



Annual Report 2024-2025



His Highness **Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah**

The Amir of the State of Kuwait



His Highness

Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah

The Crown Prince of the State of Kuwait



National Leadership and Operational Excellence



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About This **Report**

This comprehensive report presents Kuwait National Petroleum Company's (KNPC) financial and operational performance over the reporting period. It includes detailed financial metrics including revenues, expenses, profits, and losses, alongside comprehensive analysis of operational sectors and strategic achievements. The report serves shareholders and stakeholders by delivering transparent insights into KNPC's current financial position, operational effectiveness, and future growth prospects.

Disclaimer:

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CEO Message

As we present Kuwait National Petroleum Company's annual report for fiscal year 2024/2025, showcasing our operations, activities, and achievements while highlighting key performance indicators, I extend my sincere gratitude to all employees for their exceptional performance and constructive contributions across our work and production sites.

Mina Al-Ahmadi and Mina Abdullah Refineries maintained outstanding operational efficiency, achieving impressive oil refining rates of 798,600 barrels per day. We successfully processed all gas produced from Kuwait's oil fields, demonstrating our professional excellence and rigorous adherence to internationally recognised safety standards, thereby strengthening confidence and reliability in our production facilities.

This fiscal year concluded with remarkable financial results, attaining 229.5 million Kuwaiti Dinars in profits and 11.6 billion Kuwaiti Dinars in total sales. Additionally, the

Company accomplished significant milestones during this period, including:

- The Expense Reduction and Profitability Increase Committee delivered exceptional results, generating 290 million US Dollars in financial savings by the third quarter's end, with 150 million US Dollars attributed to the Profitability Increase Programme. Comprehensive Company-wide awareness campaigns supported this initiative, collecting 93 enhancement proposals.
- Performance testing successfully demonstrated increased refining capacity for multiple Clean Fuels Units across both refineries, surpassing original design specifications.
- Mina Abdullah Refinery achieved a groundbreaking milestone in Risk Engineering and Operational Safety, scoring 102.6 points in Marsh Risk Management Company's field survey, ranking first among 230 global refineries surveyed. Similarly, Mina Al-Ahmadi

Refinery reached unprecedented heights with a record-breaking score of 98.4 points-the facility's highest achievement ever-positioning it among the world's premier oil refineries in safety and operational excellence.

- The inaugural shipment of new-specification Jet Fuel (500 ppm Low Sulfur content) departed Shuaiba wharf, carrying 13,400 tons for Kuwait Petroleum Corporation (KPC) customers. Mina Al-Ahmadi Refinery achieved a historic record with 456 ship loadings during the fiscal year.
- Two innovative fuel stations opened in West Abdullah Al-Mubarak, featuring advanced solar technology providing 30% of electricity requirements through clean energy generation. These environmentally conscious facilities incorporate vapor recovery units, significantly reducing environmental pollution and demonstrating KNPC's commitment to sustainable operations.

KNPC actively implements the "Energy Transition Strategy 2050," focusing on enhanced energy efficiency and emissions reduction across refineries. The initiative targets achieving "zero" non-emergency flaring through expanded Flare Gas Recovery Units at both facilities.

A comprehensive feasibility study is underway for energy efficiency improvements at Mina Al-Ahmadi and Mina Abdullah Refineries. Additionally, feasibility studies and preliminary engineering designs for renovating Hydrogen Production Unit Air Heating Systems at Mina Al-Ahmadi have been completed, increasing energy efficiency and reducing emissions.

Supporting broader environmental commitments, the Company planted thousands of mangrove seedlings in Jahra Reserve. Furthermore, ongoing studies examine electric vehicle charging infrastructure implementation at filling stations, reinforcing KNPC's dedication to sustainable energy solutions.

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KNPC has strategically fostered employee innovation for years, recognising its vital role in developing creative solutions to operational challenges and enhancing competitive advantage amid industry transformations. The Company organises several progressive corporate initiatives, notably the Corporate Hackathon featuring cross-departmental employee participation.

The most recent initiative was the 5th Corporate Hackathon, utilising cutting-edge Generative AI technology and representing a pioneering achievement in the oil and gas sector. Over 120 employees from diverse specialties participated, focusing on business quality improvement, productivity enhancement, and profitability optimization.

Advancing innovation and creativity culture, KNPC achieved a significant milestone by registering its first patent with the United States Patent and Trademark Office for "Isolation of Liquid Amine in a Flare System."

Enhancing digital transformation initiatives, the Company focuses on increasing operational reliability, reducing costs, developing competitive capabilities, and expanding profit margins through flexible, diverse digital systems. The Company implements advanced technological solutions to achieve greater flexibility, accuracy, performance ease, and completion speed. KNPC continues developing its digital infrastructure by utilising cuttingedge global technologies and applications for sustained competitive advantage.

Regarding capital projects, KNPC has developed comprehensive plans for a new petroleum products depot in Al-Mitlaa area, providing maximum strategic storage capacity based on strategic demand study recommendations for the local market. Engineering, procurement, and construction (EPC) tenders have been issued, with specialised Company bids currently under review.

Several critical projects are scheduled for implementation, including rehabilitation of the Acid Gas Recovery Unit at Mina Al-Ahmadi Refinery, construction of a New South Oil Pier Facility at Shuaiba Port, and development of a New North Oil Pier at Mina Al-Ahmadi Refinery. Additionally, the enhancement of desalinated water imports and storage

facilities at Mina Al-Ahmadi Refinery will meet operational requirements for both refining and gas production units' desalinated and treated water needs.

The Company continues to invest in improving the skills and professionalism of its workforce through ongoing training efforts. To date, 1,190 individuals have completed the structured on-the-job training programme, including 114 recent graduates.

Reflecting KNPC's commitment to national employment and creating opportunities for Kuwaiti youth, 157 new Kuwaiti Employees were hired, raising the Company's Kuwaiti Employment percentage to 92.4%.

The Social Welfare and Complaints Committee continued its "Know Your Rights" campaign, ensuring contractor employees receive complete financial, contractual, employment, and social rights. The campaign encompassed housing visits, awareness poster placement, and establishing multilingual communication channels enabling employees to directly report harassment or violations.

As part of Kuwait Petroleum Corporation's (KPC) comprehensive restructuring project aimed at keeping promptness with global oil and gas industry developments and changes, several practical steps were implemented during the fiscal year toward merging Kuwait Integrated Petroleum Industries Company (KIPIC) into Kuwait National Petroleum Company (KNPC), following a specific predetermined timetable for seamless integration.

In concluding this report, I reiterate that Kuwait National Petroleum Company's (KNPC) achievements were made possible by God Almighty's grace, then through employees' sincere efforts, demonstrating unwavering loyalty and dedication to serving their Company and country. They have our utmost appreciation and pride.



Our Vision

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

Our Values

Innovation	Integrity	Excellence	One Team
Developing and embracing new ideas, methods, and approaches to solving challenges that create value.	Acting in a trustworthy manner with the highest standards of ethics, respect and honesty.	Encouraging high performance, continuous improvement, and customer focus.	Caring for the interests of KPC and ensuring alignment to achieve Corporate and State goals.

Our Mission

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

- Protecting the environment and being committed to health and safety.
- Leveraging innovation and adopting the highest standards to achieve operational excellence.
- Being a committed and reliable partner in our communities and markets.

Caring for People

• Investing in our people.

Partnership

• Being driven by commercial sustainability.

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Building and	Creating a culture	Respecting the	Creating
sustaining	where people	environment and	employee
relationships that	develop, grow	ensuring safety,	satisfaction on an
support growth	and are positively	security, and the	individual level
and enhance	motivated to	promotion of a	and promoting a
operational	contribute to the	healthy workplace	sense of loyalty
excellence.	success of others.	wherever KPC	and belonging to
		operates.	KPC.

Commitment to HSSE

Pride





Chapter One

Our Operations

KNPC successfully executed its operational plan where the daily crude oil refining reached 798,600 barrels, showcasing excellent management and operational expertise of the refineries. All gas quantities produced from oil fields were fully processed, demonstrating the Company's comprehensive operational capabilities and strategic execution.

Key Indicators

	2024	/2025	2023/2024	2022/2023
	Actual	Plan/ Budget	Actual	Actual
Financial Indicators (Million KD)				
Total Company Product Sales	11,571	10,358	11,748.0	13,739.0
Total KAFCO Sales	202.9	185	248.1	257.1
Total Kuwait Aromatics Company Sales*	520.8	8.7 *	596.9	686.3
Total Local Marketing Sales**	753.2	668.5	727.2	722.4
Company Net Profit	229.5	(85.5)	520.7	1,016.5
Total Operating Expenses***	1,070.5	1,216	1,055.6	979.6
Capital Expenditures	51.7	195.020	127.6	74.1
Changes in Total Fixed Assets	(242.7)	(98.560)	(202.5)	(228.7)
Crude Oil Processing Rates (Thousand Barrels/Day)				
Mina Abdullah Refinery	480.4	444.9	466.3	470.8
Mina Al-Ahmadi Refinery	318.2	333.1	319.8	304.3
Total	798.6	778.0	786.1	775.1
Sales Performance				
Total Products Exported to Global Markets (Thousand Tons)	39,515.6	33,589.3	34,961.3	32,489.9
Fuel for Local Marketing (Million Liters)	7,919.3	7,867.1	7,408.7	7,613.4
Fuel for Ministry of Electricity, Water & Renewable Energy (Million Liters)	23.5	1,501.2	483.2	7,004.3
Bitumen (Thousand Metric Tons)	87.9	192.5	126.4	107.5
Workforce				
Total Workforce at End of Financial Year****	6,405	6,952	6,573	6,260

^{*}Net profit/loss for Kuwait Aromatics Company (Plan/Budget)

^{**} Includes petroleum product sales in the local market for Kuwait Petroleum Corporation account, plus sales for the Company's account

 $[\]ensuremath{^{***}}$ Total operating expenses after excluding expenses related to fuel station activities

^{****} Includes workforce for KAFCO with current staff of 56 employees compared to 66 employees per budget

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Key Achievements

- CostRationalisation and Profitability Enhancement
 Committee steadily pursued its role in optimising
 expenditures and raising profitability throughout
 the fiscal year 2024/2025, generating 290 million
 USD in total savings by the third quarter, with
 150 million USD specifically from profitability
 enhancement initiatives. Operating under
 direct CEO oversight, the committee launched
 comprehensive awareness campaigns that
 engaged employees Company-wide, collecting
 over 93 improvement suggestions.
- Commercial Department excelled in procurement optimization, achieving approximately 32 million Kuwaiti Dinars in cost savings through multiple strategic initiatives. These included aggressive tender negotiations for material supply and construction contracts, service assignment optimization, contract term modifications, efficient inventory material utilisation, and systematic rationalisation of inventory requirements.
- KNPC achieved record operational milestones in 2024/2025, loading 456 tankers from Mina Al-Ahmadi Refinery—the highest in the facility's history.
- The Company successfully completed its first Jet Fuel loading meeting new specifications (500 ppm sulfur) via Shuaiba Pier, delivering 13,400 tons to meet the requirements of Kuwait Petroleum Corporation (KPC) customers.
- KNPC successfully produced 17,500 tons of Bunker Fuel Oil complying with international standards (0.5% sulfur content) through Atmospheric Residue Desulfurisation (ARDS) Unit (U-141), supplying two tankers with 7,000 tons of compliant Marine Fuel Oil.

 The Company also expanded refining capacity by increasing operational capacity beyond design limits at existing units, as explained below:

Mina Al-Ahmadi Refinery (MAA)

 At Mina Al-Ahmadi Refinery, performance efficiency testing was completed for the Atmospheric Residue Desulfurisation (ARDS) Unit (U-141), boosting capacity from 50,000 to 55,000 barrels per day (bpd).

