, associates and joint ventures/ operations. The principal subsidiaries, associates and joint ventures/ operations are set out in Note 38. The Group operates principally in the Middle East, Far East, Western Europe, U.S.A, Canada and Australia.

Crude oil produced in the State of Kuwait becomes the property of the Government of the State of Kuwait, which reimburses the production costs of the producing subsidiaries. The Corporation purchases crude oil and natural gas from the Government of the State of Kuwait in accordance with the terms of the applicable Decree issued on 17 January 1981.

The address of the Corporation's registered office is P.O. Box 26565, Safat 13126, State of Kuwait.

The consolidated financial statements of the Group for the year ended 31 March 2026 were authorised for issue by the Board of Directors on 14 May 2026. These consolidated financial statements are subject to change upon approval of the Supreme Council for Petroleum.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the Law Decree No. 6 of 1980.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, modified for the measurement at fair value of investments at fair value through profit or loss, investments at fair value through other comprehensive income, derivative financial instruments and defined benefit pension obligations.

c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kuwaiti Dinars, which is the Group's functional currency. All amounts are rounded to the nearest thousand, unless otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 and in any future periods affected.

e) Changes in accounting policies

The below amendment to standards and interpretations became effective on 1 April 2025, but it does not have material effect on the Group's consolidated financial statements:

- Classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7; and
- Annual improvements to IFRS Accounting Standards - Volume 11

Other amendments to IFRS which are effective for annual accounting period starting from 1 April 2025 did not have any material impact on the accounting policies, financial position or performance of the Group as at and for the year ended 31 March 2026.

3. Material accounting policies

Except for changes explained in Note 2(e), the Group has consistently applied the accounting policies set below to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its significant subsidiaries. Details of the principal consolidated subsidiaries are included in Note 38.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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.

The financial statements of subsidiaries are prepared using accounting policies that are consistent with those applied by the Corporation. Adjustments are made to conform any material dissimilar accounting policies that may exist.

Non-controlling interest ("NCI") principally represent the portion of profit or loss and net assets not held by the Corporation directly and are presented separately in the consolidated statement of profit or loss and other comprehensive income and separately from Group's equity within equity in the consolidated statement of financial position.

Intra-group balances and transactions, including intra-group profits and unrealised profits and losses are eliminated on consolidation.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

Accounting periods of subsidiaries

The Corporation's financial year was from 1 April 2025 to 31 March 2026. The financial year of the Corporation's significant subsidiaries is the same as the Corporation with the exception of Kuwait Foreign Petroleum Exploration Company K.S.C., Kuwait Gulf Oil Company K.S.C. (Closed), KPC Energy Ventures, Inc. and Kuwait Aromatics Company K.S.C.C., whose financial years were from 1 January 2025 to 31 December 2025. Where such subsidiaries do not prepare financial statements up to the same date as that of the Corporation, adjustments are made for the effects of any significant events or transactions which have occurred in the months following the year end of these subsidiaries.

b) Property, plant and equipment

i. Oil and gas properties

Exploratory wells

The exploratory wells is included under drilling, exploration and other assets under construction pending determination of proved reserves. If an exploratory well finds proved reserves, these costs are transferred to wells and surveys under oil and gas properties. If the exploratory well does not find proved reserves the costs are written off as abortive. Costs are considered abortive when they relate to wells, which are permanently abandoned due to the absence of commercially exploitable reserves of crude oil or temporarily abandoned with no plans for re-entry in the foreseeable future.

Costs directly associated with an exploration well are capitalised as exploration and evaluation assets under drilling, exploration and other assets under construction until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials, drilling and contractors' cost.

Geological and geophysical costs are recognised in the consolidated statement of profit or loss and other comprehensive income, as incurred.

Development wells

The cost of development wells is included under oil and gas properties as wells and surveys and is accounted for under the “successful efforts” method of accounting. Under this method, expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalized within oil and gas properties.

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

ii. Other property, plant and equipment

Other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, contractors’ costs and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

Gain or loss on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in the consolidated statement of profit or loss and other comprehensive income.

iii. Other assets under construction

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.

iv. Depreciation

Depreciation is based on the cost of an asset less its residual value, where applicable. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized 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 except for oil and gas properties, which are depreciated and depleted on a unit of production basis over the commercial proven and probable reserves (“2P reserves”). Assets under construction and land are not depreciated.

The estimated useful lives for the current and comparative year, in accordance with the instructions of the Corporation, as approved by the Supreme Council for Petroleum, are as follows:

Asset category	**Depreciation**	
	2025 - 2026	**2024 - 2025**
	Years	**Years**
Oil and gas		
Oil and gas properties	Unit of production	Unit of production
Plant and machinery	20 - 25	20 - 25
Tankage, pipelines and jetties	20 - 25	20 - 25
Wells and surveys	10 - 20	10 - 20
Service plant and drilling equipment	4 - 5	4 - 5
Vessels	30 - 35	30 - 35
Other property and equipment		
Buildings and roads	25	25
Furniture, tools and computers	5 - 10	5 - 10
Vehicles, ships and marine craft	5 - 13	5 - 13

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjust if appropriate.

c) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), before recognising a gain, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

d) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Intangible assets consist of application software, license costs, intellectual property and other agreements etc.

Pre-license costs

Pre-license costs are expensed in the period in which they are incurred.

License and property acquisition costs

Exploration license and leasehold property acquisition costs are capitalised within intangible assets and are reviewed at each reporting date to confirm that there is an indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned, or the license has been relinquished or expired, the carrying value of the license and property acquisition costs is expensed through the consolidated statements of profit or loss and other comprehensive income. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

Exploration and evaluation costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs only include drilling costs.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/ continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells, where hydrocarbons were not found, are initially capitalised as an exploration and evaluation intangible asset. All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are expensed in the consolidated statement of profit or loss and other comprehensive income.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. No amortization is charged during the exploration and evaluation phase.

Gain or loss on disposal

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortisation

All intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic life, except for certain intangible assets which are amortised on a unit of production basis, where applicable.

The estimated useful lives for current and comparative period is as follows:

	Years
*License cost	2-30
Application software	5
Reservation right fees	25
Seismic survey and others	More than 10

*Included in license cost, certain assets which are amortised over a thirty year period as the Group considers such costs to be closely associated with the economic life of the land, buildings and facilities which are the subject of the licences.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates prospectively.

e) Financial instruments

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

All "regular way" purchases and sales of financial assets are recognised on the trade date, "i.e.," the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCI or FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of deposits and due from a related party that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

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

- Financial assets carried at amortised cost;
- Debt instruments measured at fair value through other comprehensive income (FVOCI) with gains or losses recycled to the statement of profit or loss on de-recognition;
- Equity instruments at FVOCI with no recycling of gains or losses to the consolidated statement of profit or loss on de-recognition; and
- Financial assets carried at fair value through profit or loss (FVTPL).

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and other receivables and prepayments and cash and cash equivalents.

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.

The business models of the Group are as follows.

Held to collect	The Group holds a portfolio of corporate debt securities for the purpose of earning fixed coupons throughout the life of the instrument, as well as maintaining a largely fixed interest rate profile to manage its interest rate risk exposure.
Held to collect and sell	The Group holds a portfolio of corporate debt securities for liquidity management purposes.
Held for trading	The Group holds a portfolio of listed equity securities and sovereign debt securities for the purpose of trading.

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

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. ‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers 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. The Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (“e.g.,” non-recourse asset arrangements); and
  Features that modify consideration of the time value of money “e.g.,” periodical reset of interest rates.

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

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Cash and cash equivalents for the purpose of the consolidated statement of cash flows comprise cash, short-term bank deposits and highly liquid investments with a maturity date not exceeding three months from the date of placement.

Trade receivables and other receivables and prepayments are stated at their cost less expected credit losses. Long term receivables are discounted to their net present value and are stated at amortised cost less expected credit losses.

Equity investments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably its equity investment at FVOCI when they meet the definition of “Equity” under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to the consolidated statement of profit or loss. Dividends are recognised in the consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to general reserve in the consolidated statement of changes in equity.

Debt instruments at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in the consolidated statement of profit or loss. Fair value changes are recognised in other comprehensive income and presented in the cumulative changes in fair values as part of equity until the asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of profit or loss.

Financial asset at FVTPL

The Group classifies financial assets at fair value through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Changes in fair values, financing income and dividends are recorded in the consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

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.

Reclassification of financial assets

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

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

ii) Impairment of financial assets

The Group recognises loss allowances for expected credit (“ECL”) loss on financial measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the bank balances and cash for which credit risk “i.e.,” the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, and are measured at 12-month ECLs. Loss allowances for trade receivables and other receivables are measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. Lifetime ECL are recorded on financial assets that is credit-impaired.

For other non-current financial assets, trade receivables and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL. At each reporting date, the Group assesses each customer for lifetime ECL based on Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Group methodology for specific provisions remains largely unchanged.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group’s customer operates.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments from the customer are more than 12 months past due, unless the Group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- Information developed internally or obtained from external sources indicates that the customer is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or
- A breach of contract by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 12 months past due from customers unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement of ECL

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

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

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets carried at amortised cost.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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, lease liabilities, 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; and
- Financial liabilities at amortised cost.

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.

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.

Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

f) Investments in equity accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

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

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised in other comprehensive income of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss in respect of investment in equity-accounted investees are measured by comparing the recoverable amount of the investments with its carrying amount in accordance with impairment of non-financial assets.

Unrealised gains arising from transactions with the equity accounted investees are eliminated against the investment to the extent of the Group's interest in the associate and joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Distributions received from the associate and joint venture reduce the carrying amount of the investment.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated profit or loss and other comprehensive income.

Some of the equity accounted investees has year-end different from the Group's consolidated financial statements. Accordingly, the adjustments are made for any significant transactions or events happening in the months between the year end of the equity accounted investees and 31 March.

Dividend income is recognised when the Group's right to receive payment is established.

g) Interests in joint operations

A joint operation is a contractual arrangement whereby two or more parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint operations are accounted for using the proportionate consolidation method. The Group combines its share of each of the assets, liabilities, income and expenses of the joint operations with the similar items, line by line, in its consolidated financial statements.

Where applicable, adjustments are made to the joint operations' audited financial statement to bring them inline with the Group's accounting policies.

An impairment loss in respect of investment in equity-accounted investees are measured by comparing the recoverable amount of the investments with its carrying amount in accordance with impairment of non-financial assets.

The joint operations are proportionately consolidated from the date of acquisition of joint control until the date on which the Group ceases to have joint control over the joint operations. All intra-group transactions and balances are eliminated to the extent of the Group's share in the joint operations.

h) Inventories

i) Crude oil and petroleum products

Crude oil inventory is valued at the lower of weighted average cost and net realisable value at the year end. The cost of crude oil to the Corporation is determined by the Government of Kuwait in accordance with the Decree issued on 17 January 1981. The formula for establishing the cost of crude oil has been revised in accordance with a resolution by the Supreme Council for Petroleum effective 1 July 1997.

Liquefied petroleum gas and finished products are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method on an individual product basis. Costs are those expenses incurred in bringing each product to its present location and condition. This includes cost of crude oil and natural gas supplied plus an allocation of processing costs and overheads to each product based on their relative market values.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal. Quantities loaned to, less borrowed from, exchange partners are included within inventory unless they are settled in cash on a regular basis in which case they are included within other receivables and prepayments or other payables or accruals as appropriate.

ii) Other

Spare parts, petrochemical and related intermediate products, materials 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.

i) Deferred expenses

The deferred expenses mainly represent catalysts used in the refining process which are amortised on a straight line basis over their estimated useful lives less impairment losses. Deferred expenses are recognised to the extent that the expenses incurred represent the future economic benefits to flow to the Group.

j) Impairment of non-financial assets

An asset is impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of an asset 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. An assessment is made at each reporting date to determine whether there is objective evidence that an asset may be impaired. If such evidence exists, an impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets "i.e.," CGU. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

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.

k) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

m) Foreign currency transactions

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statements of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Group's investments in foreign subsidiaries, associates and joint ventures are translated into Kuwaiti Dinars at the year-end rates of exchange and the results of the subsidiaries, associated companies and joint ventures are translated into Kuwaiti Dinars at the average rates of exchange for the year. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

n) Fair values 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

For investments and derivatives traded in organised financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date. The fair value of fund investments or similar investment vehicles is based on the last reported net asset values from the fund managers.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by using valuation techniques such as recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, an earnings multiple, or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment.

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

o) Taxes on income

Income tax expense represents the sum of tax currently payable and deferred tax relating to individual subsidiaries and their local tax jurisdictions. The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax assets and Deferred tax liabilities are offset if an entity has a legally enforceable right to do so.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences, or it is probable that the temporary differences will not reverse in the foreseeable future.

p) Derivatives

Derivative contracts are used in the management of interest rate risk, foreign exchange risk, commodity price risk, and foreign currency cash balances. Derivatives that are not closely related to the host contract in terms of economic characteristics and risks of which the host contract is not a financial asset, are separated from their host contract and recognised at fair value with the associated gains and losses recognised in income.

Derivatives embedded within contracts that are not already required to be recognised at fair value, and that are not closely related to the host contract in terms of economic characteristics and risks, are separated from their host contract and recognised at fair value; associated gains and losses are recognised in income.

In accordance with IFRS 9, all derivatives are measured at fair value. The fair value of a derivative is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Derivatives with positive market values (unrealised gains) are included in other receivables and prepayments and derivatives with negative market values (unrealised losses) are included in trade and other payables in the consolidated statement of financial position. The resultant gains and losses from derivatives are included in the consolidated income statement.

The Group also enters into sales and purchase contracts as part of its operations. Where these contracts qualify as a derivative or include an embedded derivative as defined by IFRS 9, they are stated at fair value. Fair value is assessed by applying prevailing market prices directly to the contract or embedded derivative, where possible, or by identifying separate financial instruments which have the same terms and are readily traded in the relevant markets.

q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the best estimate of the amount to be settled.

r) 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, a portion of 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.

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.

The Group operates customer loyalty programmes under which part of the consideration received from the sales transactions is allocated to award credits granted, on the basis of their fair value, and recorded in the consolidated statement of financial position item “other liabilities”; such liability is released to the income statement (as a revenue) in the year when award credits are redeemed by customer or rights are cancelled.

Trading revenue

Trading revenue is derived principally from the sale of refined petroleum products under contractual delivery terms specified in sales agreements with customers. Trading revenue is recognised when control of the product transfers to the customer. This occurs at the point in time when the Company satisfies its performance obligation by delivering the product in accordance with the contractual delivery terms, at which point the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the product.

For certain refined petroleum product transactions, the final sales price is determined after delivery by reference to observable commodity benchmark prices over a specified pricing period (“provisionally priced sales”). In these cases, revenue is initially recognised based on the estimated fair value of the total consideration receivable at the date control transfers.

The pricing adjustment mechanism embedded in provisionally priced sales arrangements has the characteristics of a commodity derivative within the scope of IFRS 9 Financial Instruments. Accordingly, the fair value of the final sales price adjustment is remeasured at each reporting date until the pricing period concludes, with changes in fair value recognised as an adjustment to revenue. Fair value is determined with reference to observable forward market prices for the relevant refined petroleum product benchmark.

Amounts received from customers in advance of delivery are recognised as contract liabilities within the statement of financial position. These balances are recognised as revenue when the Company satisfies its performance obligation through delivery of the product and control transfers to the customer.

Trading cost of sales

Trading cost of sales represents the direct costs associated with realised trading transactions in refined petroleum products during the period. These costs primarily comprise the purchase price of the product together with directly attributable costs incurred in bringing the product to its point of sale.

Direct costs include freight, insurance, storage, inspection and analysis costs, letters of credit charges, trade finance costs, supervision of loading and discharge, and brokerage or commission expenses.

Trading cost of sales also includes movements in the fair value of trading inventories, sub-charter income, fair value movements on derivatives held for trading, expected credit loss allowances on trade receivables in accordance with IFRS 9 Financial Instruments, the outcome of demurrage claims.

Local marketing and distribution network operation

Cost of operating filling stations, gas plant operations and distribution network is reimbursed by the Ministry of Oil 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.

Revenue from the production of oil, in which the Group has an interest with other producers, is recognised based on the Group's working interest / entitlement and the terms of the relevant Production Sharing Contracts. Where forward sale and purchase contracts for oil or natural gas have been determined to be for trading purposes, the associated sales and purchases are reported net.

The following criteria are also applicable to other specific revenue transactions as “Other revenue”.

Take or pay contracts

Under these contracts, the Group makes a long-term supply commitment in return for a commitment from the buyer to pay for minimum quantities, whether or not the customer takes delivery. These commitments contain protective (force majeure) and adjustment provisions. If a buyer has a right to get a "make up" delivery at a later date, revenue recognition is deferred and only recognised when the product is delivered, or the make-up product can no longer be taken. If no such option exists within the contractual terms, revenue is recognised when the take or pay penalty is triggered.

Under / over lifts

For the under/over lifts transactions, the Group follows a commonly used method in the oil and gas industry namely “Adjusting revenue approach” under the “Entitlement method”. Under adjustment revenue approach, the excess of product sold during the period over the participant’s ownership share of production from the property is recognised by the over-lifting party as a liability at the reporting date spot price or prevailing contract price and corresponding effect is disclosed as “Other revenue”. Conversely, the underlift party would recognise an underlift asset (receivable) at the reporting date spot price or prevailing contract price and report corresponding effect as “Other revenue”.

Tariff income

Revenue from pipeline tariff is recognised at the time when hydrocarbons are transported through the pipeline/ facility.

Time charter of vessels

Time charter-out revenues and time charter-in costs are recognized in accordance with charter party agreements on a pro-rata basis over the term of the related contracts. Disputed hire revenues and related recoverable claims are recognized as revenue when the final outcome is determined.

Voyage charter

Revenue from voyage charter is recognized on the percentage of completion method. The percentage of revenue to be recognized is determined by reference to the costs incurred to date as a proportion of the estimated total cost of the voyage.

s) Leases

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

Group as a lessee

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

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease “i.e.,” the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies of impairment of non-financial assets.

ii. Lease liabilities

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

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

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment “i.e.,” those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be 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.

Group as a lessor

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

t) Provision for employees’ indemnity

Defined benefit and contribution scheme – Parent and local subsidiaries

Provision is made for employees’ indemnity in accordance with the Kuwait Labour Law based on employees’ salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is unfunded, is determined as the amount payable to employees as a result of involuntary termination of employment at the reporting date.

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 charged to the consolidated statements 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.

Defined benefit scheme – Foreign subsidiaries

The Group’s subsidiaries in the UK, Sweden, Belgium, Germany and Italy (see “Termination allowances” below) provide defined pension schemes for their employees. The funds are valued every period by professionally qualified independent actuaries. The obligations and costs of pension benefits are determined using the projected Unit Credit Method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the consolidated statements profit or loss and other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the consolidated statement of profit or loss and other comprehensive income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution schemes

In addition to the defined schemes described above, the Group’s affiliates in the UK, Belgium and Netherlands sponsor defined contribution plans for employees based on local practices and regulations. The Group’s contributions relating to defined contribution schemes are charged to the consolidated statements of profit or loss and other comprehensive income in the year to which they relate.

Termination allowances

Employees in the Group’s Italian operations are entitled to retirement benefits in the form of termination allowances. These allowances are payable to employees upon retirement or leaving employment according to the amounts provided during the service life of each employee. The allowances may be drawn by employees, in part, during their employment for certain specific purposes. The Group accounts for these arrangements using defined benefit principles.

u) Emissions rights

The Group's subsidiary is a party to the EU Emissions Allowance Trading Scheme under which EU member states are required to set an emission cap for certain installations. The Group records a liability, at fair value, for any deficits arising under this scheme but does not record an asset for any surpluses arising. Profits from the sale of emissions' surpluses are shown within other income.

v) Assets held for sale

Assets classified as held for sale are separately presented in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities classified as held for sale are presented separately in current assets and liabilities of the consolidated statement of financial position.

w) 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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- 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 Group is currently assessing the effect of these new accounting standards and amendments.

4. Significant accounting judgement and estimates

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management makes judgements, estimates, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported consolidated revenue and expenses. Actual outcomes can differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the Group are described below and should be read in conjunction with the information provided in the notes to the consolidated financial statements:

Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy

Climate change and the transition to a lower carbon economy were considered in preparing the consolidated statements. These may have significant impacts on the currently reported amounts of the Group's assets and liabilities. The price assumptions used for investments include oil and gas assumptions, which are producer prices and are therefore net of any future carbon prices that the purchaser may be required to pay, and an assumption of a single carbon emissions cost imposed on the producer in respect of operational greenhouse gas emissions.

Recognition of provisions

The Group is subject to a number of matters which could lead to an outflow of economic benefits. In making an assessment as to whether such matters require either provision or disclosure, management is required to consider, amongst other factors, whether a constructive obligation exists at the reporting date and whether the resulting risk of an outflow of economic benefits is probable (requiring a provision), less than probable but more than remote (requiring disclosure) or remote (requiring neither provision nor discourse). In the current year, the most significant judgements made by management relating to the above are:

- The extent to which it is probable that a Fundamental Event of Default at a Joint Venture will occur and subsequently, the lender of the Joint Venture will make a demand under the Completion Guarantee;
- The extent to which the Group has constructive obligations in relation to the clean up of environmental exposures in a number of different affiliates and charges for environmental damage;
- The extent to which the Group has constructive obligations at the reporting date in relation to various restructuring programs; and
- The extent to which it is probable that the Group will have to make payments in respect of a number of tax, legal and regulatory disputes.

Further details of amounts for which either provision or disclosure was deemed to be required are given in Notes 22 and 36 respectively.

Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements.. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised "i.e.," over time or at a point in time. The Group has determined that two performance obligation exists on its international sales "i.e.," products and shipping and handling services. Revenue from sale of products are recognised at a point in time and revenue from shipping and handling services is recognised overtime.

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

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

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

Key sources of estimation uncertainty

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

Measurement of provisions

Having concluded that a provision is required for a potential exposure (see above), the amount to be recognised shall be the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into consideration any relevant risks and uncertainties and the time value of money. This requires management to make its best estimates of the likely future outflows, the expected timing of such outflows and the discount rate to be applied to such outflows, taking into account the risks specific to the particular exposure. Further details of the nature of provisions recorded by the Group are provided in Note 22. The majority of these exposures are expected to be settled over a relatively limited number of years which limits the uncertainty in respect of the time value of money.

Reserve and resource estimates

Reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Group's oil and gas properties. The Group estimates its commercial reserves and resources based on information compiled by the Group's executive reserve committee which are based on estimates provided by the field operators, geopolitical and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Oil and gas production properties are depreciated on a Unit of Production ("UOP") basis at a rate calculated by reference to total 2P reserves.

Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, oil and gas properties, property, other fixed assets and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation, depletion and amortisation charges in consolidated statement of income may change where such charges are determined using the Units of Production ("UOP") method, or where the useful life of the related assets change;
- Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in consolidated statement of income in the period when the new information becomes available.

Units of production depreciation of oil and gas properties

Oil and gas properties are depreciated using the UOP method over 2P reserves. This results in a depreciation, depletion and amortisation charge proportional to the depletion of the anticipated remaining production from the field.

Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total 2P reserves, or future capital expenditure estimates changes. Changes to reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions; or
- Unforeseen operational issues;
- Changes are accounted for prospectively.

Impairment of oil and gas properties

The Group assesses each asset or CGU every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves estimates and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value for oil and gas assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. 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. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in Note 5.

Impairment of non-current assets, excluding oil and gas properties

Determining whether goodwill, intangible assets or property, plant and equipment, excluding oil and gas properties, are impaired requires an estimation of the fair value less cost of disposal or value in use of the relevant cash-generating units. These calculations require the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in Note 5 and Note 6.

Impairment of investment in equity accounted investees

After application of equity accounted method, the Group determines whether it is necessary to recognise any impairment loss on Group’s equity accounted investees at each reporting date based on the existence of any objective evidence that the investment in equity accounted investees is impaired. If any impairment indicators are identified, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognise the impairment loss in the consolidated statement of profit or loss. These calculations require the use of estimates and the input factors most sensitive to change have been disclosed in Note 11.

Remeasurement gains and losses

In calculating the carrying value of its defined benefit schemes, management is required to apply a number of assumptions, the most significant of which are investment growth, future salary growth and discount rate.

Recovery of deferred tax assets

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred income tax assets are recognised in the consolidated statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted.

Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group’s facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management’s best estimate of the present value of the future decommissioning costs required.

Measurement of ECLs

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

Kuwait Petroleum Corporation and its subsidiaries
State of Kuwait

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

5. Property, plant and equipment

	Oil and gas						*Other property and equipment*				
	Oil and gas properties KD'000	*Plant and machinery KD'000*	*Tankage, pipelines and jetties KD'000*	*Wells and surveys KD'000*	*Service plant and drilling equipment KD'000*	*Vessels KD'000*	*Land, buildings and roads KD'000*	*Furniture, tools and equipment KD'000*	*Vehicles, ships and marine craft KD'000*	*Assets under construction KD'000*	*Total KD'000*
Balance at 1 April 2025, net of accumulated depreciation and impairment losses	1,642,940	9,327,823	5,071,823	5,774,977	25,123	383,938	2,804,646	122,212	52,637	7,294,902	32,501,021
Additions	112,982	24,851	719	-	-	-	15,759	3,437	23	2,158,401	2,316,172
Disposals and write offs-net	(365)	(1,478)	(638)	-	(45)	-	(894)	(1,851)	(204)	(3,456)	(8,931)
Change in estimate	35,468	-	-	-	-	-	-	-	-	-	35,468
Transfers	44,884	(448,928)	489,538	(118,415)	-	-	131,455	-	1,265	(88,532)	11,267
Internal transfer-net	-	149,336	281,451	1,919,020	14,635	834	64,296	2,113	2,796	(2,434,481)	-
Foreign currency translation adjustment	(13,727)	9,064	1,228	(1,716)	-	-	10,015	(38)	20	5,127	9,973
Depreciation for the year	(200,089)	(555,742)	(296,700)	(499,995)	(9,690)	(23,438)	(156,783)	(31,138)	(11,862)	-	(1,785,437)
Impairment loss	(315)	-	(2,485)	-	-	(3,503)	-	-	-	-	(6,303)
At 31 March 2026	1,621,778	8,504,926	5,544,936	7,073,871	30,023	357,831	2,868,494	94,735	44,675	6,931,961	33,073,230
Property, plant and equipment											
At cost	4,016,458	15,047,916	9,338,408	12,062,057	120,129	854,865	4,495,892	316,420	183,373	6,931,961	53,367,479
Accumulated depreciation and impairment losses	(2,394,680)	(6,542,990)	(3,793,472)	(4,988,186)	(90,106)	(497,034)	(1,627,398)	(221,685)	(138,698)	-	(20,294,249)
Net carrying amount at 31 March 2026	1,621,778	8,504,926	5,544,936	7,073,871	30,023	357,831	2,868,494	94,735	44,675	6,931,961	33,073,230

Kuwait Petroleum Corporation and its subsidiaries
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Notes to the consolidated financial statements
for the year ended 31 March 2026

5. Property, plant and equipment (continued)

	Oil and gas						*Other property and equipment*				
	Oil and gas properties KD'000	*Plant and machinery KD'000*	*Tankage, pipelines and jetties KD'000*	*Wells and surveys KD'000*	*Service plant and drilling equipment KD'000*	*Vessels KD'000*	*Land, buildings and roads KD'000*	*Furniture, tools and equipment KD'000*	*Vehicles, ships and marine craft KD'000*	*Assets under construction KD'000*	*Total KD'000*
Balance at 1 April 2024 net of accumulated depreciation and impairment losses	1,731,238	9,226,915	4,637,624	5,209,966	5,149	406,266	2,757,976	142,204	62,906	8,131,177	32,311,421
Additions	73,336	40,968	655	9	-	-	6,752	937	5	1,712,265	1,834,927
Disposals and write offs-net	(848)	(1,273)	(53)	(1,535)	-	-	(556)	(19)	-	(145)	(4,429)
Change in estimate	(14,080)	-	-	-	-	-	-	-	-	-	(14,080)
Transfers	24,196	27,829	2,808	-	-	-	10,934	-	7	(48,890)	16,884
Internal transfer-net	-	586,547	710,082	981,835	25,901	326	183,439	9,838	2,442	(2,500,410)	-
Foreign currency translation adjustment	7,065	4,164	147	1,102	-	-	989	102	5	905	14,479
Depreciation for the year	(171,464)	(542,779)	(276,579)	(416,400)	(5,927)	(24,108)	(153,761)	(30,850)	(12,728)	-	(1,634,596)
Impairment (loss) / reversal	(5,794)	(14,548)	(2,861)	-	-	1,454	(1,127)	-	-	-	(22,876)
Reclassifications to assets held for sale (Note 17)	(709)	-	-	-	-	-	-	-	-	-	(709)
At 31 March 2025	1,642,940	9,327,823	5,071,823	5,774,977	25,123	383,938	2,804,646	122,212	52,637	7,294,902	32,501,021
Property, plant and equipment											
At cost	3,860,848	15,887,578	7,999,420	10,365,246	106,575	854,031	4,180,720	314,968	172,343	7,294,902	51,036,631
Accumulated depreciation and impairment losses	(2,217,908)	(6,559,755)	(2,927,597)	(4,590,269)	(81,452)	(470,093)	(1,376,074)	(192,756)	(119,706)	-	(18,535,610)
Net carrying amount at 31 March 2025	1,642,940	9,327,823	5,071,823	5,774,977	25,123	383,938	2,804,646	122,212	52,637	7,294,902	32,501,021

a. During the current year, changes in estimates of decommissioning costs have changed the carrying value of the related decommissioning assets by an amount of KD 35,468 thousands (2025: KD (14,080) thousands) due to the updates on the assumptions used in the prior year estimate.

b. The depreciation charged to consolidated statement of profit or loss and other comprehensive income is reduced by KD 958 million (2025: KD 834 million) being the amount charged to the Ministry of Oil in respect of the operations of local wholly-owned subsidiaries engaged in exploration activities.

c. On 3 December 2023, the third phase of ALZOR was inaugurated, subject to receipt of final asset completion certificate. The certificate is expected to be received in year 2027 subject to the asset meeting the required specifications. The petrochemical complex is expected to be developed between the years 2025 and 2031. All the eight tanks of LNGI are mechanically completed and are currently in the pre-commissioning phase. The final acceptance of the LNGI facility is planned to be achieved in October 2026. Other capital projects are related to various improvement projects that are in the process of being constructed or developed.

Assets under construction with total amount of KD 6,932 million (2025: KD 7,295 million) represents projects in progress mainly arising from KOC for Oil and Gas upstream projects with total amount of KD 5,947 million and from KNPC with total amount of KD 661 million.

“Land, buildings and roads” and “Plant and machinery” includes certain building, plant and machinery constructed on land leased from the State of Kuwait.

Certain property, plant and equipment arising from one of the Group subsidiaries “KNPC” has been assigned as a security against borrowing (Note 22.2).

Impairment of property, plant and equipment

The Group’s subsidiaries performed asset impairment tests on certain CGUs included within oil and gas properties and there is on impairment loss is required to be recorded in the consolidated statement of profit or loss and other comprehensive income.