Mina Abdullah Refinery (MAB)

- Mina Abdullah Refinery obtained final insurance approval for capacity increase of the following units:
 - Atmospheric Residue Desulfurisation Units (ARDS) U-112/U-212 from 50,000 to 55,000 bpd each.
 - Naphtha Hydrotreating Unit (U-117) from 23,500 to 25,800 bpd.
 - The Company will conduct performance efficiency testing to increase operational capacity at both refineries for the following units:
 - Continuous Catalytic Reformer (CCR) Unit (U-127) at MAB will be tested for expansion from 18,000 to 20,000 bpd.
 - While the Delayed Coking Unit (DCU) (U-136) at MAA will be tested for capacity increases from 37,000 to 42,550/44,400 bpd.
- KNPC completed the first comprehensive maintenance of Clean Fuels Units at Mina Al-Ahmadi Refinery, marking one of the largest maintenance operations in the refinery's history. The project covered 1,500 pieces of equipment with insulation work reaching 20,000 isolation points. A total of 4,500 specialised workers participated in the maintenance operation, which was completed with zero work-related

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accidents or injuries. This achievement reflects the Company's strict adherence to health, safety, and environmental requirements, demonstrating exceptional operational excellence and workforce commitment to safety standards.

- To enhance performance and operational efficiency, the Company has implemented advanced remote monitoring technology for rotating equipment and electric motors. This system provides precise equipment condition readings, enabling predictive maintenance that prevents failures while reducing time, effort, and costs. The technology utilises compact clamps installed on electrical cables at power supply stations, allowing technical teams to monitor hard-to-reach equipment accurately. Successful pilot implementations have been completed on submersible pumps and air compressors in several sites at Mina Al-Ahmadi and Mina Abdullah Refineries. This innovation delivers rapid, accurate scientific analyses, significantly improving operational effectiveness and reliability. The solution eliminates consultant dependency, empowering employees to conduct inspections and maintenance independently without additional expenses. The technology also creates valuable training opportunities for staff, fostering internal collaboration and knowledge development. By adopting this selfsufficient approach, the Company achieves optimal equipment performance enhancement while building internal technical capabilities.
- The Company has reached a historic milestone with Mina Abdullah Refinery achieving exceptional safety ratings. The refinery scored 102.6 points in Risk Engineering and Operational Safety according to Marsh's latest field survey, ranking first among 230 global refineries. This survey measures and compares risk engineering quality worldwide.

- Mina Al-Ahmadi Refinery also delivered outstanding results, earning a record 98.4 points in a field survey conducted by international insurance companies, including Marsh. This marks the highest score the refinery has ever achieved, positioning it among the world's best oil refineries.
- The Company achieved ISO 22301:2019
 Business Continuity Management System certification for Mina Abdullah Refinery in October 2024 and Mina Al-Ahmadi Refinery in February 2025.
- Two new fuel filling stations opened in West Abdullah Al-Mubarak, marking the Company's first operations in this area to serve new residential communities. Station No. 165 opened in November 2024, followed by Station No. 157 in January 2025. Both stations feature modern designs with advanced solar energy technology, generating clean energy that reduces electricity consumption by 30 percent. They include vapor recovery units to minimise environmental pollution and offer comprehensive customer services: mini-markets, ATMs, car maintenance facilities, and water and air filling points.
- The Company launched comprehensive payment services accepting international credit cards (Visa and MasterCard) and Gulf countries bank cards at all fuel stations nationwide, expanding customer payment options. This initiative demonstrates the Company's commitment to providing advanced, comprehensive customer services, complementing existing payment methods including KNET cards, electronic vouchers, and the ePetrol app.
- KNPC Exhibition was inaugurated under the patronage of Kuwait Petroleum Corporation CEO Sheikh Nawaf Saud Al-Sabah, documenting the Company's history and role in supporting

the national economy. The exhibition features advanced tools, 3D screens, and interactive games that educate visitors about oil refining processes, Company products, and their significance in modern life. A dedicated section highlights the Company's commitment to protecting Kuwaiti society and the environment, showcasing corporate responsibility initiatives.

Awards Received by the Company

- Wadha Al-Khateeb, CEO of Kuwait National Petroleum Company (KNPC), received the "Kuwait Personality of the Year" award for 2024 from The Energy Year magazine, a London-based energy publication. The magazine recognised Al-Khateeb for her exceptional professional experience as a Kuwaiti woman in the oil and gas industry, backed by nearly 30 years of expertise. The Energy Year publishes comprehensive annual reports on global oil-producing countries. Al-Khateeb also ranked fourth on Forbes' list of the 100 Most Powerful Businesswomen in the Middle East for 2025, placing her the second among Kuwaiti businesswomen. Forbes' selection criteria include regional market impact, annual achievements, leadership responsibilities, contributions to sustainability and social responsibility, business volume, professional experience, and overall influence scope. These recognitions highlight both Al-Khateeb's individual leadership excellence and KNPC's prominent position in the regional energy sector.
- The Company received the 2024 CISO Award for Information Security at the Cyber First Event, organised by the National Cybersecurity Centre and Central Authority for Information Technology.

- All Company sites-including Mina Al-Ahmadi and Mina Abdullah Refineries, Projects Department, Local Marketing Department, and the Head Office-earned British Safety Council International Safety Awards for 2024.
- Similarly, Mina Abdullah Refinery earned the Royal Society for the Prevention of Accidents Award of Excellence in 2024, while Mina Al-Ahmadi Refinery received the Silver Award. Additionally, The Projects Directorate and Main Building also achieved Excellence Awards, and the Local Marketing Department won the Gold Fleet Award from the Royal Society. These recognitions demonstrate the Company's dedication to maintaining the highest standards in traffic safety and comprehensive Risk Management.

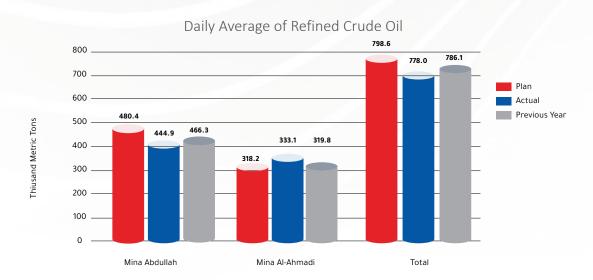
Awards Received by KAFCO

- Kuwait Aviation Fueling Company (KAFCO) received the RoSPA President's Award for the fourth consecutive year since 2021, after receiving the RoSPA Gold Award for 13 consecutive years since 2012.
- The Company also received the RoSPA Gold Fleet Safety Award for 2024 for its outstanding performance in managing occupational road hazards. The company has received the RoSPA Gold Award for seven consecutive years since 2018.
- KAFCO received the British Safety Council's Award of Merit for the fifth consecutive year since 2020.

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Oil Refining and Gas Processing

KNPC's two refineries achieved a crude oil refining rate of approximately 798.6 thousand barrels per day during the fiscal year 2024/2025, exceeding the planned rate of 778.0 thousand barrels per day. This increase resulted from a pilot test to enhance operational capacity under the Creep Project at Mina Abdullah Refinery. The test successfully increased the refining capacity of Crude Distillation Unit (U-111), positively impacting other product outputs. The following comparative chart displays the daily refined crude oil rates for fiscal year 2024/2025 against planned targets and fiscal year 2023/2024 performance:



• Percentage increase (decrease) in daily refining rate compared to planned

Refinery	MAA	ММВ	Total	
%	8.0	(4.5)	2.6	

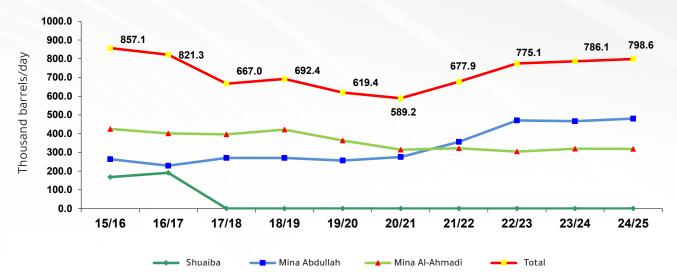
Mina Abdullah Refinery (MAB):

- Crude oil feedstock throughput reached 480.4 thousand bpd this year, exceeding the planned 444.9 thousand bpd and surpassing last year's 466.3 thousand bpd.
- The refinery exported approximately 17,545.5 thousand metric tons of petroleum products and 1,141.9 thousand metric tons of Petroleum Coke via Shuaiba Commercial Port. Additionally, 306.8 thousand metric tons were trucked to Kuwait Petroleum Coke Industries Company, while 2,687.2 thousand metric tons of Naphtha were supplied to Kuwait Paraxylene Production Company.

Mina Al-Ahmadi Refinery (MAA):

- Crude oil production reached 318.2 thousand bpd this year, below the planned 333.1 thousand bpd and last year's 319.8 thousand bpd.
- Total product exports amounted to approximately 13,639.6 thousand metric tons, including approximately 1,339.9 thousand metric tons of sulfur.

The following chart shows the development of the daily rate of refined crude oil during the period 2015/2016 - 2024/2025:



KNPC Refineries

Net petroleum product refined during the fiscal year 2024/2025 reached approximately 40.56 million metric tons, exceeding the planned 39.42 million metric tons and surpassing the previous year's 40.04 million metric tons from fiscal year 2023/2024, as shown in the following table:

	Annual P	roduction	Annual production					
Product	Actual		Plan		(Increase Decrease)		for the fiscal year 2023/2024	
	Thousand MT	%	Thousand MT	%	Thousand MT	%	Thousand MT	%
Naphtha/Gasoline/ Reformate	9,894.4	24.4	9,210.1	23.4	684.4	7.4	9,588.8	24.0
Kerosene/Jet Fuel	10,217.8	25.2	9,998.3	25.4	219.5	2.2	9,987.2	24.9
Gas Oil/Diesel	11,435.7	28.2	13,334.5	33.8	(1,898.8)	(14.2)	11,215.9	28.0
Fuel Oil/Residuals	3,846.8	9.5	2,359.8	5.9	1,487.0	63.0	4,408.9	11.0
Other Products*	3,950.1	9.7	3,608.4	9.2	341.7	9.5	3,695.9	9.2
Net Total Products	39,344.8	97.0	38,511.1	97.7	833.8	2.2	38,896.7	97.1
Consumption/Loss*	1,218.6	3.0	910.7	2.3	308.0	33.8	1,142.2	2.9
Total	40,563.4	100	39,421.8	100	1,141.8	2.9	40,038.9	100

^{*}Includes liquefied petroleum gases from refineries, sulfur, petroleum coke, bitumen, and propylene gas.

^{**}Consumption/Loss includes carbon dioxide.