Oil and gas properties

In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the asset’s/CGU’s fair value less costs to sell and value in use. Given the nature of the Group’s activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers are in place. Consequently, the recoverable amount is determined using value in use.

The calculation of value in use for the oil and gas properties exploration and production CGUs are most sensitive to discount rates and hydrocarbon prices. Forecast oil and gas prices are based on management’s estimates and available market data and consider forward curve pricing over the period for which there is a liquid market (2-3 years), thereafter reverting to a long-term oil price assumption that considers long-term views of global supply and demand in a changing environment, particularly with respect to climate risk, building on past experience of the industry and consistent with external sources. Crude oil prices have been revised to reflect the revised views of oil prices in the long term.

The future cash flows are discounted to their present value using discount rates ranging from 6.41% to 12.54% (2025: 6.20% to 16.49%) depending on the specific risk characteristics of the respective CGU. Accordingly, the Group recorded impairment loss of KD 315 thousand (2025: impairment loss of KD 5,794 thousand) is recognised in the consolidated statement of profit or loss.

Plant and machinery

No impairments were recorded in the year 2025-2026. During the previous year 2024-2025, triggered by the depressed (refinery) margin outlook, KPC Holdings (Aruba) carried out an impairment analysis of its refinery in Italy and its retail business in Spain. This assessment resulted in an impairment of US$ 56 million in Italy and US$ 4 million in Spain as the recoverable amounts of the Cash Generating Units (CGU) was assessed to be lower than its carrying values. The key assumptions used are discount rate between 9% - 10% (2025: 7% - 11%).

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 certain property, plant, and equipment associated with storage and operational activities. 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.

Vessels

KOTC’s management conducted a review of its vessels to determine if there are any indicators of impairment and determined that current and projected level of international fleet rates may not allow KOTC to fully recover its investments in certain vessels during their useful lives. Accordingly, as at 31 March 2026 the KOTC’s reassessed the recoverable value of certain vessels. The recoverable amount of each vessel (cash generating unit) was estimated, based on higher of fair value less cost to sell and value in use. Based on the above assessment, the recoverable amount of KOTC’s 31 (2025: 31) vessels were determined to be KD 376,865 thousand (2025: KD 411,832 thousand) and consequently, a net impairment loss of KD 3,503 thousand (2025: net impairment loss of KD 1,454 thousand was reversed) was recognised in the consolidated statement of profit or loss and other comprehensive income.

The fair value less cost to sell is determined based on the information provided by the independent brokers, and this information is based on the recent transactions in the market adjusted to reflect the specialised nature of vessels and categorised as level 2 inputs. Value in use is determined by discounting the future cash flows to be generated from the continued use of the vessels during their remaining useful lives and residual value. KOTC has used the value in use to calculate the recoverable value of the vessels. The key assumptions used in the calculation of value in use are pre-tax discount rate of 7% (2025: 5.53%) and terminal growth rate ranging from 2% to 10% (2025: 2% to 10%).

On 31 March 2026, two of the KOTC’s vessels, Al Salmi and Gas Al Ahmadiah, sustained damage following the geopolitical situation in the Middle East. The incidents resulted in damage to the hull and a fire on board in Al Salmi vessel and damage to the funnel top area of Gas Al Ahmadiah vessel. No injuries or oil leakage were reported. Based on initial assessment of the damage, management has recognised an impairment loss of KD 2,768 thousand for these vessels for the year ended 31 March 2026. As at the date of approval of these consolidated financial statements for issuance, management has not completed the final assessment relating to the extent of the damage and the complete financial impact on the carrying amount of the vessels. Accordingly, additional financial impact may result upon the completion of the final assessment.

On 7 April 2025, KOTC entered into a cooperation protocol with Kuwait National Petroleum Company related to the transfer of gas plant assets and related operations. During the year ended 31 March 2026, KOTC transferred gas plant assets with a carrying value of KD 52,516 thousand to Kuwait National Petroleum Company. These assets will be managed by Kuwait National Petroleum Company in accordance with the terms of the agreement.

6. Goodwill

	2026 KD'000	2025 KD'000
Balance at beginning of the year	119,374	119,599
Acquisitions	2,864	-
Disposal of subsidiaries	-	(10)
Impairment	-	(643)
Foreign currency translation effects	6,864	428
Balance at end of the year	129,102	119,374

The Group management assessed the goodwill for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the group of CGUs to which the goodwill relates should be assessed. This requires an estimation of recoverable amount of the CGU to which goodwill is allocated. The recoverable amount is determined based on the higher of fair value less costs to sell and value in use. The calculations use cash flow projections based on five-year plans approved by the subsidiary's management based on the value in use approach. The cash flows are discounted at a post-tax discount rate ranges from 9% to 10% (2025: 7% to 11%) per annum. The growth rate used for the operating profit, based on the five year plan approved by subsidiaries management, is +1.1% (2025: +3.2%) due to a better overall scenario related to the above mentioned key assumptions.

In prior year, this resulted in an impairment of goodwill in Spain of US$ 2 million. The value in use of the cash-generating units to which goodwill has been allocated, as estimated by the subsidiary's management, indicates that there has been no impairment during the year ended 31 March 2026.

The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to cash-generating units being impaired. Based on the above analysis, there are no indications of further impairment in goodwill included in any of the cash-generating units.

7. Intangible assets

Movements in the net book value of intangible assets were as follows:

	2026 KD'000	2025 KD'000
Balance at beginning of the year	604,863	576,199
Additions during the year	14,712	44,245
Transfer from assets under construction	25,559	7,293
Transfer to oil and gas properties	(44,884)	(24,196)
Amortisation for the year	(36,141)	(36,381)
Write-off of unsuccessful exploration cost	(3,705)	(6,988)
Impairment reversal	-	44,715
Foreign currency translation effects	413	292
Classified as held for sale (Note 17)	-	(316)
Balance at end of the year	560,817	604,863

The above primarily consists of licenses, concessions rights and contributions to dealers representing investments in respect of the Group's retail network together with capitalized software development costs and exploration and evaluation assets. At the reporting date, the carrying amount of intangible assets includes KD 276 million (2025: KD 316 million) of exploration and evaluation assets.

The amortisation charged to profit, or loss is reduced by KD 18 million (2025: KD 20 million) being the amount charged to the Ministry of Oil in respect of the operations of local wholly owned subsidiaries engaged in exploration activities.

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units (CGUs) to which these items are allocated. Management used the cash flow projections based on five-year business plans as per value in use approach. The cash flows are discounted at a post-tax discount rate of between 9% and 10% (2025: 7%-11%). In prior year, this resulted in an impairment of intangible assets of US$ 12 million. No impairments were recorded in the year 2025-2026.

8. Right-of-use assets

	Right-of-use of assets						Lease liabilities
	Rigs KD'000	Land and Building KD'000	Vehicles* KD'000	Property and equipment KD'000	Others KD'000	Total KD'000	KD'000
Balance at 1 April 2025	999,522	160,341	82,782	60,182	9,039	1,311,866	1,548,423
Additions	893,181	15,220	42,479	29,153	2,197	982,230	982,230
Terminations	-	-	(10,817)	-	-	(10,817)	(11,058)
Depreciation charge for the year	(179,906)	(31,268)	(21,117)	(34,761)	(5,325)	(272,377)	-
Depreciation capitalised in assets under construction	(280,470)	-	-	-	-	(280,470)	-
Other changes	-	22,725	(10,529)	3,978	1,631	17,805	17,558
Foreign currency translation effects	-	8,804	(575)	215	507	8,951	9,954
Interest expense	-	-	-	-	-	-	23,727
Interest expense capitalised in assets under construction	-	-	-	-	-	-	31,853
Payment of lease liability	-	-	-	-	-	-	(480,110)
Balance at 31 March 2026	1,432,327	175,822	82,223	58,767	8,049	1,757,188	2,122,577

* Vehicles include motor vehicles, aircrafts, marine vessels, helicopters etc.

8 Right-of-use assets (continued)

	Right-of-use of assets						Lease liabilities
	Rigs KD'000	Land and Building KD'000	Vehicles* KD'000	Property and equipment KD'000	Others KD'000	Total KD'000	KD'000
Balance at 1 April 2024	1,218,072	158,594	64,504	49,126	7,693	1,497,989	1,693,141
Additions	188,690	17,768	42,972	38,311	604	288,345	287,468
Terminations	-	(1,260)	(5,511)	-	-	(6,771)	(3,523)
Depreciation charge for the year	(198,630)	(27,547)	(19,437)	(27,417)	(3,421)	(276,452)	-
Depreciation capitalised in assets under construction	(208,610)	-	-	-	-	(208,610)	-
Other changes	-	12,177	6	40	4,160	16,383	16,107
Foreign currency translation effects	-	609	248	122	3	982	1,443
Interest expense	-	-	-	-	-	-	16,233
Interest expense capitalised in assets under construction	-	-	-	-	-	-	20,715
Payment of lease liability	-	-	-	-	-	-	(483,161)
Balance at 31 March 2025	999,522	160,341	82,782	60,182	9,039	1,311,866	1,548,423

* Vehicles include motor vehicles, aircrafts, marine vessels, helicopters etc.

Amounts recognised in consolidated statement of profit or loss and other comprehensive income

	2026 KD'000	2025 KD'000
Interest expense	4,460	4,839
Depreciation	44,132	40,686

The depreciation charge and interest expenses related to right of use assets and lease liabilities for the year ended 31 March 2026 is reduced by KD 228 million (2025: KD 211 million) and KD 19 million (2025: KD 16 million) respectively being the amount charged to the Ministry of Oil in respect of the operations of local wholly owned subsidiaries engaged in exploration activities.

Amounts recognised in the consolidated statement of cash flow

	2026 KD'000	2025 KD'000
Payment of lease liabilities	480,110	483,161
	480,110	483,161

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

	2026 KD'000	2025 KD'000
Current	641,207	486,611
Non-current (note 22)	1,481,370	1,061,812
	2,122,577	1,548,423

9. Other non-current assets

	2026 KD'000	2025 KD'000
Loans to joint ventures	141,027	47,884
Deferred expenses	37,991	28,773
Others	27,438	31,976
	206,456	108,633

The loans to joint ventures mainly refer to:

- A subordinated loan provided to NSRP plus accrued interest with a net book value of US$ nil (US$ nil at 31 March 2025) and a notional loan value of US$ 645 million plus US$ 689 million interest. The loan is denominated in USD, bearing interest at 6% plus Term SOFR + CAS and repayable on 27 May 2029. There are no assets collateral against the subordinated loan.

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- A subordinated loan provided to NSRP with a net book value of US$ 419 million (US$ 120 million at 31 March 2025) and a notional value as per 31 March 2026 of US$ 591 million (US$ 361 million as per 31 March 2025) as a result of payments made by the Group under the Completion Guarantee to the Lenders. This loan is subordinated, bearing interest at 5.52% plus CME Term SOFR. Due to its nature, these loans are considered part of the investment in NSRP. The net book value was further reduced in the current financial year with the Group's share in NSRP losses for an amount of US$ 63 million (2024/2025: US$ 312 million).

- A loan of US$ 21 million provided to OKQ8 AB (US$ 19.9 million at 31 March 2025), denominated in SEK and bearing interest at 3-month Stibor rate + 1% and repayable on 31 December 2028.

Deferred expenses represents catalysts used in the refining process which are amortised on a straight line basis over their estimated useful lives.

10. Investments

The Group designated the investments shown below as equity securities and bonds at FVOCI because these securities represent investments that the Group intends to hold for strategic purposes on a medium- to long-term basis.

	2026 KD'000	2025 KD'000
Financial assets at fair value through other comprehensive income		
Non-current assets		
Equity securities	1,592,888	1,485,287
Bonds	3,055,758	2,898,406
	4,648,646	4,383,693
Current assets		
Bonds	451,157	240,193
Financial assets at fair value through profit or loss		
Funds	1,398	1,675

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are denominated predominantly in US$ and Euros and represent investments in high credit quality bonds and equities quoted on international stock markets.

11. Investment in equity accounted investees

	2026 KD'000	2025 KD'000
Carrying values of equity accounted investees		
Significant equity accounted investees	1,180,334	899,250
In-significant equity accounted investees	153,385	173,843
	1,333,719	1,073,093
Share of loss of equity accounted investees		
Share of loss of significant equity accounted investees	(36,249)	(92,270)
Share of profit / (loss) of in-significant equity accounted investees	152,703	(2,027)
	116,454	(94,297)

***Acquisition of Wanhua - PIC Petrochemicals Co., Ltd. ("Wanhua-PIC")**

On 12 September 2025, the Group acquired a 25% equity interest in Wanhua–PIC Petrochemicals Co., Ltd. ("Wanhua-PIC") for an agreed total consideration of KD 195,958,620, including directly attributable acquisition costs. The investment has been accounted for as an associate in accordance with IAS 28 Investments in Associates and Joint Ventures, using the equity method, as the Group has significant influence over the investee.

As at the reporting date, Group is currently in the process of completing the fair value assessment of the identifiable assets and liabilities of Wanhua-PIC as at the acquisition date. Accordingly, the Group has applied provisional amounts in respect of the initial recognition of the investment, including the identification of any fair value adjustments to the underlying net assets. Accordingly, the mandatory disclosure pertaining to the recognition of the identifiable intangible assets will be finalised within the measurement period from the date of acquisition.

Impairment allowance recorded on investment in SKPIC

i) During the year, the PIC recognized an impairment loss of Nil (2025: KD 6,781,053) on its investment in SKpicglobal Ltd. ("SKPIC"), an associate, primarily due to the continued operating losses sustained by the associate over the past few years. In assessing the need for impairment, the PIC obtained the latest approved budget from SKPIC's management and undertook a comprehensive review and discussion of the associate's business plan, including its long-term strategic outlook and financial projections based on the value in use approach.

Based on this detailed assessment, the PIC concluded that the recognized impairment provision is adequate and appropriately reflects the current financial position of the associate. Despite the impairment, the PIC has determined that the net carrying value of the investment remains at KD 80,766,898 (2025: KD 107,151,830). This valuation reflects the inherent value of SKPIC, supported by positive future business prospects and expected improvements in operational performance as outlined in the associate's forward-looking plans.

The key assumption used in the estimation of the recoverable amount are set out below:

	SKPIC
Discount rate	7.59% - 9.59%
Terminal value growth rate	0.5% - 1.8%

DRPIC
In both 2025 and 2024 DRPIC ("Duqm Refinery and Petrochemical Industries Company") carried out an impairment analysis of its project under construction, triggered by increased project costs. This assessment did not result in an impairment.

The shareholder loans provided to DRPIC LLC are non-interest bearing loans and subordinated to senior debt. No conditions apply related to repayment as this is upon the discretion of DRPIC LLC. The shareholder loans are convertible into shares at any time by way of a shareholder resolution. The Company does not plan to settle nor intend to require repayment of these loans in the foreseeable future and considers the loans to be part of the net investment in DRPIC LLC.

****NSRP**
In 2018/2019, due to changes in the outlook especially related to forecasted refinery margins, the Group's 35.1% investment in NSRP LLC was impaired for US$ 378 million. The impairment is included in the Company's 2018-2019 share of net income in NSRP LLC. The recorded impairment in FY 2018/19 as well as the related depreciation adjustment continues to be a difference between the share in the net assets based on NSRP's financial statements and the Group's financial statements, and therefore separately presented in the financial year 2025/26 (refer to Note 36).

NSRP financial restructuring and going concern uncertainty

NSRP's current liabilities exceed its current assets by US$ 1,649 million and its total liabilities exceed its total assets by US$ 3,645 million. NSRP also has loans and borrowings of US$ 2,612 million which are due within the next 12 months, of which US$ 1,999 million are due to the related parties and US$ 613 million due to a consortium of lenders (the "Lenders").

It is foreseen that certain loan covenants may not be met by 27 May 2026 and that NSRP will require further extension of the Lenders' waiver on the application of the covenants.

NSRP has been negotiating with its investors (including KPI) and the Lenders financial restructuring terms and plans. There are pre-conditions set by the investors (including KPI) for the restructuring. The negotiations are still ongoing to-date.

NSRP's operation has been affected by disruptions in the supply of crude oil arising from the conflict in the Middle East and it has obtained temporary approvals/consent to procure alternative crude oil sources.

The following events and conditions fundamentally determine NSRP's ability to continue as a going concern:

- The Lenders' continuous approval to waive certain loan covenants that NSRP could not comply with (including the extension of the Sunset Date Waiver due on 27 May 2026) until NSRP's financial restructuring is successfully completed;
- The investor's (including KPI's) continuing approval on the extensions of the current RPA and EP scheme which will expire on 31 December 2026;
- The investors (including KPI) will honor their guarantee obligations under the current financing documents in the event NSRP is unable to repay the loan instalment amount on the relevant due dates; and

The conditions stated above may cast significant doubt on NSRP's ability to continue as a going concern and, therefore, NSRP may not be able to realise its assets and discharge its liabilities, including those to KPI, in the normal course of business.

The main components of KPI's financial exposure to NSRP as per 31 March 2026 are as follows:

- A subordinated loan provided to NSRP plus accrued interest with a net book value of US$ nil (notional value US$ 645 million loan plus US$ 689 million interest).

- A subordinated loan provided to NSRP with a net book value of US$ 419 million (notional value US$ 591 million) as a result of payments made by KPI under the Completion Guarantee to the Lenders for the same amount.

- RPA borrowing facility with a net book value of US$ 1 billion.

- Interest receivable with a net book value of US$ 258 million.

- Provided Completion Guarantee for the Lenders' loans outstanding. KPI's financial exposure as per 31 March 2026 is US$ 520 million in case the full Guarantee amount would be demanded. KPC provided a Backstop Guarantee, under which KPC guarantees KPI's obligations under the Completion Guarantee.

NSRP's financial restructuring and operational transformation are on-going at the date of these financial statements. Management is of the opinion that the restructuring could be completed successfully to the extent NSRP could operate on a stable basis in the long-term. Therefore, it is appropriate to continue to adopt the going concern basis of NSRP and reflect this in the financial exposure KPI has to NSRP.

As part of the recoverability assessment of the outstanding receivables KPI has with NSRP at balance sheet date, the aforementioned restructuring has also been taken into account.

The Group's share in the contingent liabilities and contractual commitments of equity accounted investees was KD 750 million (2025: KD 629 million). Equate and TKOC are jointly and severally a guarantor for the credit facilities undertaken by Equate. During the year, the Group received cash dividend of KD 47,687 thousand from equity accounted investees (2025: cash dividend of KD 111,127 thousand).

At the reporting date, the fair value of certain listed equity accounted investees amounted to KD 52,315 thousand (2025: KD 53,016 thousand) and the valuation input categorized under level 1 of fair value hierarchy.

Kuwait Petroleum Corporation and its subsidiaries
State of Kuwait

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

11 Investments in equity accounted investees (continued)

The following table provide summarised financial information of significant equity accounted investees of the Group:

2026	Ownership	Total assets KD'000	Total liabilities KD'000	Net assets/ (liabilities) KD'000	Group's share of net assets/ carrying value KD'000	Revenues KD'000	Expenses KD'000	Profit/ (loss) KD'000	Group's share of results KD'000
Associates									
EQUATE	42.5%	2,180,413	1,952,202	228,211	96,990	1,215,819	1,169,517	46,302	19,678
TKOC	42.5%	209,078	33,319	175,759	74,698	174,635	107,698	66,937	28,448
GPIC	33.3%	288,545	13,086	275,459	91,820	142,494	102,857	39,637	13,212
KDC	49%	521,293	418,806	102,487	50,219	201,881	195,846	6,035	2,957
OULA	24%	149,635	63,756	85,879	20,611	183,579	176,615	6,964	1,671
SOUR	24%	128,926	29,954	98,972	23,767	166,624	161,364	5,260	1,262
Wanhua PIC	25%	-*	-*	814,027	203,507	197,928	184,742	13,186	3,297
Joint Ventures									
TKSC	57.5%	99,440	19,345	80,095	47,100	156,760	141,248	15,512	8,920
OKQ8	50%	503,533	239,621	263,912	131,955	1,411,359	1,378,410	32,949	16,475
NSRP**	35.1%	2,278,971	3,397,760	(1,118,789)	-	2,346,345	2,419,918	(73,573)	(25,824)
DRPIC	50 %	2,463,894	1,584,561	879,333	439,667	2,096,781	2,309,470	(212,689)	(106,345)
		8,823,728	7,752,410	1,885,345	1,180,334	8,294,205	8,347,685	(53,480)	(36,249)

Kuwait Petroleum Corporation and its subsidiaries
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Notes to the consolidated financial statements
for the year ended 31 March 2026

Kuwait Petroleum Corporation

11 Investments in equity accounted investees (continued)

2025	Ownership	Total assets KD'000	Total liabilities KD'000	Net assets/ (liabilities) KD'000	Group's share of net assets/ carrying value KD'000	Revenues KD'000	Expenses KD'000	Profit/ (loss) KD'000	Group's share of results KD'000
Associates									
EQUATE	42.5%	2,220,102	2,003,366	216,736	92,113	1,197,718	1,064,604	133,114	56,573
TKOC	42.5%	200,277	24,159	176,118	74,850	189,861	112,068	77,793	33,062
GPIC	33.3%	250,382	11,900	238,482	79,494	111,556	89,039	22,517	7,506
KDC	49%	505,425	407,871	97,554	47,802	147,413	145,098	2,315	1,134
OULA	24%	140,260	65,730	74,530	17,887	183,694	177,474	6,220	1,493
SOUR	24%	111,299	28,105	83,194	19,967	160,326	155,488	4,838	1,161
Joint Ventures									
TKSC	57.5%	99,695	23,263	76,432	44,960	185,850	170,518	15,332	8,817
OKQ8	50%	411,486	206,539	204,947	102,474	1,407,785	1,394,049	13,736	6,868
NSRP**	35.1%	2,114,513	3,164,425	(1,049,912)	-	2,306,136	2,597,379	(291,243)	(102,226)
DRPIC	50 %	2,514,907	1,675,501	839,406	419,703	2,102,956	2,316,271	(213,315)	(106,658)
		8,568,346	7,610,859	957,487	899,250	7,993,295	8,221,988	(228,693)	(92,270)

12. Inventories

	2026 KD'000	2025 KD'000
Refined petroleum products	1,330,993	912,469
Crude oil	153,499	233,860
Liquefied petroleum gas	94,332	117,322
Finished petrochemical products	6,086	2,024
Spare parts, materials and supplies	1,155,040	895,521
	2,739,950	2,161,196

13. Trade receivables

Trade receivables during the year ended 31 March 2026 amounts to KD 8,823 million (2025: KD 7,672 million). 94% (2025: 95%) of trade receivables relates to the Corporation and one of its major subsidiaries who deal mainly with state owned and international oil companies. The subsidiary is operating mainly in Europe and contributes approximately 9% (2025: 8%) of the consolidated total trade receivables and their receivables relate to a large number of corporate customers in that region. The Group's 12 largest customers account for 82% of outstanding trade receivables at 31 March 2026 (2025: 75%).

Trade receivables are predominantly denominated in Kuwaiti Dinars (KD) and US Dollars.

Trade receivables include KD 6,030 million (2025: KD 3,892 million) receivable from Ministry of Electricity and Water.

14. Other receivables and prepayments

	2026 KD'000	2025 KD'000
Advances to contractors	252,003	212,968
Receivable from exchange and concession partners	61,652	66,739
Prepaid expenses	15,270	58,788
Marine sub-charter	46,121	44,802
Employee receivables	73,169	62,624
Others	935,813	587,392
	1,384,028	1,033,313

15. Deferred tax assets and liabilities

Components of deferred tax assets / (liabilities) are as follows:

i. Income taxes

	2026 KD'000	2025 KD'000
Statement of profit or loss		
Current year expense	(61,560)	(68,876)
Deferred tax expense	(6,257)	2,199
	(67,817)	(66,677)

	2026 KD'000	2025 KD'000
Statement of financial position		
Deferred tax assets	13,904	20,717
Deferred tax liabilities (Note 22)	(114,994)	(117,537)
	(101,090)	(96,820)

Income tax credit mainly resulted due to temporary tax legislative changes enacted in certain geography. These tax legislative changes are primarily related to accelerated tax depreciations and accelerated uplift utilization in addition to the ability to claim a refund of the current year tax losses.

ii. Taxes receivable/ (payable)

	2026	2025
Taxes receivable	16,947	15,905
Taxes payable	(245,588)	(221,517)
	(228,641)	(205,612)

Taxes receivable mainly comprise corporate income tax and related refund claims filed by one of the Group's foreign subsidiaries. Taxes payables are predominantly on account of VAT and similar tax liabilities payable by a foreign subsidiary.

16. Cash and cash equivalents

	2026 KD'000	2025 KD'000
Cash and current accounts at banks	1,392,873	808,749
Short-term bank deposits maturing within three months	1,134,474	1,015,847
Cash and cash equivalents	2,527,347	1,824,596

The interest rate on short-term deposits ranges from 3.38% to 4.84% (2025: interest rate ranges from 4.4% to 5.9%) per annum.

Certain bank balances and term deposits arising from one of the Group subsidiaries "KNPC" are placed as security for a project financing (Note 22.2).

17. Assets held for sale and discontinued operations

- **Pakistan Transaction**

On 25 November 2024, three Share Purchase Agreements have been signed with respect to the sale of three subsidiaries, namely: "PKP Kirthar B.V.", ·'PKP Exploration 2 Limited" and "PKP Kadanwari Limited" and two Farm-in Agreements have been signed for the sale of two Joint Operation Interests namely: ·'Qadirpur (8.5% Working Interest)", '·Bhit and Bhadra (28% Working Interest)", together referred to as "the Transaction". A refundable deposit of USD 10 million (equivalent to KD 3,081,000) have been received in accordance with the Transaction agreement. The legal and completion process of the Transaction is under process as at 31 March 2026, therefore it has been classified as held for sale.

The following major classes of assets and liabilities, relating to the transaction, have been classified as held for sale in the consolidated statement of financial position:

Movement of assets held for sale

	2026 KD'000	2025 KD'000
Property, plant and equipment	1,610	709
Exploration and evaluation asset	1,403	316
Deferred Tax	655	713
Inventories	4,919	4,724
Trade and other receivables	12,256	13,739
Cash and cash equivalents	3,761	2,191
Decommissioning provision	(7,545)	(7,678)
Trade and other payables	(165)	(27)
Tax liabilities	(3,111)	(4,289)
	13,783	10,398

- **KUFPEC Norway A.S ("KNAS")**

On 17 November 2023, Share Purchase Agreement was signed with respect to the sale of a subsidia1y, KUFPEC Norway A.S ("KNAS"). During the prior year ended 3l December 2024, the legal and completion process of the KNAS sale has been finalised, accordingly, control on the subsidiary has been transferred to the acquirer. The sale has resulted in a gain from sale of a subsidiary amounted to KD 60,062 thousand, which is recognised as part of the net profit for the prior year from discontinued operations, net of tax.

The net results of discontinued operations are as follows:

	2026 KD'000	2025 KD'000
Gain on sale of KNAS	-	60,062
Net profit for the year from discontinued operations, net of tax	-	60,062

18. Statutory reserve

In accordance with Article 12 of Law Decree No. 6 of 1980, the Corporation has resolved to discontinue the annual transfer to statutory reserve since the reserve would exceed 50% of the authorised and paid-up capital.

19. Capital reserve

The capital reserve mainly represents the difference between the Corporation's cost of acquisition of its original subsidiaries, which were transferred by the Government of the State of Kuwait, and their net asset values at 31 December 1979. No transfer to capital reserve has been made for the current year. (2025: Nil).

20. General reserve

In accordance with Article 12 of Law Decree No. 6 of 1980, 10% of the profit for the year attributable to equity holders of the Corporation is to be transferred to the general reserve, the percentage of which may be changed in accordance with a resolution of the Supreme Council for Petroleum (Note 25).

21. Reserve for replacement and renewal of property, plant and equipment

Article 10 of Law Decree No. 6 of 1980 states that the Corporation may provide part from its profits to meet the costs of replacement and renewal of the Corporation's and its subsidiaries' property, plant and equipment, after approval of the Supreme Council for Petroleum. The reserve is based on the difference between depreciation, calculated on the historical cost of the property, plant and equipment of the Corporation and its Kuwaiti subsidiaries, and depreciation calculated on the replacement cost of assets using their insured (generally replacement) values. The management has to transfer KD 169 million to the reserve as at 31 March 2026 (2025: KD 260 million), which is subject to approval of the Supreme Council for Petroleum.

22. Non-current liabilities

	2026 KD'000	2025 KD'000
Profit available for distribution (Note 25)	4,019,229	4,975,222
Employees' terminal benefits	1,508,515	1,591,590
Pension fund liabilities (Note 22.1)	24,632	25,872
Long-term loans (Note 22.2)	2,389,506	2,709,946
Deferred tax liabilities (Note 15(i))	114,994	117,537
Provisions (Note 22.3)	34,563	32,246
Lease liabilities (Note 8)	1,481,370	1,061,812
Others (Note 22.4)	178,753	203,828
	9,751,562	10,718,053

22.1. Pension fund liabilities

The principal defined benefit funds schemes relating to KPC- Aruba, a wholly owned subsidiary of the Corporation, operate in the United Kingdom, Germany, Belgium and Italy. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employees' compensation.

Further details in respect of these schemes are given below

The latest actuarial valuations took place on 31 March 2026, and these showed that the funds and schemes in the United Kingdom had a surplus while, Belgium, Germany and Italy had a net deficit. The main assumptions used in the actuarial valuation were a rate of pension at 2% to 2.7% (2025: 2% to 2.5%) per annum, an annual salary increase ranging from 0% to 4% (2025: 0% to 4%) per annum, a discount rate ranges from 3.87% to 6.2% (2025: 3.65% to 5.8%) per annum and inflation rate assumed ranging from 2% to 3.1% (2025: 2% to 2.9%) per annum.

The plan assets are invested in equity securities, fixed income financial instruments, investment funds and other and cash.

20. General reserve

In accordance with Article 12 of Law Decree No. 6 of 1980, 10% of the profit for the year attributable to equity holders of the Corporation is to be transferred to the general reserve, the percentage of which may be changed in accordance with a resolution of the Supreme Council for Petroleum (Note 25).

21. Reserve for replacement and renewal of property, plant and equipment

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The plan assets are invested in equity securities, fixed income financial instruments, investment funds and other and cash.

On 2 December 2025, KNPC 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.

KOTC

On 15 March 2018, KOTC entered into a Murabaha agreement with three participating local banks to finance the construction of 8 new vessels comprising of 3 gas tankers, 4 product tankers and 1 oil tanker. The total approved facility is KD 140 million.

The Murabaha facilty carries a profit rate of 4.2% to 4.7% per annum (2025: 4.7% per annum) and is repayable in equal semi-annual installments of KD 9,324 thousand starting from 15 March 2021 to 15 September 2027 with a final installment amounting to KD 9,464 thousand payable on 15 March 2028.

During the year, the cost of borrowing was KD 2,289 thousand (KD 3,352 thousand).