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• Products were exchanged between both refineries for blending and production purposes, as outlined in the following two tables:

Conversion to mixing operations
Thousand Metric Tons

From	То	Total					
	MAA	MBA	iotai				
MAA	-	2,743.8	2,743.8				
MBA	2,405.4	-	2,405.4				
Total	2,405.4	2,743.8	5,149.2				

Conversion to process operations
Thousand metric tons

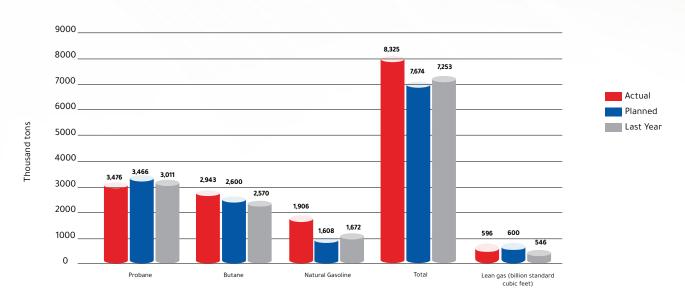
From	То	Total	
	MAA	MBA	IOCAI
MAA	-	1,620.1	1,620.1
MBA	1,542.4		1,542.4
Total	1,542.4	1,620.1	3,162.5



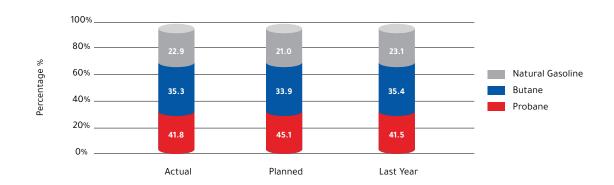
Gas Liquefaction Plant

Feedstock production reached 1,982.6 million cubic feet per day this year, exceeding the planned 1,968.1 million cubic feet per day and significantly surpassing the 1,818.4 million cubic feet per day from fiscal year 2023/2024. This rate represents actual gas quantities available from fields and refineries. The following chart compares 2024/2025 production quantities against planned estimates and previous year's output:

LNG Plant Production Rate



Total Factory Production Percentages



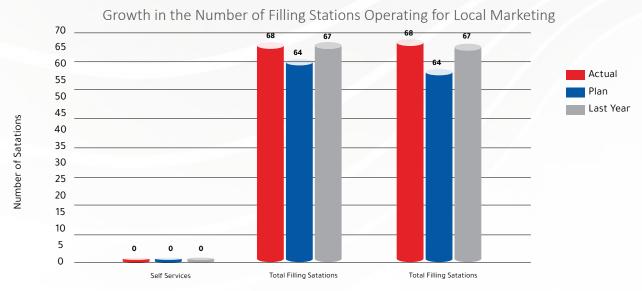
KNPC exported approximately 6,200.4 thousand metric tons of Propane and Butane this year, compared to 5,278.6 thousand metric tons in fiscal year 2023/2024, representing a 17.5% increase in exports.

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Local Marketing

KNPC Filling Stations

The number of filling stations under the Company's umbrella has grown to 68 stations nationwide, comprising 63 permanent and 5 temporary stations distributed throughout the country, with details shown in the following chart:



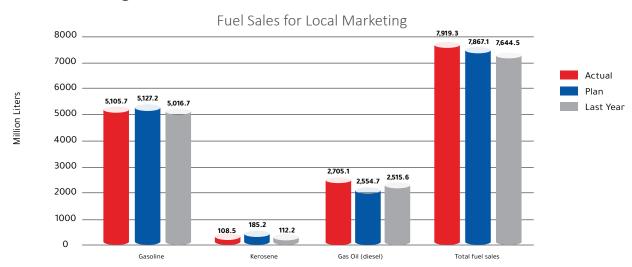
Car Wash Stations

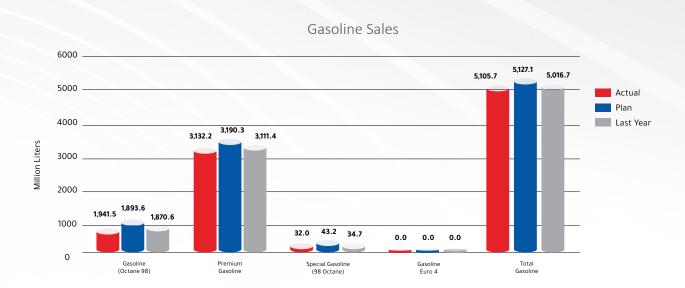
Car wash stations remain operational in Bayan, Saad Al-Abdullah, Sabah Al-Ahmad, and Jaber Al-Ahmad areas during fiscal year 2024/2025.

Local Market Sales

Local market sales showed slight growth in 2024/2025 compared to 2023/2024. The following data compares 2024/2025 local marketing sales against planned volumes and actual 2023/2024 sales figures:

A - Local Marketing Fuel Sales:

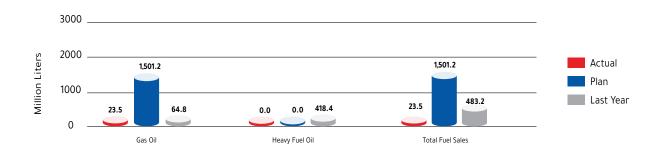




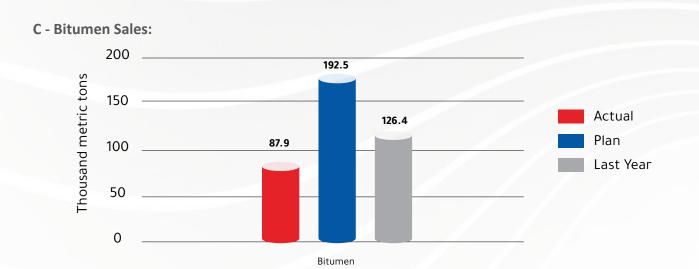
The following table shows the percentage change from the planned and the percentage change from the previous fiscal year 2022/2023:

Product	% Change from Plan	% Change from Last Year		
Gasoline	(0.4)	1.8		
Kerosene	(41.4)	(3.3)		
Gas Oil	5.9	7.5		
Total Fuel Sales	0.7	3.6		

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



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Local Marketing Sales (Million liters)

	Fisc	al year 2024	1/2025		% Increase
	Actual	Plan	% Increase (decrease) compared to plan	Fiscal year 2023/2024	(decrease) compared to fiscal year 2023/2024
Special Gasoline (95 Octane)	1,942.5	1,893.6	2.5	1,870.6	3.8
Premium Gasoline	3,132.2	3,190.3	(1.8)	3,111.4	0.7
Special Gasoline (89 Octane)	32.0	43.2	(26.1)	34.7	(8.0)
Euro 4 Gasoline	0.0	0.0	0.0	0.0	0.0
Total Gasoline Sales	5,105.7	5,127.1	(0.4)	5,016.7	1.8
Kerosene	108.5	185.2	(41.4)	112.2	(3.3)
Gas Oil (for Local Marketing)	2,705.1	2,554.7	5.9	2,515.6	7.5
Euro 4 Gas Oil	0.0	0.0	0.0	0.0	0.0
Total Fuel Sales to Local Marketing	7,919.3	7,867.0	0.7	7,644.5	3.6
Gas Oil for the Ministry of Electricity and Water	23.5	1,501.2	(98.4)	64.8	63.8
Heavy Fuel Oil for the Ministry of Electricity and Water	0.0	0.0	0.0	418.4	100
Total Sales to the Ministry of Electricity and Water	23.5	1,501.2	(98.4)	483.2	(95.1)
Total Fuel Sales	7,942.8	9,368.2	(15.2)	8,127.7	(2.3)
Bitumen (metric tons)	87,850.0	192,496.0	(54.4)	126,380.0	(30.5)

Development of Local Marketing	sales (Million Liters)	during the years	2015/2016 - 2024/2025
--------------------------------	------------------------	------------------	-----------------------

Products	16/2015	17/2016	18/2017	19/2018	20/2019	21/2020	22/2021	23/2022	24/2023	25/2024
Special Gasoline (95 Octane	3,356.6	2,418.3	1,683.8	1,615.0	1,550.8	1,217.6	1,614.7	1,808.5	1,870.6	1,942.5
Premium Gasoline	731.4	1,663.3	2,627.7	2,835.4	2,884.5	2,273.4	2,798.7	3,042.4	3,111.4	3,132.2
Special Gasoline (89 Oc tane)	97.1	68.6	50.8	49.3	48.7	43.5	52.2	40.0	34.7	32.0
Euro 4 Gasoline	0.1	0.03	0.05	0.05	0.0	0.0	0.1	0.1	0.0	0.0
Total Gasoline Sales	4,185.2	4,150.0	4,362.3	4,499.8	4,484.0	3,534.6	4,465.6	4,891.1	5,016.7	5,105.7
Kerosene	85.1	141.0	158.0	169.1	163.4	108.8	176.6	171.7	112.2	108.5
Gas Oil (for Local Marketing)	1,761.9	1,823.0	2,038.1	2,183.0	2,269.3	1,915.7	2,020.3	2,550.6	2,515.6	2,705.1
Euro 4 Gas Oil	0.0	0.0	0.02	0.04	0.0	0.0	0.0	0.0	0.0	0.0
Total Fuel Sales to Local Marketing	6,032.2	6,114.0	6,558.4	6,851.9	6,916.7	5,559.1	6,662.5	7,613.4	7,644.5	7,919.3
Gas Oil for the Ministry of Electricity and Water	1,189.3	1,061.3	711.1	618.1	866.4	1,074.0	857.5	1,068.2	64.8	23.5
Heavy Fuel Oil for the Ministry of Electricity and Water	7,157.0	7,097.8	6,694.6	6,089.4	5,981.9	3,556.7	5,567.6	5,936.1	418.4	0.0
Total Sales to the Ministry of Electricity and Water	8,346.3	8,159.1	7,405.7	6,707.4	6,848.3	4,630.7	6,425.1	7,004.3	483.2	23.5
Total Fuel Sales	14,378.5	14,273.1	13,964.1	13,559.3	13,765.0	10,189.8	13,087.6	14,617.6	8,127.7	7,942.8
Bitumen (metric tons)	95,359	112,877	147,593	229,654	301,025	323,652.0	232,293.0	107,530.0	126,380.0	87,850.0

Kuwait Aviation Fueling Company (KAFCO)

- KAFCO reported net profits of 19,647,857 Kuwaiti Dinars for the current fiscal year, down 6,376,470 Kuwaiti Dinars from 26,024,327 Kuwaiti Dinars in 2023/2024, representing a decrease of 24.5%.
- The total expenses of the Company rose to 12,141,000 Kuwaiti Dinars from 11,526,000 Kuwaiti Dinars in the previous year, an increase of 615,000 Kuwaiti Dinars, representing 5.34%.
- Jet Fuel sales volume (Jet A-1 and JP-8) declined
 9.79% to 975,556,464 liters compared to
 1,081,426,526 liters in 2023/2024, a reduction of 105,870,062 liters.
- The total number of aircraft refueled with Jet A-1 at Kuwait International Airport reached 53,792, while 579 aircraft were refueled with JP-8.
- The Company successfully secured four new customer contracts to refuel their aircraft at Kuwait International Airport, as follows:
- Ajet Passenger airline based in Turkey

- Yemen Airways Passenger airline based in Yemen
- Himalaya Airlines Passenger airline based in Nepal
- Al Universal Co. Private company based in Kuwait
- Seven (7) customer contracts were updated and signed according to the IATA Based Contract model.
- The Company successfully participated in the Arab Air Carriers Organisation (AACO) tender for 2025/2026 to supply Jet Fuel at international airports outside Kuwait. KAFCO was selected to provide fuel supply services to Kuwait Airways aircraft beginning fiscal year 2025/2026 at four airports: Colombo, Sri Lanka; Istanbul, Turkey; Kathmandu, Nepal; and Najaf, Iraq.
- The Company signed a three-year contract with Kuwait Ministry of Defense to supply fuel domestically within Kuwait and at international airports outside the country.

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Capital Projects

Petroleum Products Depot Construction Project in Al-Mitlaa Area

The project involves constructing a new depot in Al-Mitlaa area, northern Kuwait, to maximise strategic storage capacity. This aligns with study recommendations analysing strategic product demand in the local market and Kuwait Petroleum Corporation's (KPC) strategic requirements. The project represents the optimal solution for petroleum product distribution amid northern urban expansion, aiming to meet growing petroleum product demand through 2045.

Upon KPC's request to review the project scope and update technical studies, the Company conducted a comprehensive assessment of strategic petroleum product demand for local market needs through 2045. The study incorporated latest consumer expectations and analysed geographical demand distribution patterns.