KIPIC

Export Credit Agencies loans

On 31 August 2018, KIPIC signed a USD 1.3 billion long term loan agreement with Export Credit Agencies (the "ECA Financing"). As per terms of the ECA Financing, the principal is repayable in 20 semi-annual instalments of USD 65 million each starting either 6 months after I August 2021 or 6 months after the commencement of LNGI operations (date stated in the Provisional Acceptance Certificate as defined in the EPCC Contract), whichever falls earlier, and maturity is expected by 2031. The interest on this loan is payable on biannual basis and as at the reporting date carries variable interest rate of 6 months Secured Overnight Financing Rate ("SOFR") as published by Chicago Mercantile Exchange ("CME") plus a margin ranging from 0.80% to 0.94% per annum.

The ECA Financing was initially based on London Interbank Offer Rate ("LIBOR"), which was subsequently replaced by SOFR as part of the global reform of benchmark interest rates. KIPIC has voluntary repaid the ECA loan on 29 January 2026.

Long term Conventional and Islamic finances

On 11 June 2018, KIPIC entered into long term loan agreement ("Long term loans") of KD 390 million with a consortium of local banks to finance Liquified Natural Gas Import ("LNGI") Project. The Long-term loans consist of both conventional and Islamic financing. The principal amount is repayable in 21 semi-annual instalments of KD 18.571 million each from the date falling 36 months after the agreement signing date, and maturity is expected by 2031. The Long term loan has no collateral pledged.

During the year, KIPIC paid long term loan installment amount of KD 37.142 million. The interest on these loans is payable on biannual basis and carries variable interest rate of the Central Bank of Kuwait discount rate plus margin of 0.750% per annum. At the reporting date, KIPIC fully utilised the long term loans.

ECA Financing, which is denominated in US Dollars and are guaranteed by the Corporation, and long term loans, denominated in Kuwaiti Dinar, are specifically borrowed only to finance Liquefied Natural Gas Import project ("LNGI Project"). ECA Financing and long term loans carry covenants which are tested on annual basis. These covenants include leverage covenant and tangible net worth.

KPC

On 1 October 2019, the Corporation entered into an agreement for a Kuwaiti Dinar revolving credit facility of KD 350 million with a consortium of local banks. The dual tranche facility consists of a conventional facility and a Murabaha facility with a 5-year tenor and is unsecured. The facility carries an interest rate comprised of a margin over and above the Central Bank of Kuwait discount rate payable quarterly. The proceeds of the facility will be used for general corporate purposes (Working capital – OPEX). At the reporting date, the Corporation fully utilized this facility and repaid total amount of KD 8 million (2025: KD 81 million) for the accordion tranche as of 31 March 2026.

Further, on 12 December 2019, the Corporation entered into an agreement for a USD revolving credit facility of US$ 1 billion with a consortium of global banks. The facility is a conventional, 5-year unsecured facility. The facility carries an interest rate comprised of the aggregate of the facility margin and 6 month LIBOR rate payable semi-annually. The proceeds of the facility will be used for general corporate purposes (working capital – OPEX). At the reporting date, the Corporation fully utilized this facility and repaid total amount of USD nil (2025: USD 463 million) as at 31 March 2026. This loan is fully settled.

On 16 September 2020, the Corporation entered into a long-term agreement for a Kuwaiti Dinar term facility ("the Facility") of KD 1 billion with a consortium of local banks. The dual tranche facility consists of a KD 600 million conventional facility and a KD 400 million commodity Murabaha facility with a 15-year tenor and is unsecured. The Facility is repayable over 24 semi-annual instalments based on a pre-agreed amortization structure commencing 42 months from the signing date of the Facility. The Facility carries an interest rate comprised of a margin over and above the Central Bank of Kuwait discount rate and is payable quarterly. At the reporting date, the Corporation fully utilized this facility and repaid total amount of KD 91 million (2025: KD 96 million) as at 31 March 2026.

On 17 June 2021, the Corporation entered into a financing agreement for a USD SACE – covered facility ("the Facility") with total amount of USD 1 billion with a consortium of foreign banks. During the year ended 31 March 2026, the Corporation withdrew the full amount and repaid total amount of USD 141 million (2025: USD 152 million). The Facility carries an interest of LIBOR 6 month (equal in length to the interest period of the Facility) and margin of 0.90%.

On 15 June 2022, the Corporation entered into a financing agreement for a USD NEXI - covered facility ("the Facility") with total amount of USD 1 billion with a consortium of foreign banks. During the year ended 31 March 2026, the Corporation withdrew the full amount. The facility carries an interest of SOFR (secured overnight financing rate administered by the Federal Reserve Bank of New York) and margin of 0.89%. The Corporation has repaid the total amount of USD 93 million (2025: USD 60 million) as at 31 March 2026.

On 4 November 2025, the Corporation entered into a long-term agreement for a Kuwaiti Dinar term facility ("the Facility") with total amount of USD 1.5 billion with a Islamic banks. During the year ended 31 March 2026, the Corporation withdrew the KD 450 million with a 15-year tenor and is unsecured. The Facility is repayable over 24 semi-annual instalments based on a pre-agreed amortization structure commencing 42 months from the signing date of the Facility. The Facility carries an interest rate comprised of a margin over and above the Central Bank of Kuwait discount rate and is payable quarterly.

22.3. Provisions

Provisions relate to one of the Corporation's subsidiaries in Europe mainly represents environmental provisions in connection with closure of a refinery and relocation of certain of the subsidiary's management together with restructuring of operations in France, Belgium, Italy and Germany.

	2026 KD'000	2025 KD'000
Environmental	29,132	30,455
Restructuring and others	5,431	1,791
	34,563	32,246

i. Environmental – Logistics including refineries

KPC-Aruba has accrued for costs associated with environmental clean-up, principally relating to Italy and Belgium. Costs related to the ex-refinery at Naples in Italy are expected to be incurred in the next few years as the clean-up, which has now started, progresses and has been discounted (2025-2026: 4%, 2024-2025: 5%). Costs related to the clean-up of depot facilities at Naples have been discounted (2025-2026: 10%, 2024-2025: 10%) as these are not expected to be incurred in the next few years. In Belgium, costs are expected to be incurred in the next one to three years and have not been discounted as the net effect of interest and inflation is not considered to be material.

ii. Restructuring

This mainly relates to costs associated with business restructuring of the operations in Belgium. Provisions have not been discounted as the net effect of interest and inflation is not considered to be material.

iii. Other

Provisions have also been made in respect of various claims incurred in the normal course of business and principally relate to tax, legal and regulatory disputes, all of which are being contested by KPC-Aruba. All claims are expected to be settled within one to five years and may carry interest.

22.4. Others

As at 31 March 2026, non-current liabilities include an amount of KD 158,800 thousand (2025: KD 169,615 thousand) which represents provision for decommissioning costs related to KUFPEC.

KUFPEC recognises provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis on the installation of those facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred when the producing oil and gas properties are approaching the end of their economic lives. The economic life and the timing of the decommissioning provision depends on government legislation, commodity prices and the future production profiles of the respective assets.

These provisions have been estimated based on the Group's internal estimates using operators' estimates and external valuers that are subject to inflationary and deflationary pressures where applicable. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

The discount rate used in the calculation of the provision ranges from 2.7% to 4.4% (2025: 3.1% to 3.81%).

23. Other payables and accruals

	2026 KD'000	2025 KD'000
Borrowings	1,828,263	973,444
Retention payable	475,249	433,878
Payable to contractors	71,323	65,513
Liquidated damages	56,350	52,513
Marine payables	19,480	47,469
Accruals	507,001	725,678
Provision for annual leave and accrued compensation	245,983	217,633
Other credit balances	717,086	534,680
	3,920,735	3,050,808

Borrowings represents short-term loans, including bank overdrafts, and current portion of long term loans (Note 22.2). Short-term loans are unsecured and bear interest at prevailing market rates.

KNPC

During March 2026, certain hostile incidents at the KNPC's refineries took place which resulted in the initiation of restoration-related works. Based on the pre-liminary evaluation performed by the KNPC'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 KNPC's consolidated financial statements.

KPC-Aruba

The outstanding bank loans mainly consist of loan facilities used by Kuwait Petroleum Europe B.V. (US$ 680 million) and Kuwait Petroleum Italia S.p.a. (US$ 467 million). Interest rates are floating and vary between 2.60% and 6.22%.

Other credit balances include funds recovered from former employees, against whom one of the subsidiary companies has initiated legal proceedings for financial irregularities, together with accumulated interest. (Notes 36).

Term Loan facility related to KARO

The Group obtained a new facility in September 2021. The term loan is repayable over a period of 3 years in bi-annual instalments starting from 30 September 2024 and maturing on 31 March 2026, the coupon rate on this facility is three months LIBOR + 1.6% till the maturity date.

During the year, the Group has fully repaid its existing loan facility obtained from the local financial institutions.

24. Amounts due to Ministry of Oil

Amounts due to the Ministry of Oil represent net amounts payable for purchases of crude oil and natural gas net of amounts receivable for certain services provided by the Corporation and its subsidiaries on behalf of the Ministry of Oil.

These services primarily relate to the exploration for and production of crude oil and natural gas in the State of Kuwait and the local marketing (within the State of Kuwait) of refined products and liquefied petroleum gas. The costs of the wholly owned subsidiaries, Kuwait Oil Company K.S.C. and Kuwait Gulf Oil Company K.S.C., are charged to this account.

25. Profit available for distribution

In accordance with Article 12 of Law Decree No. 6 of 1980, the profit for the year, after transfer to reserves, is payable to the Government of the State of Kuwait.

On 4 April 2021, the Corporation, Ministry of Finance (“MoF”) and Kuwait Investment Authority (“KIA”) signed an agreement with respect to the payment of profit available for distribution for the years 2007-2008, 2008-2009, 2013-2014, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 (hereinafter referred to as the “2021 Agreement”. The profit available for distribution of aforementioned years was KD 9,550,242 thousand, out of which the Corporation transferred KD 1,800,000 thousand to MoF in the prior years. According to the terms of the agreement, the Corporation will settle the outstanding amount of profit available for distribution of KD 7,750,242 thousand to KIA in 60 equal quarterly instalments of KD 137,543 thousand each starting from 30 June 2021 and maturing by 31 March 2036. KPC determined this transaction as transaction with shareholder of the Corporation. Accordingly, KPC determined the present value of profit available for distribution using incremental borrowing rate and recorded the difference between the carrying value and the present value of KD 615,544 thousand in the consolidated statement of changes in equity during the year ended 31 March 2021.

On 23 December 2024, the Council of Ministries issued Law Decree No. (118/2025) and Law Decree No. (128/2025), approving the distribution of dividends for the years 2020-2021 and 2021-2022, amounting to KD 85,013 thousand and KD 1,086,236 thousand, respectively. On 26 March 2025, dividends relating to 2020-2021 amounting to KD 85,013 thousand were settled.

On 29 June 2025, the Corporation, the Ministry of Finance (“MoF”) and Kuwait Investment Authority (“KIA”) entered into an agreement with respect to the profit available for distribution for 2021-2022 amounting to KD 1,086,236 thousand (hereinafter referred to as the “2025 Agreement”). According to the terms of the agreement, the Corporation will settle the outstanding amount of profit available for distribution to KIA in 44 equal quarterly instalments of KD 24,687 thousand starting from 30 June 2025 and maturing by 31 March 2036. KPC determined this transaction as transaction with shareholder of the Corporation. Accordingly, KPC determined the present value of profit available for distribution using incremental borrowing rate and recorded the difference between the carrying value and the present value of KD 333,075 thousand in the consolidated statement of changes in equity during the year ended 31 March 2026.

On 24 March 2026, KPC signed an addendum to the “2021 Agreement” and “2025 Agreement” with respect to rescheduling the remaining payment of profit available amounting to KD 6,184,420 thousands, out of which KD 1,000,000 thousands was settled on the date of addendum and the remaining amount of KD 5,184,420 thousands will be settled by the repayment of KD 162,230 thousands on 31 March 2026 and remaining in 40 equal quarterly net instalments of KD 125,554 thousands starting from 30 June 2026 and maturing by 31 March 2036. KPC determined this transaction as transaction with shareholder of the Corporation. Accordingly, Corporation determined the present value of profit available for distribution using incremental borrowing rate and recorded the difference between the carrying value and the present value of KD 233,580 thousands in the consolidated statement of changes in equity during the year ended 31 March 2026.

The current and non-current classification of profit available for distribution is as follows:

	2026 KD’000	**2025 KD’000**
Current portion	391,616	1,531,325
Non-current portion (Note 22)	4,019,229	4,975,222
	4,410,845	6,506,547

During the year ended 31 March 2026, the Corporation has settled instalments of profit available for distribution of KD 1,648,919 thousand (2025: KD 550,170 thousand) comprising of principal amount of KD 1,529,046 thousand (2025: KD 436,297 thousand) and finance cost of KD 119,874 thousand (2025: KD 113,873 thousand) which is recognised in the consolidated statement of profit and loss and other comprehensive income.

26. Revenues

The Group's revenue is derived from contracts with customers and is disaggregated by major products and timing of revenue recognition was disclosed as follows:

	2026 KD'000	2025 KD'000
Crude oil	10,928,956	12,415,979
Refined petroleum products	17,198,465	19,020,305
LPG and lean gases	2,894,451	3,108,613
Petrochemical products	431,323	350,977
Revenue from marketing and distribution activities	87,855	110,056
Marine	86,419	89,559
Other revenue	74,408	59,662
	31,701,877	35,155,151
Point in time		
Crude oil	10,864,891	12,350,459
Refined petroleum products	16,965,997	18,787,837
LPG and lean gases	2,893,156	3,107,318
Petrochemical products	431,323	350,977
Other revenue	74,408	59,662
	31,229,775	34,656,253

	2026 KD'000	2025 KD'000
Over the time		
Revenue from marketing and distribution activities	87,855	110,056
Marine	86,419	89,559
Shipping and handling services	297,828	299,283
	472,102	498,898
	31,701,877	35,155,151

27. Investment income

Investment income mainly represents interest income on bonds, released gain or loss on sale of bonds, dividend income from equity securities and realised / unreleased gain or loss from investments classified as fair value through profit or loss.

28. Other income (net)

	2026 KD'000	2025 KD'000
Financial cost recovery	552,066	631,493
Foreign currency exchange (loss) / gain	(20,782)	9,851
Loss on disposal of property, plant and equipment	(444)	(509)
Net profit from the discontinued operation	-	60,062
Miscellaneous income- net	58,549	56,883
	589,389	757,780

29. Directors' remuneration

This represents the proposed Board of Directors remuneration of KD 64 thousands (2025: KD 64 thousands).

30. Staff costs

Total staff costs for the year amounting to KD 1,774,189 thousand (2025: KD 1,797,034 thousand) are included in cost of revenues and general and administrative expenses shown on the consolidated statement of profit or loss. Out of the staff costs for the year, KD 1,331,409 thousand (2025: KD 1,369,642 thousand) and KD 379,562 thousand (2025: KD 365,072 thousand) are related to cost of revenues and general and administrative expenses respectively.

The staff costs charged to profit or loss is reduced by KD 947 million (2025: KD 968 million) being the amount charged to the Ministry of Oil in respect of the operations of local wholly owned subsidiaries engaged in exploration and local marketing activities.

Staff costs, including the amount charged to the Ministry of Oil, consist of the following:

	2026 KD'000	2025 KD'000
Salaries, wages and other benefits	1,752,294	1,776,566
Pension and other retirement benefit expenses:		
- defined contribution	10,240	9,341
- defined benefit	3,136	2,782
Compensation of key management personnel (Note 32):		
- short-term benefits	7,309	7,382
- termination benefits	1,210	963
	1,774,189	1,797,034

31. Fair value information

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are determined from quoted prices in active markets for identical financial assets or financial liabilities where these are available. Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data. Investment securities classified as FVOCI are stated at fair values except for certain investments carried at cost. For other financial asset and liabilities carried at cost less impairment or amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short term maturity or re-priced immediately based on market movement in interest rates.