KNPC determined strategic petroleum product inventory requirements according to KPC's controls and standards. Additionally, the Company evaluated operational lifespans of local marketing facilities, refinery loading facilities, and product transport lines, identifying necessary updates, modifications, and new facilities.

Study results received approval from Company management and KPC stakeholders, leading to agreement on expedited implementation of Al-Mitlaa area petroleum products depot project. This initiative ensures adequate supply to meet local market petroleum product needs while supporting Kuwait's long-term energy security objectives and accommodating projected demand growth.

In November 2021, the Front End Engineering Design study was completed by the Company's Project Review Committee and Executive Portfolio Management Company (EPMC). Study results were presented to to the concerned at KPC, securing their approval to proceed with implementation.



The project's budget was approved by both Company and KPC Boards of Directors through the capital budget for fiscal year 2023/2024. Following required Tender Committee approvals, the engineering, procurement, and construction tender was issued in November 2023. The tender process concluded in December 2024, with evaluation of submitted company bids currently underway.

The project scope includes:

- Constructing a new Al-Mitlaa Depot, Northern Kuwait, featuring 11 tanks (7 gasoline, 4 diesel), 10 pumps, and 24 loading arms.
- Pipeline infrastructure involves 130-kilometer 12-inch and 10-inch lines for UL-91 and UL-95 gasoline respectively, plus a 45-kilometer 14inch diesel pipeline connecting to the existing Ministry of Water and Electricity pipeline at Kazma, North of Kuwait.
- Eight control valve stations will be installed along pipelines.
- Additionally, 12 new refinery pumps (6 per refinery) will be supplied with necessary facilities including pipelines, metering, and tank connections.

KNPC's Plan to Build New Filling Stations

- Two fuel filling stations in West Abdullah Al-Mubarak area are completed and operational, part of a planned three-station project.
- For fiscal year 2024/2025, approval was secured for three new fuel stations, with the implementation contract signed in January 2025.
- As a component capital budget for fiscal year 2025/2026, the company secured approval for a project to develop 10 additional filling stations, and 6 additional stations. Tender preparations

for these projects are currently underway.

• Engineering design studies are being prepared for additional fuel station projects across various regions to support the country's urban expansion and meet growing population demand for petroleum products. This comprehensive expansion strategy ensures adequate fuel distribution infrastructure throughout Kuwait's developing areas.

Revamping of the Existing Acid Gas Recovery Unit (AGRP) in MAA

This project aims to rehabilitate the existing unit at Mina Al-Ahmadi Refinery to process all Acid Gases expected from Kuwait Oil Company (KOC). The processed gas will be sent to LNG processing units for conversion into economically high-value gases.

Following feasibility study completion, all implementation alternatives were examined using updated future gas forecasts, including expected KOC production data. Coordination with KPC facilitated selection of the optimal unit upgrade alternative, which received approval.

A tender was issued for the preliminary engineering design study, with the implementation contract signed in February 2024. Study preparation commenced in April 2024, with completion anticipated in October 2025. This project enhances the refinery's efficiency by maximising Acid Gas utilisation and contributing to economic gas production.

Replacing Old Power Stations at MAA

The project replaces nine old substations at Mina Al-Ahmadi Refinery (MAA) with new, higher-capacity substations featuring advanced technological systems within explosion-resistant buildings. This enhancement improves safety and operational efficiency while boosting equipment readiness through modern electrical protection and control systems.

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The upgraded electrical infrastructure enhances system efficiency, optimising operations and load distribution during emergencies and power outages. New explosion-resistant buildings are crucial for improving work environments and employee safety, aligning with refinery safety requirements per the latest Quantitative Risk Assessment (QRA) report.

The 88.7 million Kuwaiti Dinars project budget received approval from company and Kuwait Petroleum Corporation (KPC) Boards of Directors. Tender documents were prepared and issued in May 2019, with bid submissions closing in December 2019. Following bid evaluation, the appropriate proposal was approved by Internal and Higher Purchasing Committees in February 2020, with Central Agency for Public Tenders approval secured.

The contract was signed with the winning Company in June 2020, and project implementation commenced in September 2020, marking a significant step toward modernising the refinery's electrical infrastructure and enhancing operational safety standards.

The project scope was expanded to include replacing the remaining five old power stations at Mina Al-Ahmadi Refinery. This encompasses detailed engineering, supply, installation, testing, and commissioning of new stations within explosion-resistant buildings, all within the approved budget.

Both Company and Kuwait Petroleum Corporation (KPC) Boards approved the expansion in August 2021. Following tender issuance and bid evaluation, the contract was awarded in January 2024, with implementation beginning in June 2024.

Current completion stands at 45.69% versus the planned 69.45%. All stations are expected to be completed by September 2027.

New South Oil Pier Project (Shuaiba)

This project follows recommendations from Marine Consultant M/s. COWI, who assessed the Shuaiba Oil Pier's structural condition and expected lifespan. The study results and Consultant recommendations outlined a comprehensive repair strategy for all Pier sections. However, the Northern Facility assessment revealed major structural integrity issues, making repairs technically and economically unfeasible. The Northern Facility is currently out of service.

The project scope involves demolishing the existing North Facility and replacing it with a new South Facility using latest specifications and modern technology. The new integrated facility, including marine structure and above-deck equipment, will be constructed approximately 550 meters from the existing Southern Facility.

Additional features include Vacuum Gas Oil import facilities and improved bunker oil export capabilities, enabling simultaneous product loading with bunker fuel supply to tankers. The enhanced infrastructure will increase maximum tanker capacity for product reception, significantly improving export operations and overall terminal efficiency.

The project's technical studies were completed in cooperation with Kuwait Petroleum Corporation (KPC) and Kuwait Oil Company (KOC) stakeholders. The feasibility study was finalised in March 2023, followed by the preliminary Front End Engineering Design that was completed and approved by the Company's Project Review Committee and Executive Portfolio Management Company (EPMC) in January 2024.

The 179.5 million Kuwaiti Dinars project budget received approval from both Company and KPC Boards of Directors in June 2024. The implementation tender was issued in December 2024, with closure and bid evaluation expected to begin in May 2025.



Continuous Flare Gas Minimisation Project at MAA

The project targets zero flare emissions during normal operations at MAA and Gas Processing Plant by recovering gases from 13 hydrocarbon and 3 acid stacks. This initiative supports Kuwait Petroleum Corporation's (KPC) Carbon Neutrality goals and Energy Transition strategy while significantly reducing Greenhouse Gas emissions at the Refinery and Gas Plant Facilities.

The project includes detailed engineering, procurement, construction, and commissioning of three (3) new Flare Gas Recovery Units (FGRUs) and upgrading existing unit (U-105). Installation includes seven (7) main compressors, two (2) power stations, and operator shelters.

The system will collect gases previously flared into the atmosphere, treating them through Hydrogen Sulfide Removal Units, when necessary, then utilising them primarily as fuel gas. This approach transforms waste emissions into valuable energy resources.

All technical studies are complete, with project approval secured at 110.165 million Kuwait Dinars from both KNPC and KPC Board of Directors. The investment forms part of the capital budget for fiscal year 2025/2026. Project preparations are currently advancing toward the tendering phase, marking a significant step in Kuwait Petroleum Corporation's (KPC) environmental sustainability and operational efficiency initiatives.

Special Study for the Construction of a New North Pier at MAA

The project addresses the replacement of Mina Al-Ahmadi Refinery's existing Oil Pier, originally built in 1959. This critical terminal serves as a primary export hub for oil and petroleum products. The existing Pier underwent multiple evaluation studies, rehabilitation efforts, and modifications in 1984, 2002, and 2007, with its service life initially extended to 2017. Following specialised consultant studies, a new safety enhancement project was approved with necessary repairs to

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extend operations until 2030. However, expert recommendations indicate the existing North Pier's operational life should only be extended to 2030.

Following these recommendations, a proposal was developed to construct a New North Oil Pier at Mina Al-Ahmadi Refinery. The feasibility study scope was completed through collaboration with Kuwait Petroleum Corporation (KPC) and Kuwait Oil Company (KOC) stakeholders. Project consultants successfully completed the feasibility study, with results receiving top management approval.

The Front End Engineering Design study tender was issued in December 2024, with bid closure in February 2025. Submitted bids are currently under review and evaluation, with the study anticipated to begin in May 2025.

Meanwhile, the existing Pier undergoes periodic inspections by specialised Consultants to ensure facility safety and operational integrity throughout the transition period until the new infrastructure becomes operational.

Innovation, Digital Transformation, and Scientific Research

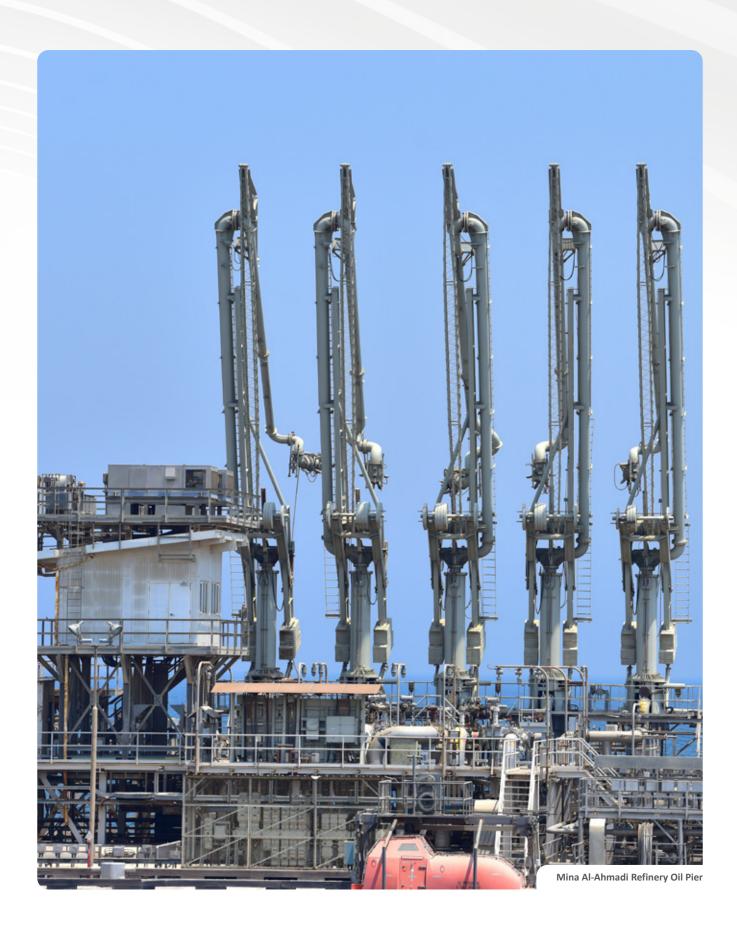
The Information & Technology (IT) Department within KNPC achieved significant operational improvements during the fiscal year 2024/2025, driving innovation, digital transformation, and enhanced scientific research capabilities through major initiatives:

- The "Kuwaiti" system was launched as a comprehensive solution for managing employee data within the Company's Kuwaitization framework. This automated system streamlines storage, management, and retrieval of employee and contractor information.
- The K-MAX Maintenance Rescheduling System revolutionises maintenance operations by reducing cycle times and approval workflows

while improving stakeholder information visibility and inspection scheduling. This application significantly mitigates risks associated with maintenance delays and represents a major advancement in managing inspection postponements.