The Group, mainly through a wholly owned foreign subsidiary, uses derivative financial instruments for managing risks arising from changes in crude oil and petroleum product prices, exchange rates and interest rates. The Group does not use derivatives for speculative purposes.

All foreign currency derivative instruments are marked to market at the end of each month. At year end the gross contract amounts of such contracts, none of which extended beyond 12 months, were as follows:

	2026 USD'000	2025 USD'000	2026 KD'000	2025 KD'000
Foreign exchange contracts	947,024	449,263	290,689	138,553

The carrying value of these contracts are a reasonable approximation of their fair value and therefore these have not been disclosed separately.

Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: quoted prices in active market for the same instrument;
Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and
Level 3: valuation techniques for which any significant input is not based on observable market data.

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

	Level 1 KD'000	Level 2 KD'000	Total KD'000
2026			
Financial assets at fair value through other comprehensive income	4,709,421	390,382	5,099,803
Financial assets at fair value through profit or loss	-	1,398	1,398
2025			
Financial assets at fair value through other comprehensive income	4,485,981	137,905	4,623,886
Financial assets at fair value through profit or loss	-	1,675	1,675

There have been no transfers between fair value levels during the year ended 31 March 2026.

32. Related parties

Related parties represent associates, joint ventures, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by the Group's management.

The principal transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Associates and joint ventures KD'000	Other related parties KD'000	Total 2026 KD'000	Total 2025 KD'000
Purchases	37,279	-	37,279	44,226
Sales	1,846,911	-	1,846,911	2,223,516
Cost of production	40,791	-	40,791	54,306
Marketing fees received	1,862	-	1,862	2,136
Compensation of key management personnel (Note 30)	-	8,519	8,519	8,345

Balances with related parties included in the consolidated statement of financial position are as follows:

	Associates and joint ventures KD'000	Other related parties KD'000	Total 2026 KD'000	Total 2025 KD'000
Non-current receivables from joint venture	153,475	-	153,475	58,843
Due from related parties	18,273	-	18,273	8,465
Trade receivables and prepayments	10,769	-	10,769	22,862
Due to related parties	11,738	-	11,738	6,290

33. Derivative financial instruments

The KPCT uses derivative financial instruments ("Derivatives") in order to manage exposure to fluctuations in commodity prices arising from its physical commodity business.

Within the ordinary course of business the KPCT routinely enters into sale and purchase transactions for commodities. These transactions are within the scope of IFRS 9 due to the nature of the KPCT's activities. As a result, these physical contracts are treated as derivatives in accordance with IFRS 9. These contracts include pricing terms that are based on a variety of commodities and indices. They are recognised in the statement of financial position at fair value with movements in fair value recognised in the statement of comprehensive income.

The KPCT also uses various commodity based derivative instruments to manage some of the risks arising from its normal operating activities that give rise to commodity price exposures. Such instruments include financial forwards, futures and swaps. These are recognised in the consolidated statement of financial position at fair value with movements in fair value recognised in the consolidated statement of comprehensive income. Where these instruments are traded through a central clearing house the instruments are presented gross, and the associated cash collateral is presented net as a trade receivable. Amounts without collateral cover are presented as derivative financial instruments. For the KPCT, all derivatives are classified as held-for-trading instruments.

	2026	2025
	KD'000	KD'000
Derivative financial assets:		
Balance bought forward	-	-
Net movement during the year	235,478	-
	235,478	-
Derivative financial liabilities:		
Balance bought forward	-	-
Net movement during the year	384,263	-
	384,263	-

34. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market 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. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Chief Executive Officer has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Risk Management Committee reports regularly to the Board of Directors on its activities.

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 the 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.

The Group's Audit 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. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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 Group's receivables from customers and investment securities. The Group has estimated and gathered all factors relating to the exposure of credit risk.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 82% (2025: 75%) of the Group's outstanding trade receivables is attributable to 12 customers (Note 13). However, geographically there is no significant concentration of credit risk.

The Pricing Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer particularly for long term sales contracts, which represents the maximum open amount without requiring approval from the Pricing Committee.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

Exposure to credit risk

At the reporting date, the carrying amount of the following financial assets represents the maximum credit exposure:

	2026 KD'000	2025 KD'000
Other non-current assets (other than deferred expenses)	168,465	79,860
Financial assets fair value through other comprehensive income	5,099,803	4,623,886
Trade and other receivables	9,939,568	8,433,357
Term deposits	79,207	28,119
Bank balances and cash	2,527,347	1,824,596
	17,814,390	14,989,818

The maximum exposure to credit risk net of impairment losses for trade receivables and other non-current assets (other than deferred expenses) at the reporting date by geographic region was:

	2026 KD'000	2025 KD'000
Middle East	6,946,391	4,665,897
Europe (other than United Kingdom)	811,369	695,061
United Kingdom	18,587	123,267
Other regions	1,061,519	2,187,575
	8,837,866	7,671,800

The maximum exposure to credit risk net of impairment losses for trade receivables and other non-current assets (other than deferred expenses) at the reporting date by type of customer was:

	2026 KD'000	2025 KD'000
Government	6,442,862	4,636,012
Private sector	2,395,004	3,035,788
	8,837,866	7,671,800

The aging of trade receivables at the reporting date was as follows:

	2026 KD'000	2025 KD'000
Not past due	2,480,085	3,927,076
Past due not more than one year	2,977,891	1,873,533
Past due more than one year	3,403,523	1,898,985
	8,861,499	7,699,594

The movement in the allowance for impairment in respect of trade receivables and other receivables was as follows:

	2026 KD'000	2025 KD'000
Balance at 1 April	27,794	37,413
Provision for expected credit losses	2,484	2,120
Reversal of provision for expected credit losses	(5,474)	(9,957)
Write off	(1,772)	(1,819)
Foreign currency translation adjustment	601	37
Balance at 31 March	23,633	27,794

Provision for expected credit losses are included in "provision for impairment loss on property, plant and equipment, goodwill and others" in the consolidated statement of profit or loss and other comprehensive income.

Expected credit losses

Trade receivables and other receivables

Loss allowance for trade receivables and other receivables is measured at an amount equal to lifetime ECLs. The lifetime ECLs 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, including time value of money where appropriate. Impairment was assessed to be insignificant as there has been no history of default and there has been no dispute arising on the invoiced amount from customers.

Due from related parties balances

Transactions with related parties are carried out on a negotiated contract basis. The related parties are with high credit rating and repute in the market. Impairment on the due from a related party 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, these are neither impaired nor due. The lifetime ECL computed on due from related parties are not significant.

Bank balances and cash

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

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least A1 from Standard & Poor's and A from Moody's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including contractual cashflow and estimated interest payments and excluding the impact of netting agreements:

2026

	Carrying amount KD'000	Contractual maturities KD'000	Within 1 year KD'000	1 - 5 years KD'000	More than 5 years KD'000
Long term loans and borrowings	4,217,769	4,669,874	1,368,887	2,178,711	1,122,276
Trade payables	2,234,488	2,234,488	2,234,488	-	-
Other payables and accruals (excluding borrowings)	2,092,472	2,092,472	2,092,472	-	-
Lease liabilities	2,122,577	2,123,822	641,292	1,481,230	1,300
Amounts due to Ministry of Oil	6,591,830	6,591,830	6,591,830	-	-
Profit available for distribution	4,410,845	5,022,190	502,219	2,008,876	2,511,095
	21,669,981	22,734,676	13,431,188	5,668,817	3,634,671

2025

	Carrying amount KD'000	Contractual maturities KD'000	Within 1 year KD'000	1 - 5 years KD'000	More than 5 years KD'000
Long term loans and borrowings	3,683,390	3,867,560	1,237,619	1,740,402	889,539
Trade payables	1,879,912	1,879,912	1,879,912	-	-
Other payables and accruals (excluding borrowings)	2,077,364	2,077,363	2,077,363	-	-
Lease liabilities	1,548,423	1,544,150	484,878	900,381	158,891
Amounts due to Ministry of Oil	4,647,479	4,647,479	4,647,479	-	-
Profit available for distribution	6,506,547	7,138,110	550,170	2,750,850	3,837,090
	20,343,115	21,154,574	10,877,421	5,391,633	4,885,520

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.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, the Euro, USD and Pound Sterling (GBP). The Group's exposure to the risk of changes in foreign exchange rates relates primarily to such operating activities and the Group's net investments in foreign subsidiaries. The currencies in which these transactions primarily are denominated are Euro, USD, GBP, Australian Dollar (AUD) and Japanese Yen (JPY).

The Group's net significant exposure to foreign currency risk was as follows based on notional amounts.

	2026 Equivalent position long/(short) KD'000	**2025 Equivalent position long/(short) KD'000**
EURO	265,973	49,843
USD	13,924,014	13,641,424
GBP	14,138	13,746
JPY	5	6
Others	21,619	8,983

Sensitivity analysis

A five percent strengthening of the KD against the following currencies at 31 March 2026 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 March 2025.

Effect in thousands of Kuwaiti Dinars	**Equity**	**Profit or (loss)**
2026		
EURO	-	13,299
USD	254,990	441,211
GBP	-	707
JPY	-	1
Others	-	1,081
	254,990	456,299

Effect in thousands of Kuwaiti Dinars	**Equity**	**Profit or (loss)**
2025		
EURO	-	2,492
USD	204,011	478,128
GBP	-	687
JPY	-	1
Others	-	449
	204,011	481,757

Interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2026 KD'000	**2025 KD'000**
Variable rate instruments		
Financial assets	4,720,596	4,182,566
Financial liabilities	(4,217,769)	(3,683,390)
Net exposure	502,827	499,176

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit before taxation by KD 5,028 thousand (2025: KD 4,992 thousand).

Other market price risk

Equity price risk arises from financial assets carried at FVOCI equity securities. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices.

The primary goal of the Group's investment strategy is to maximise investment returns.

The Group does not enter into commodity contracts other than to meet the Group's expected usage and sale requirements; such contracts are not settled net.

Sensitivity analysis

For the majority of the Group's equity investments, quoted market prices are readily available. For such financial assets carried at FVOCI, a 3% increase or decrease in stock prices at the reporting date would have increased or decreased equity by KD 47,787 thousand (2025: an increase or decrease of KD 44,559 thousand). The analysis is performed on the same basis for the year ended 31 March 2025.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit divided by average capital employed. There were no changes in the Group's approach to capital management during the year.

The Corporation is not subject to any externally imposed capital requirements.

Energy transition and climate change

The speed and extend of the energy transition could pose a risk to the Group if our own transition towards decarbonisation moves at a different speed to society. If we are slower than society, customers may prefer a different supplier which would adversely impact our reputation and demand for our products. If we move much faster than society, we risk investing in technologies, markets or low-carbon products that are unsuccessful because there is limited demand for them. This could have a material adverse effect on our earnings, cash flows and financial condition.

Rising climate change concerns and effects of the energy transition could lead to a decrease in demand and potentially impact prices for fossil fuels. The Group could experience financial penalties or extra costs, delayed or cancelled projects, potential impairment of assets, additional provisions and/or reduced product sales if we are unable to find economically viable, publicly acceptable solutions that reduce our greenhouse gas emissions for new or existing products that we sell. This could have a material negative impact on our earnings, cash flows and financial position.

35. Expenditure commitments

- *Operating lease commitments*

The minimum rental commitments under operating leases fall due as follows:

	2026 KD'000	2025 KD'000
Within 1 year	9,519	8,989
Between 1 to 5 years	21,129	25,815
After 5 years	11,287	11,617
	41,935	46,421

- *Other commitments*

	2026 KD'000	2025 KD'000
Letter of guarantees	9,535	828
Estimated contracted capital expenditure	2,385,978	1,660,003
Supply commitments	384,532	306,452

The Group's foreign subsidiary fuel marketing operations in Belgium and Netherlands have entered into third-party supply deals which require certain contractual volume uplifts. Such binding commitments are lower than existing operational needs and the monetary value of these commitments will rise and fall in line with the market price of the products involved.

36. Contingent assets / liabilities

Contingent assets

KOTC

a) *Legal cases*

Upon the formation of the Company's new management in 1992, it discovered manipulations in the Company's contracts and bank accounts and therefore the Company's Board of Directors formed a fact-finding committee to investigate those irregularities.

On 6 January 1993, the Company submitted a report to His Excellency, the Attorney General, on its suspicion about the occurrence of financial irregularities in previous years, whereby the Public Prosecution conducted the necessary investigations and prepared the indictment sheet in December 1993 and its regulation against five of the accused parties. The accused, Abdul-Fatah Al-Badr, absconded before submitting the notification to His Excellency the Attorney General. Hassan Qabazard admitted the facts before the Attorney General, and made payment of US Dollars 6,200 thousand on allegation that this was the entire amount taken by him. This amount was deposited in a special bank account as a fixed deposit of the Company which amounts to US Dollars 13,157 thousand equivalent to KD 3,754 thousand including interest.

The case was deliberated before different Kuwaiti courts, culminating in a final and conclusive cessation verdict on 21 July 2013. Mandated by the former Minister of Oil, Sheikh Saud AI-Nasser Al-Sabah, the Company sent a letter to the Attorney General on 14 December 1998. The Attorney General considered this letter as a notification and transferred the same to the Investigating Committee concerned with court actions against Ministers, which, in its first formation, considered it as a notification and, subsequently, undertook the investigation procedures. The Company provided the committee with 40 documents including those deliberate

to the English courts with respect to the certain amounts embezzled by the accused parties or other parties. Subsequently this committee resigned, and a new committee was formed on 29 April 2000. On 16 May 2001, the committee considered that the case was not fully complete, without discussions with any witness.

On 29 May 200l, the former Minister of Oil Adel AI-Subaih sent a notification to this committee against the five defendants. The defendants include the former Minister of Oil. On 19 May 2003, the committee considered the action as serious and heard statements of witnesses. On 30 October 2007, a resolution was issued by the Investigating Committee concerned with court actions to suspend the notification submitted against Sheikh Ali AI Khalifa due to the lack of evidence. On 26 December 2007, His Excellency, the Minister of Oil, by proxy submitted a grievance complaint from the suspension decision to the Court of Ministers and on 27 December 2007, the attorney of the Company submitted another grievance complaint. The judgment was challenged before the court of Cessation. On 17 February 2009, the court ruled to dismiss the appeal.

In parallel steps, the Company has initiated civil cases in the United Kingdom, Switzerland, and other countries, and with the efforts of those working on the case, it won the case filed in the United Kingdom and obtained a judgment against three of the defendants for an amount of US Dollars 136,000 thousand excluding interest. In addition to this, the case ended with the rejection by the UK House of Lords on 10 December 2000 of the appeal submitted by Abdul Fatah AI-Bader. An amount of US Dollars 85,351 thousand has been collected till 7 May 2006. This collected amount was invested in deposits. The collected amounts along with interest till 7 May 2006 amounted to US Dollars 92,757 thousand (which has been subsequently distributed) plus an amount of US Dollars 6,200 thousand transferred by the Public Prosecution from the accused Hassan Qabazard and received by the Company in Kuwait, which was invested in a deposit renewable with its interest thereon pending a decision on crime No. 93/275. The deposit of USD 6,200 thousand along with accumulated interest reached US Dollars 13,157 thousand till 31 March 2013 in favor of the Company. Legal measures are being carried out to collect the remaining balance. However, the uncollected amounts of US Dollars 151,709 thousand pending in the liability of the accused parties comprise of the balance remaining from the total amounts awarded in favour of the Company according to the verdict from London, and inclusive of interest till August 2005 amounting to US Dollars 123,559 thousand plus such amounts, being the difference between the amounts claimed before London Court and those mentioned in the Public Prosecution Charge Report in connection with crime No.275/93 amounting to US Dollars 25,000 thousand, for which a civil case was filed where a final and conclusive verdict was announced in the session dated 7 March 2011 by rejecting the appeal.

A committee was formed comprising of representatives of the Company and the Parent to distribute the amounts collected from the accused parties to the entitled parties, after deducting the expenses of the lawsuits from inception to date. Subsequently, the Audit Committee of the Parent's Board of Directors approved on 7 May 2006 the report submitted by the Company on the method of distributing the amounts collected from the accused parties, net of the expenses of the lawsuit from 1992-1993 till 2005-2006, as 54% to the Company and 46% to the Parent. Subsequent to the distributions made in 2006, the remaining distributable amount was US Dollars 61,607 thousand. The Parent share amounting to US Dollars 28,339 thousand was transferred on 24 May 2006.

The Company's share amounting to US Dollars 33,267 thousand (KD 9,714 thousand) and the lawsuit expenses of US Dollars 31,150 thousand (KD 9,096 thousand) deducted from the collected amounts, were included in the consolidated statement of profit or loss for the year ended 31 March 2007.

The Company recovered another amount of GBP 125,221 till date. The Company also recovered KD 4,571.180 (Kuwaiti Dinars four thousand five hundred seventy one and Fils 180) plus an amount of KD 235,365.587 (Kuwaiti Dinars two hundred thirty five thousand three hundred sixty five and Fils 587) based on Decision No. 18/2017 dated 7 December 2017 issued by the Attorney General with respect to the enforcement of refund punishment adjudicated in the Felonies No. 275/1993 and No. 3589/1994 including cancellation of seizure of funds deposited with National Bank of Kuwait in the name of the accused Hassan Qabazard in two bank accounts, and refund of such amounts to the Company. The said amounts plus the due interests were transferred to the Company's account on 7 December 2017. The Company then received an amount of KD 77,129.456 (Kuwaiti Dinars seventy seven thousand one hundred twenty nine and Fils 456) from the accounts of the accused Hassan Qabazard on 2 January 2018, which represents the amount of interests on the due amounts determined under court judgment in favor of the Company based on the General Attorney's decision No. 18/2017. On 19 June 2017, the Company recovered an amount of GBP 3,556,005.40 under the enforcement order passed by the High Court in London and the Royal Court in Jersey related to the property located in London belonging to the late Abdul Fatah Al Bader.

Further, the Company's attorney in Kuwait filed civil cases before the Kuwaiti courts against the accused parties and certain persons who received the embezzled amounts, to claim refund of the funds illegitimately embezzled by the accused parties and others, which are still deliberate in the court. In one of these cases, the attorney of the Company filed civil case No. 2008/3019 (commercial/ civil/ plenary/ government)/ 8 against four accused parties for a temporary civil compensation based on the criminal judgment amounted to KD 5,001. The court decided to refer the case to Sixth Civil Department where the case number was changed to 2009/1321 (civil/ plenary)/6 and a first degree verdict has been issued against the second, third and fourth accused parties to pay an amount of KD 5,001 as compensation. This verdict has been appealed by the heir of one of the accused. On 19 December 2011, a verdict has been issued by Court of Appeals against the four accused parties to jointly pay an amount of KD 5,001 and to pay KD 300 as an attorney fees.

Both verdicts were appealed at the Court of Cassation by the heirs of the late Abdul Fatah Al Bader No. 2011/166 and No. 2012/603 cassation v/2 to appeal the verdict issued by Court of Appeals No. 2012/271 commercial /4 at the session dated 28 May 2012 the court has denied a request to cease the enforcement of the verdict. In the hearing dated 24 November 2014, the court verdict first to accept the appeal 166/2011 in terms of formalities and with respect to the subject matter the court rejected it then obligated the appellant to settle the expenses plus KD 20 as attorney fees. Secondly, the court accepted the appeal in cassation No. 2012/603 civil 2 in terms of formalities, with respect to the subject matter the court partially cancelled the verdict appealed in cassation. For the appeal No. 271/2012 civil to the extent of petition of appeal in cassation to amend the appealed verdict to jointly obligate the appellants to settle the compensation each one according to his share of inheritance succession and otherwise affirm the judgment. The court obligated the appellees to settle appropriate expenses plus KD 10 for the attorney fees.

An amount of GPB 120 thousand was received on 11 October 2006, and invested in a deposit renewable with interest thereon. This amount plus interest amounted to GBP 143 thousand (KD 64 thousand) at 31 March 2016 (2015: GBP 142 thousand (KD 67 thousand), and will be distributed later according to the above agreed distribution share.

With respect to the amount of US Dollars 3,150 thousand (Chesapeake-selling debris of Surf City Vessel) for which a case was filed, a final but not conclusive verdict was announced in hearing dated on 18 February 2014 in the appeal No. 976/2000, commercial/9 by rejecting the appeal. On 14 March 2014, appeal in cassation was filed against the verdict. On 15/10/2017, the Court of Cassation passed verdict accepting the appeal in cassation in terms of formalities. With respect to the subject matter, the Court partially cancelled the challenged verdict in connection with the adjudication to dismiss the action for validity and confirmation of precautionary attachment and ordered the first appellee in cassation to pay expenses and Kuwaiti Dinars twenty towards attorney fees. With respect to the subject matter of Appeal No. 976 of 2000, Commercial, to the extent of cancelled part of the challenged verdict, the Court cancelled the appealed verdict in connection with the adjudication to dismiss the action for validity and confirmation of attachment. The Court confirmed the validity and confirmation of the precautionary attachment dated 28/2/1999 on the first appellee's funds, which are deposited with the Public Prosecution treasury in relation to the Felony No. 8 of 1993, Investigations - 275 of 1993, Felonies, for the repayment of USD 3,150,000 in enforcement Order No. 464 of 1998 dated 19/9/1998. The Court confirmed the verdict with respect to other demands.
By virtue of the award of the Court of Appeal for the case No. 2228/2003 (commercial/plenary 23), filed by the Company and the Parent Company against Ms. Noura Ali Al Muzaini and Mr. Abdul Fattah Sulaiman Khaled Al-Bader, based on the judgment of the Court of Appeal dated 31 March 2015 that the defendants shall pay the Company and its Parent Company USD 1,000,000 equal to KD 352,001. The Parent company received its share amounting KD 151,834, and the same was deposited in its account on 9 January 2017. On 6 September 2017, the Company received its share, which was deposited in its account. Bearing in mind that the defendant has made a challenge before the cassation court under the registration No. 798/2015 and up to date there is no session determined to review such challenge.

Further, the Company's attorney in Kuwait filed a lawsuit No, 2026/2010 (commercial/plenary) before the Kuwaiti courts to request the enforcement of a foreign verdict pronounced by London Court in favor of the Company on 15 December 1998 for the case no. 1212/2004 and its appeals. Also, he requested to annex the verdict in its executive formula pursuant to provision of Article no. (1) of Law no.38 for 2007 concerning amending paragraph one of Article no. (199) of Law of civil & Commercial Procedure issued by Decree by Law no. 38 for 1980.

The court verdict has been issued by the judge to annex the foreign verdict in the executive formula and command its implementation in the State of Kuwait. An appeal of cassation has been petitioned by the accused and appealed to suspend the verdict issued by the Court of Appeal, however on 14 June 2011 the Court of Cassation ruled to refuse the request of suspension of the verdict.

A hearing session was scheduled on 8 March 2012 as the first hearing for the appeal of cassation to the verdict No. 3273/2010 to commercial appeal / 5 and case under No. 133/2011 appeal of cassation, Commercial 4. On 12 April 2012, the court ruled to accept the two appeals in its form and regarding its merits the court referred the challenged verdict to court of cassation and obligate the first appeal (respondent) in both appeal cases to settle the expenses in addition to KD 20 as attorneys' fees. Secondly regarding the merits of 2 appeal cases No. 3273 and 3287 of 2010 commercial, the court resolved annulment of the appealed sentence and inadmissibility of the proceedings since it was previously ruled by the case No. 246 of 2002 commercial total and obligated the appeal in the 2 appeal cases to settle expenses for 2 degrees plus KD 20 for attorneys' fees.

Further, he filed a lawsuit No.3560/2010 (commercial/total) before the Kuwait courts to claim implementing a foreign verdict pronounced by London court in favor of Company and SITKA on 17 October 2008. Also, he requested to annex the verdict in the executive formula. However, the lawsuit is still pending at the Kuwaiti courts. A first degree court verdict has been issued on 15 January 2012 to dismiss that proceedings which became final sentence.

Also the Company's attorney assigned to file a lawsuit before Kuwaiti courts under No. 1527/2012 civil total / 12 against the heirs of Abdul Fattah Al-Bader and others to claim the final compensation which includes the reported in the sentence in crime No.3589/94 felonies, public money jurisdiction 94/245 Investigation department as well as the amounts subject to the judgment issued in London that the Court of Cassation rejected to annex in the executive formula since the case was deliberated by the Court of First Instance and on 4 December 2014 the Court sentenced to reject the case and the verdict has been appealed and registered under No. civil 5261/2014 civil. In 9 June 2015, the court amended the appealed judgment by dismissing the lawsuit on as is basis and confirmed other rulings. The company has filed appeal of cassation against the appealed judgment and registered under No. 1322/2015. Opponent also filed appeal of cassation enrolled under No. 1339/2015 and on 22 October 2018, the appeals has been rejected.

b) Dry Cargo (358/94 crimes)

This case has been filed against five indictees. This case was referred to the Criminal Court on 2 April 2006 for charges of embezzling funds, illegal profits and forgery. The value of the amounts claimed in the Public Prosecution’s report amounted to approximately US$ 10,000 thousand. In the hearing on 17 June 2006, the court ruled for the imprisonment of inductees for five years with labor and execution, to dismiss them from their jobs, oblige them to refund the embezzled funds, and fine each of them an amount equivalent to that embezzled by him, as well as to deport the third, fourth and fifth accused parties from the country after serving the said penalty, and to refer the civil case to the competent civil court. The fourth inductee, Jakan T.G. Thomas, challenged the verdict passed against him. In the hearing on 16 September 2006, the court ruled to dismiss the objection and upheld the challenged verdict. This was appealed by the second and fourth inductees. On 24 July 2007, a verdict was issued by the court of appeal condemning the accused and partially amending the judgment by deducting the equivalent of the present value in US Dollars of an amount of KD 300 thousand paid by the second party of the adjudged fine and by refunding penalties as well as clearing the fourth inductee, Jakan T.G. Thomas from crimes attributed to him. The appealed judgment was challenged before the Court of Cessation. On 13 May 2008, the court ruled to dismiss the appeal.

On 2 August 1990, Iraq invaded the State of Kuwait and disrupted the Group's Kuwait operations including those of its subsidiaries. Facilities and equipment were damaged or destroyed and inventories and other assets were stolen. The related carrying amounts of assets damaged or stolen and other expenses related to the invasion have been reflected as extraordinary items in the consolidated statement of profit or loss of prior years.

The Parent corporation is pursuing approved claims against Iraq for the recovery of losses suffered during the Iraqi invasion on behalf of the Group. The total amount of the compensation claim approved by the United Nations is KD 4,683 thousand. Up to 31 March 2026, the Company has recovered KD 4,573 thousand (2025: KD 4,573 thousand) out of the total amounts approved.

Contingent liabilities

The Group had contingent liabilities principally relate to a variety of tax, legal and regulatory disputes, all of which are being vigorously contested by one of the subsidiaries of the Group.

KPC Holdings (Aruba)

A) Italy
During 2013-2015 there was an accusation in Italy that a subsidiary and its management failed to comply with environmental laws and regulations. As a precaution the local Public Prosecutor ordered the seizure of certain company assets (for a value of some EUR 220 million) which may not be disposed pending resolution of the case. Management believes that it has always complied with the laws and regulations and is now defending itself from these charges before the competent Court. Hearings of the trial phase took place in 2020 and January 2021with the examination of some witnesses and the objection of time prescription moved by Kuwait Petroleum Italia S.p.A., the latter unfortunately rejected by the Court. At the hearings scheduled on 10 September, 10 December 2021, and 4 February 2022 Public Prosecutor and lawyers examined the Prosecutor expert. Hearings also took place on 18 May 2022, 15 June 2022 and 14 April 2023 at the Naples Court. Focus of these hearings was on the prosecution of the examination of the expert appointed by the prosecutor. At the hearing scheduled on 6 October 2023 and the following one on 23 February 2024, the cross-examination of the expert appointed by the prosecutor continued. The Prosecutor’s expert admitted several of his errors in the evaluation and calculation of the alleged illicit profit derived by the Company from the alleged crimes in dispute. At the hearing on 7 June 2024, a re-evaluation of the illicit profit calculation was discussed. At the hearing on 13 September 2024, the prosecutor started the examination of the second technical expert. The hearing continued on 6 December 2024 for the counter examination of the second technical expert. Based on the prosecutor’s expert report, a formal request for the reduction of the value of the seizure of about EUR 194 million was accepted by the Court. At the hearing held on 28 March 2025, the defence continued the cross-examination of the second technical expert. The hearing originally scheduled for 4 July 2025 has been postponed to 25 September 2026. At this early stage it is not possible to reliably estimate potential liabilities.

There is a long outstanding claim for compensation relating to the sale of assets and equipment of the former Naples refinery. A legal ruling issued by an Arbitrator, subject to appeal, states that the buyers have to reimburse the Group. Buyers appealed against the ruling and the hearing scheduled on 24 March, 2022 before the Court of Appeal of Rome was postponed to 24 June, 2023. At the hearing of 24 June 2023, the claim was retained for decision. The Court of Appeal decided to remand the claim with a hearing set for 22 February 2024. The reservation was dissolved, the Court of Appeal set a hearing for the appointment of the translator who did not accept. On March 14, 2024 a hearing was scheduled however postponed until November 28, 2024. The translator has been appointed and a new hearing, after several postponements of the original hearing of the 5th of June 2025, is now scheduled at 21 May 2026. It is currently unclear when the final verdict will be issued. No asset is recognised.

On 19 July 2023 the Italian Competition Authority announced an investigation into various oil companies including Kuwait Petroleum Italia S.p.A. for an alleged agreement restricting competition in the sale of transport fuel. According to the Authority, allegedly, the main oil operators may have colluded in determining the value of the bio-component needed to comply with the obligations set out in the existing legislation. The Authority questions the companies' simultaneous price increases - mostly coinciding - that may have been implemented through direct or indirect information exchanges between the companies involved. In February 2025, the Competition Authority issued the Statement of Objections to Kuwait Petroleum Italia S.p.A. and the other parties of the Proceedings involved and any complainant, formally stating its objections against the alleged cartel members. Following the final hearing before the Competition Authority, held on 24 June 2025, during which all the companies involved demonstrated the groundlessness of the Statement of Objections, the Authority issued its decision at the end of September 2025, confirming the alleged infringement and imposing a fine of €173 million on Kuwait Petroleum Italia S.p.A. This fine is fully provided for. Kuwait Petroleum Italia S.p.A filed an appeal against the decision of the Italian Competition Authority on Thursday, 20 November 2025, within the statutory deadline. Together with the appeal, Kuwait Petroleum Italia S.p.A also submitted a precautionary motion pursuant to Article 55, paragraph 10, of the Code of Administrative Procedure, requesting an expedited hearing on the merits. The hearing on the precautionary measure under Article 55, paragraph 10, was held on 10 December 2025. On that occasion, the President of the Regional Administrative Court granted Kuwait Petroleum Italia S.p.A’s request. and scheduled the hearing on the merits for 15 April 2026. At the hearing, barristers for each of the companies presented their respective defensive positions, which had been set out in full in the written pleadings previously filed with the Court.