- Responding to Kuwait Petroleum Corporation's request, the IT Department developed an attendance recording system for Petroleum Training Centre courses. Using the "Mobile ID" application, this system tracks attendance for all Oil Company employees enrolled in training programmes, enhancing educational management across the petroleum sector.
- A comprehensive employee performance evaluation system was developed for all oil companies, streamlining evaluations, tracking goals, and providing detailed assessments to boost productivity. Currently, the system is adopted by most of the companies in the sector.
- Additionally, K-Recruitment Plan system was completed, which automates oil sector workforce needs compilation processes, streamlining employment plans.
- Aligning with KPC and KNPC's vision, the Commercial Department has significantly advanced digital transformation through key innovations:
 - The implementation of Smart Invoice systems for contracted material delivery companies has substantially reduced human errors and processing time.
 - The Department deployed robotic process automation across multiple repetitive daily operations, eliminating time-consuming manual tasks. This automation initiative has freed up valuable employee time, enabling staff to focus on strategic development and planning activities. The key activities and processes include:

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- Filling out procurement-related forms, such as bid evaluation forms.
- Reports comparing estimated prices with awarded values.
- Preparing special contractor instructions for third-party inspection contracts, determining material acceptance or rejection for required materials.
- Preparing initial warehouse material inspection reports electronically and consistently.
- The Company has achieved recertification and upgrade to ISO/IEC 27001:2022 Information Security Management System, demonstrating its commitment to information security compliance for stakeholders, customers, and the public.
- IT Department has partnered with Udemy Business Pro, an e-learning platform designed to develop employee skills across various fields. This platform enables staff to learn and practice technical skills in real-world environments, enhancing their understanding of modern technologies. These initiatives reflect the Company's dedication to employee development, creating a supportive work environment that fosters career growth and motivates staff to contribute to collective success.
- The Company launched a new digital transformation initiative focused on leveraging advanced technological solutions to promote innovation. This involves adopting Technology Catalogue platform, which provides business-to-business technology services and serves as an emerging technology showcase. The platform enables Companies to discover technologies used by peers and competitors, facilitating informed comparisons to select optimal solutions for their specific needs. This represents a significant investment in developing technological infrastructure and enhancing digital innovation capabilities.

- In alignment with KNPC's 2040 Strategy and maintaining quality standards with latest technological developments, a comprehensive study was completed to manufacture four different types of replacement metal parts using two advanced metal 3D printing technologies. These spare parts were manufactured according to American Society for Testing and Materials (ASTM) requirements and regulations, which are globally applicable in refineries. This achievement positions KNPC as a global pioneer in applying this cutting-edge technology, demonstrating its commitment to improving refinery efficiency through innovative manufacturing solutions.
- The Company launched its 5th Corporate Hackathon in July 2024, primarily targeting Support Services Directorate development. The initiative aimed to enhance employees' skills and capabilities, enabling them to develop solutions to sector challenges while benefiting the Company's broader technical and administrative operations. Over 120 employees from various teams and Departments participated in this Hackathon, sponsored by the Innovation Committee in cooperation with the IT Department. The event focused on enabling employees to learn cutting-edge global digital skills, particularly AI technologies.
- In a landmark achievement, KNPC registered its first patent, representing a significant milestone in the Company's commitment to innovation and excellence within the oil sector. The patent, titled "Isolation of Liquid Amine in a Flare System," was successfully registered with the United States Patent and Trademark Office through the Company's dedicated patent registration programme, demonstrating KNPC's advancing technological capabilities and intellectual property development.
- The Company completed and operationalised its smart workshop project at training centers,

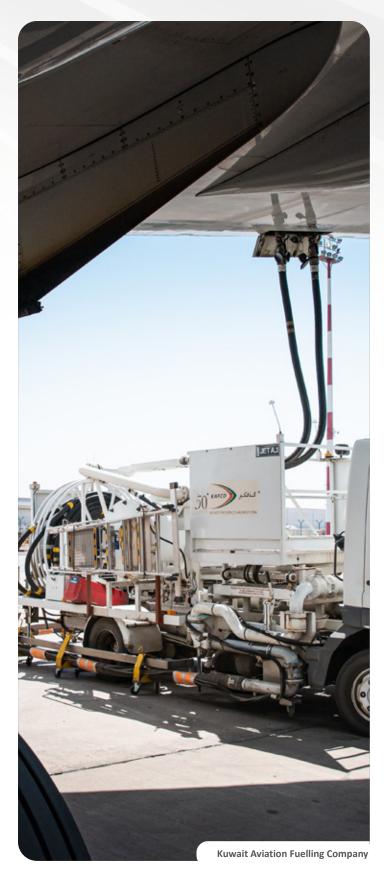
providing employee training through cuttingedge methods including Virtual Reality (VR), Augmented Reality (AR), and Refinery Video Technology.

 Additionally, Visual MESA Energy Management System to optimise energy consumption was launched alongside a training contract to monitor steam, electricity, and fuel usage at Mina Al-Ahmadi Refinery, implementing energy conservation recommendations and cost rationalisation measures.

Kuwait Aviation Fueling Company (KAFCO)

KAFCO achieved significant digital transformation milestones aligned with KPC and KNPC's strategic vision through following key initiatives:

- The Company programmed and developed external fuel supply invoice procedures using ORACLE APEX platform (Phase II of the Global Fuel Supply System), enabling comprehensive automation of accounts payable and receivable invoices with full integration between internal systems and Oracle financial system, enhancing financial accuracy and operational control efficiency.
- Programming and development of the Innovation Portal.
- The Company successfully programmed, developed, and launched a new electronic logbook for depot operations through internal collaboration between Operations and IT Departments, achieving cost-effective implementation without additional financial expenditure.







Chapter Two

Our Environment

KNPC is working diligently to achieve Carbon Neutrality.

In this regard, the Company is committed to supporting Kuwait's net-zero emissions goal for the oil and gas industry by 2050 through implementing several initiatives under the "Energy Transition Strategy 2050."

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Energy Transition

In line with Kuwait Petroleum Corporation's (KPC) energy transition strategy to achieve net-zero carbon emissions by 2050, KNPC implements and monitors multiple initiatives and projects to meet this target, ensuring adherence to established timelines. The most critical initiatives focus on:

Reaching Zero Gas Flaring

The proposed solutions include increasing flare gas recovery units to achieve zero flare gas emissions under normal operating conditions at Mina Al-Ahmadi and Mina Abdullah Refineries, where the following has been accomplished:

• The project to continuously minimise flare gases during normal operation at Mina Al-Ahmadi Refinery and Gas Processing Plant has received approval. This initiative will recover gases from 13 hydrocarbon stacks and 3 acid stacks at the facilities. The project encompasses detailed engineering, procurement, construction, and commissioning of three new Flare Gas Recovery Units (FGRUs) with necessary equipment and

facilities, plus upgrading the existing unit (U-105). All technical studies are complete. Both KNPC and KPC Board of Directors have approved the project at an estimated cost of 110.165 million Kuwaiti Dinars as part of the capital budget for fiscal year 2025/2026. Preparations are currently underway to issue the implementation tender.

- The feasibility study for continuously minimising flare gases during normal operation in Clean Fuels Project units at Mina Al-Ahmadi Refinery is complete, with Front End Engineering Design study preparations underway.
- At Mina Abdullah Refinery, preparations are progressing to tender for feasibility studies and Front End Engineering Design for the flare gas minimisation project in Clean Fuels Units during normal operations.

The flare gas recovery units constructed at Mina Al-Ahmadi and Mina Abdullah Refineries in previous years represent Kuwait's first projects registered



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under the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change, making Kuwait the second regional country after Qatar to achieve this milestone. The Company gains economic benefits by recovering refining operation gases and reusing them as energy sources, reducing consumption at both refineries. Most importantly, environmental benefits are realised as these gases are no longer released into the atmosphere, significantly reducing emissions.

Energy Efficiency Improvement and Emissions Reduction

- The Energy Efficiency Improvement Project at Mina Al-Ahmadi and Mina Abdullah Refineries focuses on identifying new opportunities to enhance energy efficiency and conservation at both facilities. A contract was awarded in March 2025, with the study scheduled to commence in May 2025.
- At Mina Al-Ahmadi Refinery, Front End Engineering Design are under review for several energy efficiency enhancement opportunities previously identified by ASPEN TECH.
- Feasibility and Front End Engineering Design studies have been completed for refurbishing the air preheater system in Hydrogen Production Units (Units 48, 49, 88 & 89) at Mina Al-Ahmadi Refinery. This project will upgrade burners to improve temperature distribution and reduce Nitrogen Oxide emissions, thereby increasing energy efficiency while reducing emissions. Project approval is anticipated within the Company's capital budget for fiscal year 2026/2027.
- Preparations are underway to begin Front End Engineering Design studies for renovating the air heating system in Hydrogen Production Unit (Unit-18) at Mina Abdullah Refinery, aiming to increase energy efficiency.

• The Company is expanding solar panel usage across new and existing filling stations, along with other Company buildings and facilities. Currently, 30 stations utilise solar energy technology.

Providing Electric Vehicles Charging Points at Filling Stations

 A study is underway to establish electric vehicles charging points at KNPC Filling Stations, targeting 600 stations by 2050 to keep pace with the global trend for Electric Vehicles.

Afforestation

1,500 • The Company planted mangrove seedlings in Jahra Reserve during October 2024, collaborating with the Environment Public Authority. Additionally, the General Services Department organised a campaign in November 2024 to plant 1,000 mangrove seedlings in Jahra Reserve, led by oil sector leaders. This initiative represents the Company's environmental and social responsibility, implementing the United Nations' 2030 Agenda for Sustainable Development goals to mitigate climate change while aligning with Kuwait Vision 2035 objectives for environmentally harmonious areas. The interest in mangrove planting stems from their global significance and unique ability to thrive in saltwater environments. Mangroves protect coastlines from hurricanes and winds, purify waters, support marine organism growth, and prevent red tides. Most importantly, mangroves extract and retain atmospheric carbon dioxide, directly supporting international climate change mitigation efforts.

Environmental Conservation

KNPC has consistently pioneered environmental issue responses and contributed to Kuwaiti environment protection activities. As an ISO 14001 (International Standard for Environmental

Management Systems) certified Company, environmental conservation remains KNPC's top priority. The Company works diligently to mitigate operational environmental impacts to levels meeting or exceeding Environment Public Authority standards.

In this regard, KNPC has implemented and continues to implement several projects aimed at reducing negative environmental impacts from refining operations. The most significant project involves rehabilitating the existing Acid Gas Recovery Unit at Mina Al-Ahmadi Refinery. This project will enable the Company to process all Acid Gases expected from KOC production, subsequently sending them to LNG processing units for conversion into economically viable gases.

Following the feasibility study completion, all available implementation alternatives were examined considering updated future gas forecasts and expected production from Kuwait Oil Company (KOC), received from the corporation. Coordination with KPC facilitated selecting the appropriate unit upgrade alternative, with the optimal implementation option receiving approval. Subsequently, a tender was issued for the preliminary engineering design study, with the implementation contract signed in February 2024. Study completion is expected by October 2025.

The Company's oil spill response team successfully addressed an oil spill of unknown origin at Al-Kout Shipyard.

KNPC participated in the United Nations Climate Change Conference (COP29) in Baku, Azerbaijan, attending numerous awareness lectures focused on global greenhouse gas emissions and climate change adaptation strategies.

Health, Safety and Security

 The Health, Safety and Environment Department conducted various training sessions and awareness campaigns covering multiple topics, including pre-shutdown planning, safe stormwater drainage practices, oil spill prevention, enhancing operational efficiency and environmental compliance, workload management, dealing with Incident Reporting and Investigation System (IRIS), training on Integrated Management System (IMS) for middle management, emergency response planning, and awareness on: First Aid, CPR, Hypertension, and LDL Cholesterol, plus a blood donation campaign.

- The Department organised seasonal influenza and winter disease vaccination campaigns for Company and contractor employees at the main building. This campaign vaccinated 224 employees in cooperation with Al-Ahmadi Hospital's Preventive Medicine and Occupational Health Department. Additionally, numerous health awareness campaigns and lectures were conducted, focusing on healthy lifestyle habits, suicide prevention by the Social Welfare Committee, and breast cancer awareness.
- The Fire Training Centre at Security and Fire Department, located at the Main Support Centre (MSEOC), is pursuing accreditation from the International Fire Service Accreditation Congress (IFSAC) to provide training programmes aiming to enhance firefighter competency. The following steps have been completed:
 - IFSAC membership was obtained in October 2024.
 - Necessary documents were submitted to IFSAC to schedule a site visit in May 2025.

Following successful completion of the IFSAC team's site visit, the Fire Training Centre will receive accreditation in October 2025.

• The Security and Fire Department, collaborating with IT Department, completed the new KNPC Emergency Notification System (KENS) project, which modernises the Company's emergency reporting procedures. This system enables rapid response, enhances responder coordination, and contributes to successful emergency mitigation while ensuring comprehensive preparedness.

 Additionally, the Company and the General Directorate of Coast Guard of the Ministry of Interior signed a joint maritime security cooperation protocol, enhancing coordination and mutual benefit from both entities' capabilities and expertise in security and information fields.

Kuwait Aviation Fueling Company (KAFCO)

• The Health, Safety and Environment Department, coordinating with the General Services Department,

- organised a winter disease vaccination awareness campaign in cooperation with Al-Ahmadi Hospital (KOC Hospital).
- A comprehensive two-week awareness campaign was implemented for all KAFCO employees, covering firefighting education with focus on the types of fire extinguisher and their usage methods.
- An awareness campaign was organised for the year 2024/2025 on comprehensive Risk Management and Corporate Planning, featuring quizzes and awards for winning participants to enhance employee knowledge.







Chapter Three

Our Employees

Following the appointment of 157 Kuwaiti Employees, the total operational and non-operational workforce at the end of the fiscal year reached 6,405 employees, bringing Kuwaitization rate to 92.43% of the Company's total workforce.

The Company conducted 873 internal and external training courses attended by 4,873 employees. Additional programmes at the Petroleum Training Centre were conducted, including lectures and specialised training with the aim to develop qualified personnel and build expertise.

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Workforce

• KNPC and KAFCO's combined operational and non-operational workforce totaled 6,405 employees at this fiscal year-end, representing a decrease of 168 employees from the previous fiscal year. The Company appointed 157 new Kuwaiti Employees across various specialisations, falling short of the planned 173 appointments. Kuwaiti employees, including KAFCO staff, numbered 5,920 at fiscal year-end, achieving a 92.43% Kuwaitization rate of the total workforce.

• Following comprehensive workforce analysis tables detail employee distribution by nationality and Department, documenting changes throughout the year and tracking workforce development trends spanning from 2016/2017 through 2024/2025.

Analysis of the Company's Employee Numbers and the Percentage of the Kuwaiti Workforce by Department

	31,	/03/2024		31/	Number of			
Department	Department Number of workforce Number of		Number of	Kuwaiti ber of workforce		Department Employees		
	workforces	Number	%	workforces	Number	%	per Budget	
Head Office	865	843	97.5	820	801	97.7	937	
Local Marketing	209	208	99.5	197	196	99.5	213	
HSE	202	135	66.8	191	127	66.5	224	
Security & Fire	916	912	99.6	895	892	99.7	933	
MAB	1,777	1,605	90.3	1,761	1,596	90.6	1925	
MAA	2,551	2,304	90.3	2,485	2,252	90.6	2654	
Subtotal	6,520	6,007	92.1	6,349	5,864	92.4	6,886	
Retraining	-	-	-	-	-	-	-	
Total	6,520	6,007	92.1	6,349	5,864	92.4	6,886	

^{*}Includes Top Management and Departments: Legal, Comprehensive Planning, Corporate Communication and Media, Human Resources, Finance, General Services, Projects I, Projects II, Commercial, Training and Career Development, Management Support, Risk Management, Manufacturing Optimization Group, Research and Technology, and Information Technology.

^{**}This category was introduced to include employees who need to be redeployed across departments based on the results of the Workforce Optimization Study.

Company Employees Distribution Per Males and Females

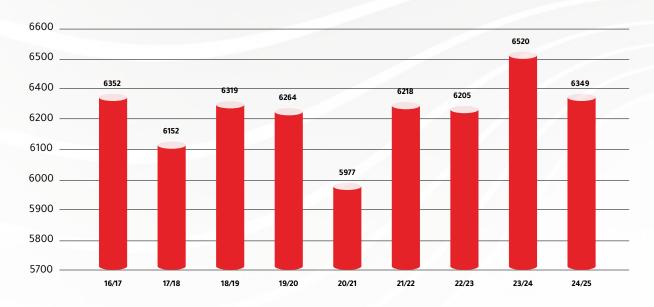
Category	Number of Male	Percentage	Number of Female	Percentage	Total
Top Management	6	75.0	2	25.0	8
Managers	23	88.5	3	11.5	26
Team Leaders	137	84.0	26	16.0	163
Remaining Employees	5,524	89.8	628	10.2	6,152
Total	5,690	89.6	659	10.4	6,349

Company Employees Distribution by Nationality

Nationality	Num	ber of Employee	Percentage of the total workforce		
,	31/03/2024 31/03/2025 Change		31/03/2024	31/03/2025	
				%	%
Kuwaiti	6,007	5,864	(-143)	92.1	92.4
Other Arab Nationalities	78	76	(-2)	1.2	1.2
Sub-total	6,085	5,940	(-145)	93.3	93.6
Non-Arab Nationalities	435	409	(-26)	6.7	6.4
Total	6,520	6,349	(-171)	100.0	100.0

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Company workforce Growth for the Period from 2016/2017 to 2024/2025



KAFCO Workforce

Department	31/03/2024			31/			
	Kuwaiti Workforce		Number of	Kuwaiti Workforce		Number of Department Employees	
	Employees	Number	%	Employees	Number	%	Per Budget
Head Office	7	7	100	17	7	100	9
Finance, Administrative and Services Department	16	16	100	16	16	100	18
Operations, Engineering and Maintenance Department	30	30	100	33	33	100	39
Total	53	53	100	56	56	100	66

Employee Engagement

Demonstrating its commitment to creating a positive workplace environment and fostering deeper employee connection to the organisation, KNPC has successfully implemented comprehensive Employee Engagement Project initiatives across all Departments to enhance employee satisfaction and strengthen corporate belonging. The Company achieved a 100% implementation rate for all engagement-related objectives by March 2025.

Training and Career Development

During the fiscal year, KNPC conducted extensive training and career development programmes through partnerships with local institutions, including Kuwait Petroleum Corporation's Petroleum Training Centre, and international companies. The Company delivered 306 local courses serving 3,850 employees and 567 external courses for 1,023 participants. Additionally, 1,991 employees attended specialised programmes at the Petroleum Training Centre. These comprehensive initiatives included a variety of development courses, seminars, workshops, and lectures tailored to employees' job requirements, all designed to cultivate qualified and motivated

personnel across the organisation. These training programmes were achieved through several initiatives:

- The Training and Career Development Department successfully completed the 2024/2025 induction programmefor Senior Engineers/Senior Supervisors at Ahmed Al Jaber Oil and Gas Exhibition. This comprehensive programme trained 53 newly promoted personnel from various Company Departments on critical topics including the Code of Conduct, Innovation and Digital Transformation, and the Performance Appraisal System, and more. Experienced Company employees delivered the training to enhance participants' knowledge, functional skills, and professional capabilities, enabling them to effectively fulfill their roles while supporting the Company's strategic objectives.
- KNPC implemented a specialised vocational training programme for Pronto hydraulic platform operators used in high-altitude emergency situations. This manufacturer-delivered training targeted 32 Security and Fire Department employees at the Fire Support Centre, focusing on enhancing operational skills to ensure rapid and effective emergency response capabilities.



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- At the Smart Workshop, 915 employees from Mina Al- Ahmadi and Mina Abdullah Refineries Operations Departments received comprehensive training on Virtual Reality and Augmented Reality programmes, enhancing their technical capabilities through cutting-edge technology.
- The Security and Fire Department implemented a specialised six-week Certified Fire Officer Development Programme in Muscat for 30 employees, divided into two groups of 15 trainees each. This intensive course focused on enhancing firefighting and rescue competencies while familiarising participants with the latest technologies and procedures in emergency response operations.
- In January 2025, KNPC organised an "Emotional Intelligence for Innovative Leadership" seminar targeting all Managers and Team Leaders from both Kuwait National Petroleum Company (KNPC) and Kuwait Integrated Petroleum Industries Company (KIPIC). The seminar aimed to develop leadership capabilities by exploring emotional intelligence principles and providing practical tools to enhance leadership skills while driving innovation within their respective teams, demonstrating the Company's commitment to comprehensive leadership development.
- In January 2025, the Company celebrated the graduation of 21 participants from the Talent Management Programme after successfully completing all programme requirements. During the ceremony, the Company's CEO delivered a keynote speech emphasising the critical importance of developing national talent and preparing them for future leadership positions, while praising participants' commitment and dedication throughout the programme. The comprehensive graduation ceremony featured an overview of the participants' journey, highlighting their achievements and the development tools utilised to enhance their skills and capabilities. A significant component included an open dialogue between graduates and top management, creating valuable opportunities for experience exchange and insights regarding the Company's future talent development initiatives. The Talent Management Programme represents a cornerstone of KNPC's human resources development strategy, designed to enhance institutional capabilities through strategic investment in national talent.
- Simultaneously, the Company successfully concluded the fourth cycle of its Capability Management Programme, which targeted outstanding Engineer/Supervisor Employees



at Grade 15, with 21 participants from various Departments. Building on this success, KNPC launched the fifth cycle of the Capability Management Programme, specifically targeting distinguished employees in Engineer/Supervisor categories across Grades 11-13 from multiple Company Departments, demonstrating continued commitment to comprehensive professional development.

- In November 2024, the Training and Career Development Department conducted a draw to allocate 92 new employees, graduates of the Refinery Operations Technology programme from the College of Technological Studies, across KNPC's Mina Al-Ahmadi and Mina Abdullah Refineries and KIPIC's Al-Zour Refinery.
- The Company celebrated 114 trainees who successfully graduated from the Structured Onthe-Job Training (S-OJT) programme during a special ceremony under the patronage of the Deputy CEO for Admin. and Commercial. This achievement brings the total number of S-OJT graduates to 1,190 since the programme's launch. Additionally, the Department completed a comprehensive training curriculum for the Risk Analyst position, which will be integrated into the S-OJT programme. The program now covers 87 positions, demonstrating KNPC's commitment to systematic professional development and structured career progression across diverse operational roles.
- As part of strengthening strategic partnerships and fostering joint cooperation, KNPC hosted a delegation from Duqm Refinery and Petrochemical Industries Company. The visit involved comprehensive coordination with various Departments and teams at the Company's Head Office and both Mina Al-Ahmadi and Mina Abdullah Refineries, facilitating valuable exchange of ideas and expertise. This collaboration aims to develop national competencies while opening new avenues for future cooperative projects benefiting

both companies. The delegation conducted an extensive field tour of Mina Abdullah Refinery, focusing on advanced refining and production units, particularly the Clean Fuels Facilities. This tour provided insights into modern technologies implemented at the refinery and their significant contributions to enhancing production efficiency and promoting environmental sustainability.