The outcome of the hearing carries the possibility of a reduction of the fine, although the extent of such reduction cannot be quantified at this stage. The Court’s decision is expected in the second half of May or beginning of June 2026.

b) DRPIC
Kuwait Petroleum Europe B.V. (“KPE”), a 100% subsidiary of the Company, had provided a Completion Guarantee in proportion to its shareholding (50%) in DRPIC, whereby KPE had undertaken to (i) pay debt service not otherwise paid by DRPIC and (ii) to repay the Secured Credit Facilities then outstanding, if the Actual Completion Date would not be achieved within two years of the Scheduled Completion Date. The obligations of KPE under the Completion Guarantee were guaranteed by the Sponsor Backstop Guarantee provided by KPC. On 25 March 2025, DRPIC successfully achieved the Actual Completion Date and as a result, the provided Completion Guarantee and Backstop Guarantee were released.

c) NSRP
Nghi Son Refinery and Petrochemical Limited Liability Company (“NSRP”) is experiencing financial difficulties, the reasons for which are several and varied. To overcome these difficulties, NSRP engaged a well-recognised financial advisor to develop a comprehensive financial solution. This solution will have to be approved and supported by all of NSRP’s Shareholders and the requisite majority of NSRP’s Lenders.

NSRP’s project financing documents (each a “Finance Document”) provide that NSRP should have reached Financial Completion (“FC”) by 27 May 2021 (the “Sunset Date”) at the latest. The FC represents a significant milestone for NSRP and was intended to signify the transition to a fully functional refinery that is operating sustainably with steady state financials. FC can occur any time prior to the Sunset Date provided that NSRP satisfies various preconditions that are either qualitative or quantitative.

If NSRP fails to achieve FC by the Sunset Date, a Fundamental Event of Default (a "FEOD") will occur under the Finance Documents, namely the Common Terms Agreement (the "CTA"). Following the occurrence of an FEOD, Mizuho Corporate Bank, as the Lenders' Agent, can take enforcement action on behalf of the Lenders and call on guarantees provided by, amongst others, KPC, the Company and KPE. Specifically, the Completion Guarantee provided by KPE and the Backstop Guarantee provided by KPC could be drawn either to pay scheduled debt service that is not paid by NSRP on its due date or for the repayment of loans that have been accelerated following the occurrence of the FEOD.

During the period from 2021 to 2025, the Lenders consented to waive the application of certain loan covenants which have not been complied with by the Company, including the occurrence of any Defaults (including FEOD) due to the Financial Completion Date not having occurred retrospectively from 27 May 2021 until 27 November 2025 ("the Sunset Date Waivers").

On 1 June 2025, a FEOD on Non-Payment occurred because NSRP did not fully pay the Lenders a principal amount of US$ 293 million together with interest of US$ 74 million when they were due on 27 May 2025.

The ICA demanded the Sponsors (including the Group) to pay the overdue principal and interest amount according to the terms of the Completion Guarantee Agreement dated 4 June 2013.

On 8 October 2025, NSRP sent another letter to the ICA requesting the ICA to waive any Default (including any Fundamental Event of Default) arising directly from the Financial Completion Date not having occurred or not being able to occur by the Sunset Date, for the period from 27 May 2021 until the earlier of 27 May 2026 (the "New Reference Date") (inclusive) and the occurrence of an Early Termination Date.

The ICA has countersigned the letter to acknowledge the Lenders' agreement to such requests from NSRP on 31 October 2025.

On 3 December 2025, a FEOD on Non-Payment occurred because NSRP did not fully pay the Lenders a principal amount of US$ 290 million when it was due on 28 November 2025.

The ICA demanded the Sponsors (including KPI) to pay the overdue principal amount according to the terms of the Completion Guarantee Agreement dated 4 June 2013. All Sponsors (including KPI) paid the ICA the demanded amounts in December 2025.

At the date of these financial statements, NSRP is working with the Lenders and Sponsors (including the Group) to restructure its borrowing terms.

KPE's (and KPC's and KPI's) exposure arises primarily under five agreements:

(a) the Completion Guarantee, under which KPE guarantees NSRP's obligations under the Finance Documents (including the Facility Agreements and Sponsor Working Capital Facility Agreement (the "SWCFA")) proportional to KPE's interest in NSRP;

(b) the KPC Backstop Guarantee, under which KPC guarantees KPE's obligations under the Completion Guarantee;

(c) the Sponsor Support Agreement (the "SSA") and the SWCFA under which the Sponsors provide a working capital facility to NSRP proportional to each such Sponsor's own

(d) the KPC Holdings (Aruba) VBA ("KPI") Guarantee of the Sponsor Working Capital Facility, under which KPI guarantees KPE's performance under the SSA and SWCFA.

NSRP Arbitration Proceedings

On 1 December 2025, NSRP and the contractor entered into a settlement agreement. Under the terms of the settlement agreement, each party irrevocably, wholly and unconditionally releases, waives and forever discharges the other party and its related parties from any and all claims that it and/or its related parties ever had, may have, or hereafter can, shall or may have, against the other party and/or its related parties, arising out of or in connection with:

(i) the arbitration;
(ii) the underlying facts in any way relating to the dispute and the arbitration; and
(iii) any other matter arising out of or in any way connected with the contract and/or the project

The terms of the settlement agreement, including payment of the settlement amount, were all completed on 19 December 2025, on which date the tribunal were informed on the settlement and that NSRP and the contractor formally withdraw their respective claims in the arbitration. On 21 January 2026, the arbitral tribunal issued an order on termination of the proceedings, pursuant to which the tribunal declared the proceedings to be terminated.

d) Bitumen cartel

On 15 June 2020, the subsidiary Kuwait Petroleum (Nederland) B.V. (''KPN'') received a writ of summons from the State of The Netherlands (''State''), claiming damages due to a bitumen cartel in The Netherlands between 1997 and 2002, as evidenced by the European Commission's decision on 13 September 2006. The claim amounts to 32 million euros, potentially increasing to (over) 50 million euros with statutory interest, which may have already accrued up to this amount.

The lawsuit also involves two other former cartel members. The first court hearing was on 1 June 2022, where the court decided to investigate if the State was informed by the European Commission about the cartel. On 26 June 2024, the court issued an interlocutory ruling, indicating difficulty in establishing the limitation period for the State's claim. The court also ruled that the Dutch Competition Authority's knowledge cannot be attributed to the State.

After an oral hearing on 9 January 2025, the court ruled on 20 March 2025 that the Dutch Competition Authority's knowledge could not be disclosed to the State due to confidentiality restrictions. Consequently, the court concluded that the State did not have sufficient information to file a legal claim before the Commission's decision, and the claim is not time-barred. The court allows the parties to appeal the interim judgments. If an appeal is filed, the main case regarding the extent of the damages will be put on hold. It is currently unclear whether a claim will be awarded (in full). In case the claim would be (partially) awarded, there is the possibility that also the other cartel members that have not been sued, would be made (co-) liable as well. The case was formally submitted to the Court of Appeal by February 3, 2026. The Court will establish a procedural calendar including the deadline for the statement of appeal. In the meantime, parallel negotiations continue with all parties to reach mutually agreeable terms for a settlement.

e) Other
The Company is involved in – or may in future be involved in – claims, procedures and investigations with possible financial and/or other consequences in the context of its business operations. The Company has assessed that in one case, disclosure of detailed information related to a contingent liability can be expected to seriously prejudice the position of the Company. That is the case regarding an ongoing alleged bribery investigation by a prosecuting authority.

Investment in joint operations

Kuwait Gulf Oil Company K.S.C.C, an indirect subsidiary, has participation in two joint operations for exploration, drilling, and production of oil and gas, which are as follows;

- Al Khafji Joint Petroleum Operation ("KJO"); and
- Wafra Joint Operation ("WJO").

The consolidated financial statements include the following items that represent the Group's 50% interest in joint operations:

	KJO		WJO	
	31 December 2025 KD'000	31 December 2024 KD'000	31 December 2025 KD'000	31 December 2024 KD'000
Statement of financial position				
Total assets	898,750	889,611	321,753	263,135
Total liabilities	(292,394)	(280,367)	(133,244)	(118,877)
Net assets	606,356	609,244	188,509	144,258
Net expenses for the year	(233,386)	(215,623)	(133,960)	(142,133)
Group's share of joint operation commitments	283,330	321,071	312,928	287,969

Raffineria di Milazzo S.p.A.

The Group allocates revenues and expenses of its joint operation, Raffineria di Milazzo S.p.A., on the basis of the relative performance of each party to the joint arrangement and the parties have agreed to share the profit or loss relating to the arrangement on the basis of a specified proportion. The expected financial performance of the joint operation is designed to operate at break-even, or to generate losses that will be funded by the parties in the joint operation. The substantial part of the output

produced at Raffineria di Milazzo S.p.A, is purchased by the parties in this joint arrangement.

The investment in Raffineria di Milazzo S.p.A is accounted for using the proportional consolidation method. As at 31 March 2026, the ownership remained unchanged. The consolidation method for revenues and expenses is made on the basis of the relative performance of each party to the joint arrangement.

The financial statements of Raffineria di Milazzo S.p.A are not presented since its not material for the Group.

37. Subsidiaries, associates and joint ventures

a. Principal subsidiaries registered in the State of Kuwait:

Directly held

Name of company	Proportion held	Principal activities
Kuwait Oil Company K.S.C. ("KOC")	100%	Exploration for and production of crude oil and natural gas in the State of Kuwait.
Kuwait National Petroleum Company K.S.C. ("KNPC")	100%	Refining, LPG manufacturing, and local marketing of refined products.
Kuwait Integrated Petroleum Industries Company K.S.C.C. ("KIPIC")	100%	Refining, LPG manufacturing, and local marketing of refined products.
Kuwait Oil Tanker Company S.A.K. ("KOTC")	100%	Operation of a fleet of crude oil tankers and liquefied petroleum gas and oil product carriers.
Petrochemical Industries Company K.S.C. ("PIC")	100%	Production of petrochemical products and their distribution and marketing.
Kuwait Foreign Petroleum Exploration Company K.S.C. ("KUFPEC")	100%	Exploration for and development of oil and gas outside the State of Kuwait.
Oil Sector Service Company K.S.C. (Closed) ("OSSCO")	100%	Liaison, public services and oil sector supporting services.
Kuwait Petroleum Corporation (FAR EAST) K.S.C.C. ("FAR EAST")	100%	Trading in crude oil and all kind of petroleum products.
Kuwait Petroleum International K.S.C.C. ("KPI Kuwait")	100%	Refining, and marketing of refined products.

Indirectly held

Name of company	Proportion held	Principal activities
Kuwait Aromatics Company K.S.C.C. ("KARO")	80%	Producing and selling perfume products and other derivatives.
Kuwait Gulf Oil Company K.S.C. (Closed) ("KGOC")	100%	Exploration for and production of crude oil and natural gas.
Kuwait Aviation Fuelling Company K.S.C. ("KAFCO")	100%	Supply of aviation fuel.

b. Principal directly and wholly-owned subsidiaries registered outside the State of Kuwait:

Name of company	Country of incorporation	Principal activities
KPC Holdings (Aruba) V.B.A ("KPC-Aruba")	Aruba	Refining, and marketing of refined products.
KPC Energy Ventures, Inc. ("KPC EV")	British West Indies	Investment in new energy technologies.
KPC Trading Limited ("KPCT")	United Arab Emirates	Trading in crude oil, refined petroleum products, and liquefied natural gas (LNG)

c. Principal associates

Name of company	Country of incorporation	Proportion held	Principal activities
Kuwait Drilling Company K.S.C. ("KDC")	Kuwait	49%	Contract drilling
Equate Petrochemical Company K.S.C. ("EQUATE")	Kuwait	42.5%	Petrochemicals
Gulf Petrochemical Industries Company B.S.C. ("GPIC")	Bahrain	33.33%	Petrochemicals
Kuwait Olefins Company K.S.C.C. ("TKOC")	Kuwait	42.5%	Petrochemicals
Al-Oula Local Fuel Marketing Company K.S.C. ("OULA")	Kuwait	24%	Fuel marketing
Al-Sour Fuel Marketing Company K.S.C. ("SOUR")	Kuwait	24%	Fuel marketing
Wanhua - PIC Petrochemicals Co., Ltd. ("Wanhua-PIC")	Republic of China	25%	Petrochemicals
SKpicglobal Co. Ltd.	South Korea	49%	Petrochemicals

d. Principal joint ventures

Name of company	Country of incorporation	Proportion held	Principal activities
The Kuwait Styrene Company K.S.C.C. ("TKSC")	Kuwait	57.5%	Petrochemicals
OKQ8 AB ("OKQ8")	Sweden	50%	Fuel marketing
Nghi Son Refinery Product ("NSRP")	Vietnam	35.1%	Refining, LPG manufacturing, and local marketing of refined products.
Duqm Refinery and Petrochemical Industries Company L.L.C. ("DRPIC")	Oman	50%	Refining, LPG manufacturing, and local marketing of refined products.

e. Principal joint operations

Name of company	Country of incorporation	Effective ownership	Principal activities
Raffineria di Milazzo S.p.A.	Italy	50%	Refining Petroleum Products
Al Khafji Joint Petroleum Operation ("KJO")	Kuwait	50%	Exploration for and production of crude oil and natural gas.
Wafra Joint Operation ("WJO")	Kuwait	50%	Exploration for and production of crude oil and natural gas.

38. Tax Pillar II

The Group has applied the mandatory exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes (i.e. income taxes arising from the jurisdictional implementation of OECD's Pillar Two Model Rules).

Income tax expense recognised in the consolidated statement of income includes KD 13.7 million related to Pillar Two income taxes.

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements to help users of the financial statements better understand the exposure to Pillar Two income taxes arising from that legislation.

Pillar Two legislation has already been enacted or substantively enacted in several jurisdictions in which the Group operates, effective from 1 January 2024. Effectively, for the Group this would mean that the new legislation is effective for the financial year starting on 1 April 2024. In some jurisdictions the Pillar Two legislation is only effective as of 1 January 2025. Furthermore, the UTPR has become effective from 1 January 2025. These developments could mean that the taxation rights transferred to a different level or that jurisdictions that were previously not yet captured by the Pillar Two rules in 2024, now are.

A Transitional CbCR Safe Harbour (TCSH) may provide for a (maximum of) four-year temporary relief of reporting and compliance obligations relating to Pillar Two. This TCSH is applicable in case a jurisdiction meets one of the three TCSH tests. If one of the TCSH tests is met by a jurisdiction, the Pillar Two top-up tax for a jurisdiction is deemed to be zero. If a jurisdiction does not qualify for the TCSH in any year, it will automatically result in an exclusion of that jurisdiction for the application of the TCSH in the remaining years (if any). In case a jurisdiction does not qualify for the TCSH, it will need to apply the more detailed local implementation of the GloBE Model Rules to determine whether any top-up tax liability arises for such jurisdiction. As such, not qualifying for the TCSH does not automatically mean that a top-up tax liability arises, that will only be the case if under the application of the GloBE Model Rules the jurisdictional ETR is below 15%.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the current year country-by-country reporting information and other relevant data to determine to what extent the TCSH tests are met whereby the Pillar Two top-up tax for a jurisdiction is deemed to be zero. The analyses performed by the Group, combined with the analysis based on historical data for 2021 - 2024, show that almost all material jurisdictions should meet at least one of the TCSH tests. Furthermore, for the jurisdictions in scope of Pillar Two for FY 2025/2026 and which do not meet one of the TCSH tests, the Group has assessed the expected amount of top-up tax due. Based on this assessment it can be concluded that the Pillar Two impact for the jurisdictions in which the Group operates is expected to amount to KD 13.7 million.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

39. 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 Company'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 Company.

40. Subsequent events

There are no events subsequent to the date of these consolidated financial statements for which IFRS Accounting Standards require adjustments or disclosures in these consolidated financial statements other than those disclosed in the consolidated financial statements.

Kuwait Petroleum Corporation
and subsidiaries

مؤسسة البترول الكويتية
وشركاتها