Kuwait Aviation Fueling Company (KAFCO)

KAFCO achieved significant milestones in training and development during the fiscal year:

- The Company successfully prepared and implemented the Talent Management Project from October 2024 to February 2025, engaging 22 employees in comprehensive development initiatives.
- External training participation reached 46 employees through programmes with Kuwait Petroleum Corporation-accredited providers.
- The Company conducted specialised basic and refresher courses for Kuwait National Guard Engineers and Personnel, covering civilian, military, and helicopter aircraft fueling operations through theoretical lectures and practical field training.
- Similar basic training was provided to Air Force personnel focusing on aircraft fueling procedures.
- The Operations Training Department maintained continuous training programmes for operations personnel, encompassing basic training, refresher courses, and structured on-the-job training across various aircraft fueling systems.
- Additionally, the Company facilitated professional development through external engagement, with 19 employees participating in conferences and 8 employees attending regional and international exhibitions, enhancing industry knowledge and networking opportunities.





Chapter Four

Our Community

Kuwait National Petroleum Company's role extends beyond supporting the national economy and securing energy sources to encompass broader social responsibilities.

The Company actively sponsors social, cultural, and sporting activities while granting donations to organisations serving people with special needs and public benefit associations, demonstrating its commitment to Kuwait's social development.

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Promoting Local Economic Development

Aligned with Kuwait Petroleum Corporation's Local Content Strategy 2040, KNPC works to increase local content in the national economy through its projects while boosting the proportion of local products and services in total procurement value. The Company also implements initiatives creating direct and indirect employment opportunities for national workforce members.

During fiscal year 2024/2025, the Company achieved a 65.8% local content ratio by March 2025, significantly exceeding the 50% annual target across total operating and capital expenditures. The details are explained following table:

Total Overall Expenses (Operating and Capital)	367.71				
Total Local Content	241.97				
Local Content of Capital Expenditures	18.92				
Local Content of Operating Expenses	223.05				
Thousand Kuwaiti Dinars	223.05				
Local Content for the Fiscal Year 2024/2025					

Our Corporate Social Responsibility

• KNPC's Local Marketing Department conducted a specialised four-day fuel station management training course for 100 Kuwaiti volunteers in May 2024. This initiative supports the "Jahez" programme, adopted by the Civil Defense Department at the Ministry of Interior and implemented across the country's vital facilities for emergency preparedness. The volunteers were organised into four groups of 25 participants each, receiving hands-on training at Station No. 18 in Subhan. The comprehensive programme covered practical and technical skills including tank filling and monitoring, hazardous materials handling, and emergency response procedures.

- The Company's Innovation Committee hosted a specialised workshop for an Abdullah Al-Salem University Delegation at the Innovation Studio in June 2024. This workshop fulfilled provisions of the memorandum of understanding between both institutions, focusing on cooperation in mutual interest areas. Participants explored the importance of innovation, KNPC's innovation management system, and strategies for enhancing collaboration and knowledge exchange between the organisations.
- KNPC organised comprehensive occupational health days for industrial area workers in Fahaheel and Al-Ahmadi, benefiting approximately 700 workers at the first site and over 800 at the second location. Supervised by the Medical Department within the Health, Safety and Environment Department, the initiative received strong support from Top Management. The programme provided free medical consultations and medications alongside comprehensive health screenings. Tests included measurements of weight, height, blood pressure, pulse, blood sugar, and cholesterol levels. Additional assessments measured hemoglobin to detect anemia and respiratory function to evaluate lung health. The Company's Social Welfare and Complaints Committee complemented medical services by providing moral and psychological counselling support to participating workers, ensuring holistic care for this essential workforce category.
- The Social Care and Complaints Committee, with support from the Corporate Communication and Public Relations Department and KNPC's Star Volunteer Team, advanced its "Know Your Rights" campaign to ensure contractor employees receive their complete financial, contractual, employment, and social rights. The initiative included visits to contractor accommodations where awareness posters featuring QR codes were distributed for WhatsApp communication access. Employees can use these barcodes to directly communicate and report harassment or violations in their preferred language.

Multilingual posters in eight languages were strategically placed in workplaces and accommodations to inform foreign contractor employees about their employment and service rights. The Committee also organised an orientation day for the campaign at The Gate Complex, strategically timed to coincide with International Human Rights Day, reinforcing the Company's commitment to employee rights protection.

- KNPC participated in the electricity conservation campaign organised in cooperation with the Ministry of Electricity, Water, and Renewable Energy, demonstrating its commitment to national sustainability efforts.
- During the Holy Month of Ramadan, the Company implemented several meaningful activities, including:
 - Continuing its cherished annual tradition, KNPC established its Ramadan tent in front of the Main Building, providing iftar meals to over 1,000 fasting individuals daily. This charitable initiative is particularly notable as employees voluntarily contribute a significant portion of costs through salary deductions, reflecting their strong humanitarian commitment during the holy month.
 - The Company conducted visits to five hospitals: Kuwait Oil Company Hospital, Al-Adan, Jaber, Al-Razi, and Al-Sabah. These visits included distributing Qirqian (Gargee'an) in pediatric wards, clinics, and emergency departments, bringing joy to children and their families who greatly appreciated this thoughtful annual KNPC initiative.
 - Additionally, the Company provided buses to transport worshippers to the Grand Mosque during the last ten days of the holy month.
- The Undersecretary of the Ministry of Awqaf and Islamic Affairs honoured KNPC in May 2024 for contributing to the success of the 2024 Ramadan season through "Houses of God and Worshippers" service. The ceremony was held under the patronage

- of the Minister of Justice and Minister of Awqaf and Islamic Affairs at the Ministry's Head Office.
- KNPC received second place recognition from the Ministry of Health for conducting the most blood donation campaigns in Kuwait during the period from June 2023 to June 2024, highlighting the Company's commitment to public health initiatives.
- As part of Kuwait Aviation Fueling Company's annual community sponsorship plan, the Company provided support and sponsorship for numerous sports tournaments and activities. This reflects the Company's dedication to supporting youth and sports while fulfilling its pioneering community role through backing public benefit organisations and their projects, including:
 - Kuwait Red Crescent Society,
 - Takaful Association Initiative for Debtors,
 - Ghiras Project for awareness and reducing drugs and their effects.







Chapter Five

Financial Report

Kuwait National Petroleum Company achieved 229.5 million Kuwaiti dinars profit, while the total revenues reached 12.26 billion Kuwaiti dinars.

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Company Financial Results for the Fiscal Year 2024/2025

This report compares current fiscal year performance against the previous year ending March 31, 2024. The fiscal year results (ending March 31, 2025) show total assets of 10,181,636,362 Kuwaiti Dinars, compare to previous year's 10,483,641,539 Kuwaiti Dinars, representing a decrease of 302,005,177 Kuwaiti Dinars compared to fiscal year 2024.

Revenue

Total revenues reached KWD 12,263,595,271, representing a decrease of KWD 264,268,502 compared to fiscal year 2024.

Statement	Kuwaiti Dinars				
Statement	2024/2025	2023/2024			
Refining operations revenue	8,275,817,760	8,907,309,082			
LNG operations revenue	3,295,427,203	2,840,629,172			
KAFCO revenue	202,922,565	248,125,572			
Kuwait Aromatics Company revenue	520,775,349	596,932,359			
Car wash station revenue	393,389	432,002			
Other revenues*	(31,740,995)	(65,564,414)			
Total revenue	12,263,595,271	12,527,863,772			

^{*} Includes interest on deposits, foreign exchange differences, and return on investment in an associate. Revenues from the sale of used catalysts, obsolete materials, and depreciated assets.

KNPC marketed petroleum products locally for Kuwait Petroleum Corporation worth 752,826,621 Kuwaiti Dinars, an increase from the previous year's 726,761,574 Kuwaiti Dinars, showing growth in domestic market operations.

Profit and Loss

The fiscal year 2024/2025 operating results showed net profit of 229,544,701 Kuwaiti Dinars, significantly down from the previous year's 520,733,516 Kuwaiti Dinars. The following breakdown details profits and losses across the company's various business activities and operational segments:

Statement	Kuwaiti Dinars
Profits (losses) from refining and liquefaction operations	260,607,010
Profits (losses) from KAFCO operations	19,647,857
Profits (losses) from Kuwait Aromatics Company*	(1,042,335)
Profits (losses) from local marketing activities	76,580
Other revenues	(47,055,862)
Provisions	(2,617,049)
Board of Directors' remuneration	(71,500)
Total profits (losses)	229,544,701

^{*} Kuwait Aromatics Company's sales profits for the fiscal year 2024/2025 represent 60%.

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

Independent auditor's report and consolidated financial statements for the year ended 31 March 2025

البترول الوطنية KNPC

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

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KPMG Al-Qenae & Partners

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Independent auditor's report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait National Petroleum Company K.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2025, 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

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

Other Information

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

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

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



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

We further report that we have obtained the information and explanations that we required for the purpose of our audit and the consolidated financial statements include the information required by the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Memorandum of Incorporation and Articles of Association, as amended. In our opinion, proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognised procedures and the accounting information given in the Board of Directors' report agrees with the books of accounts of the Company. We have not become aware of any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the year ended 31 March 2025 that might have had a material effect on the business of the Company or on its consolidated financial position.

Kuwait: 8 May 2025

Dr. Rasheed M. Al-Qenae

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of KPMG Al-Qenae & Partners

Member firm of KPMG International



Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025

Revenue 5 12,358,304 12,659,030 Cost of sales 6 (11,923,250) (11,885,166) Gross profit 435,054 435,054 773,864 General and administrative expenses 7 (17,405) (18,598) Staff costs (154,329) (152,065) Other income 8 22,214 15,025 Provision (charge) / reversal 9 (2,617) 302 Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (10,041) 12,438 Foreign exchange loss (10,041) 12,438 Foreign exchange loss (112) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Other comprehensive income for the year (9,785)			2025	2024
Cost of sales 6 (11,923,250) (11,885,166) Gross profit 435,054 773,864 General and administrative expenses 7 (17,405) (18,598) Staff costs (154,329) (152,065) Other income 8 22,214 15,025 Provision (charge) / reversal 9 (2,617) 302 Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (71,501) (94,716) Finance income 10,041 12,438 Foreign exchange loss (10,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year (29,785) (3,606) Other comprehensive income (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 229,545 520,734 <t< th=""><th></th><th>Note</th><th>KD'000</th><th>KD'000</th></t<>		Note	KD'000	KD'000
Gross profit 435,054 773,864 General and administrative expenses 7 (17,405) (18,598) Staff costs (154,329) (152,065) Other income 8 22,214 15,025 Provision (charge) / reversal 9 (2,617) 302 Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (71,501) (94,716) Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Other comprehensive income for the year 219,065 533,560 <td< td=""><td>Revenue</td><td>5</td><td>12,358,304</td><td>12,659,030</td></td<>	Revenue	5	12,358,304	12,659,030
General and administrative expenses 7	Cost of sales	6	(11,923,250)	(11,885,166)
Staff costs (154,329) (152,065) Other income 8 22,214 15,025 Provision (charge) / reversal 9 (2,617) 302 Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (71,501) (94,716) 694,716 Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Other comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 <t< td=""><td>Gross profit</td><td></td><td>435,054</td><td>773,864</td></t<>	Gross profit		435,054	773,864
Other income 8 22,214 15,025 Provision (charge) / reversal 9 (2,617) 302 Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (71,501) (94,716) Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Other comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 230,302 <	•	7		
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Share of results of investment in a Joint Venture 15 8,817 6,138 Finance costs (71,501) (94,716) Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 2		8		15,025
Finance costs (71,501) (94,716) Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513				
Finance income 10,041 12,438 Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Share of results of investment in a Joint Venture	15	8,817	6,138
Foreign exchange loss (1,312) (4,449) Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Finance costs			
Profit before board of directors' remuneration and taxes 228,962 537,939 Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss \$			· ·	
Board of directors' remuneration (112) (108) Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047				(4,449)
Taxes related to a subsidiary 10 - (665) Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Profit before board of directors' remuneration and taxes		228,962	537,939
Profit for the year 228,850 537,166 Other comprehensive income Items that are or may be reclassified subsequently to profit or loss Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Board of directors' remuneration		(112)	(108)
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss (9,785) (3,606) Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Taxes related to a subsidiary	10		(665)
Items that are or may be reclassified subsequently to profit or lossForeign currency translation differences(9,785)(3,606)Other comprehensive loss for the year(9,785)(3,606)Total comprehensive income for the year219,065533,560Profit attributable to:Shareholders of the Company229,545520,734Non-controlling interests24(695)16,432Profit for the year228,850537,166Total comprehensive income attributable to:Shareholders of the Company230,302521,513Non-controlling interests(11,237)12,047	Profit for the year		228,850	537,166
loss Foreign currency translation differences (9,785) (3,606) Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Other comprehensive income			
Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047				
Other comprehensive loss for the year (9,785) (3,606) Total comprehensive income for the year 219,065 533,560 Profit attributable to: Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Foreign currency translation differences		(9,785)	(3,606)
Profit attributable to: 219,065 533,560 Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047				
Shareholders of the Company 229,545 520,734 Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	- · · · · · · · · · · · · · · · · · · ·			
Shareholders of the Company $229,545$ $520,734$ Non-controlling interests 24 (695) $16,432$ Profit for the year $228,850$ $537,166$ Total comprehensive income attributable to: Shareholders of the Company $230,302$ $521,513$ Non-controlling interests $(11,237)$ $12,047$	Profit attributable to:			
Non-controlling interests 24 (695) 16,432 Profit for the year 228,850 537,166 Total comprehensive income attributable to: Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047			229,545	520.734
Profit for the year228,850537,166Total comprehensive income attributable to:Shareholders of the Company230,302521,513Non-controlling interests(11,237)12,047		24		
Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	_			
Shareholders of the Company 230,302 521,513 Non-controlling interests (11,237) 12,047	Total comprehensive income attributable to:			
Non-controlling interests (11,237) 12,047			230,302	521.513
			,	
	•			

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

Consolidated statement of financial position as at 31 March 2025



		2025	2024
	Note	KD'000	KD'000
Assets			
Property, plant and equipment	11	5,603,680	5,846,400
Intangible assets	13	24,184	27,949
Right-of-use assets	13	7,548	8,095
Deferred expenses	12	28,773	21,866
Investment in a Joint Venture	15	44,960	42,096
Receivable from the Parent Company	18	357,623	305,550
Non-current assets	10	6,066,768	6,251,956
TOR CALLONE ASSES		0,000,708	0,231,730
Inventories	16	669,074	777,577
Trade receivables	17	186,816	146,753
Due from related parties	18	2,918,728	2,960,465
Funds held by the parent company	18	146,956	110,134
Other receivables and prepayments	19	89,403	103,234
Term deposits	20	2,576	16,704
Cash and cash equivalents	21	101,315	116,818
Current assets	5	4,114,868	4,231,685
Total assets		10,181,636	10,483,641
Equity and liabilities			
Share capital	22	1,587,000	1,587,000
Statutory reserve	23	380,579	357,624
Foreign currency translation reserve		15,146	14,389
Acquisition reserve		27,006	27,006
Sub total		2,009,731	1,986,019
Non-controlling interests	24	158,475	169,712
Total equity	12	2,168,206	2,155,731
Loans and borrowings	25	571,397	920,548
Employees' end of service benefits	26	414,067	431,022
Financing received from the Parent Company	18	6,177,647	5,858,950
Lease liabilities	14	7,593	8,085
Non-current liabilities	* * *	7,170,704	7,218,605
	-	7,170,701	7,210,005
Loans and borrowings	25	347,574	354,628
Lease liabilities	14	1,938	1,264
Trade payables		4,301	4,629
Other payables and accruals	27	282,269	280,122
Dividends payable	28	206,590	468,660
Due to a related party	18	54	2
Current liabilities	-	842,726	1,109,305
Total liabilities	-	8,013,430	8,327,910
Total equity and liabilities	=	10,181,636	10,483,641
- · ·	=	/ -,	7 7

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

Hamza Abdullah Bakhash

Chairman

Ghanim Naser Al-Otaibi Acting Chief Executive Officer



Consolidated statement of changes in equity for the year ended 31 March 2025

Total KD'000	2,090,831 537,166 (3,606)	533,560	- (468,660)	2,155,731	2,155,731 228,850 (9,785)	219,065	(206,590)	2,168,206
Non controlling interests KD'000	157,665 16,432 (4,385)	12,047		169,712	169,712 (695) (10,542)	(11,237)		158,475
Sub-total KD'000	1,933,166 520,734 779	521,513	- (468,660)	1,986,019	1,986,019 229,545 757	230,302	(206,590)	2,009,731
Acquisition reserve KD'000	27,006	1		27,006	27,006	1		27,006
Retained earnings KD'000	520,734	520,734	(52,074) $(468,660)$	1	229,545	229,545	(22,955) (206,590)	1
Foreign currency translation reserve KD'000	13,610	779		14,389	14,389	757	' '	15,146
Statutory reserve KD'000	305,550	•	52,074	357,624	357,624	1	22,955	380,579
Share capital KD'000	1,587,000	1	1 1	1,587,000	1,587,000	1	1 1	1,587,000
	Balance at 1 April 2023 Profit for the year Other comprehensive income / (loss)	Total comprehensive income for the year	Transfer to reserves Dividends payable (note 28)	Balance at 31 March 2024	Balance at 1 April 2024 Profit / (loss) for the year Other comprehensive income / (loss)	Total comprehensive income / (loss) for the year	Transfer to reserves Dividends payable (note 28)	Balance at 31 March 2025

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

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Consolidated statement of cash flows

for the year ended 31 March 2025

	Note	2025 KD'000	2024 KD'000
Cash flows from operating activities			
Profit for the year before board of directors' remuneration			
and taxes		228,962	537,939
Adjustments for:			
Depreciation of property, plant and equipment	11	319,506	331,066
Depreciation of right-of-use assets	14	3,886	7,502
Gain on derecognition of leases		(3)	(332)
Provision charge / (reversal)	9	2,617	(302)
Amortisation of intangible assets	13	3,856	3,842
Amortisation of deferred expenses	12	26,759	29,126
Share of results of Investment in a Joint Venture	15	(8,817)	(6,138)
Gain on sale of property, plant and equipment	1/4/2/2	(891)	(1,086)
Provision for employees' end of service benefits	26	37,010	42,039
Finance income		(10,041)	(12,438)
Finance costs		71,501	94,716
Changes in:		674,345	1,025,934
- inventories		108,503	(78,631)
- trade receivables		(40,063)	(22,453)
- due from related parties		41,737	448,702
- other receivables and prepayments		13,831	(16,476)
- trade payables		(328)	(5,893)
- other payables and accruals		2,147	(44,044)
- due to related parties		52	2
- Receivable from the Parent Company		(52,073)	(101,651)
Cash flows generated from operating activities		748,151	1,205,490
End of service benefits paid	26	(53,965)	(30,390)
Net cash flows generated from operating activities		694,186	1,175,100
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(75,877)	(127,643)
Proceeds on sale of property, plant and equipment		891	1,086
Purchase of catalysts	12	(33,666)	(24,446)
Net movement in term deposits		14,128	4,135
Dividend received from investment in a joint venture	15	_	7,358
Finance income received		7,852	11,039
Net cash flows used in investing activities		(86,672)	(128,471)
Cash flows from financing activities			
Net funding received from the Parent Company		318,697	259,910
Repayment of loans and borrowings		(356,205)	(347,191)
Payment of lease liabilities	14	(3,482)	(7,619)
Deferred payments		-	(26,519)
Interest paid		(76,545)	(89,537)
Dividend paid to the parent entity		(468,660)	(914,860)
Net cash flows used in financing activities		(586,195)	(1,125,816)
Net change in cash and cash equivalents		21,319	(79,187)
Cash and cash equivalents at beginning of the year		226,952	306,139
Cash and cash equivalents at end of the year	21	248,271	226,952

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



Notes to the consolidated financial statements for the year ended 31 March 2025

1. Reporting entity

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

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

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

The Company also distributes petroleum products within the State of Kuwait on behalf of the Parent Company in addition to providing other fuel station ancillary services. Approximately 93% (2024: 93%) of the Company's revenue is earned from the Parent Company.

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

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on 29 April 2025 and are subject to approval of the Parent Company at the Annual General Assembly, which has the power to amend these consolidated financial statements after issuance.

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

Name of entity	Country of incorporation	Principal business	Percentage of	ownership
			2025	2024
Subsidiaries Kuwait Aviation Fueling Company, Sole Proprietorship. ("KAFCO")	Kuwait	Aviation Fueling	100%	100%
Kuwait Aromatics Company K.S.C. (Closed) ("KARO")	Kuwait	Manufacturing and selling of Aromatics	60%	60%
Subsidiary held through				
KARO Kuwait Paraxylene Production Company K.S.C. (Closed) ("KPPC")	Kuwait	Manufacturing and selling of Aromatics	100%	100%
Joint venture held through				
KARO The Kuwait Styrene Company K.S.C. (Closed) ("TKSC" or "the Joint Venture")	Kuwait	Manufacturing and selling of Styrene	57.5%	57.5%



Notes to the consolidated financial statements for the year ended 31 March 2025

2. Basis of preparation

a) Basis of accounting

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

b) <u>Basis of measurement</u>

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

c) Functional and presentation currency

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

d) <u>Use of estimates and judgements</u>

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

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

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

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

e) Changes in material accounting policies

The below amendment to standards and interpretations became effective from 1 April 2024, but it does not have material effect on the Group's consolidated financial statements:

- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

The above amendments did not have any material impact on the consolidated financial statements of the Group for the year ended 31 March 2025.



Notes to the consolidated financial statements for the year ended 31 March 2025

Other amendments to IFRS Accounting Standards which are effective for annual accounting period starting from 1 April 2024 did not have any material impact on the accounting policies, consolidated financial position or consolidated financial performance of the Group as at and for the year ended 31 March 2025.

3. Material accounting policies

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

a) Basis of consolidation

i. Business combinations of entities under common control

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

ii. Subsidiaries

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

Accounting period of a subsidiary

The financial year end of KARO is 31 December that is different from that of consolidated financial statements of the Group. For the purpose of the consolidated financial statements of the Group, the consolidated financial statements of KARO for the year ended 31 December 2024 have been used. All significant transactions made between the closing date applied by KARO and the closing date of the Group have been adjusted for accordingly.

iii. Non-controlling interests ("NCI")

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

iv. Loss of control

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

Notes to the consolidated financial statements for the year ended 31 March 2025



v. Transactions eliminated on consolidation

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

b) Investment in a joint venture

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

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

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

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

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

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



Notes to the consolidated financial statements for the year ended 31 March 2025

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

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

The consolidated financial statements of the equity accounted investees are prepared for the year ended 31 December, accordingly, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. Dividend received from joint ventures are reduced from the carrying value of the investment.

c) Property, plant and equipment

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

Depreciation is recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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Notes to the consolidated financial statements

for the year ended 31 March 2025

The estimated useful lives for the current and comparative year are as follows:

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

Freehold land and assets under construction are not depreciated.

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

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

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

d) Intangible assets

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

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

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

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



Notes to the consolidated financial statements for the year ended 31 March 2025

e) Impairment of tangible and intangible assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

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

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

f) Leases

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

As a lessee

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

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

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

g) Inventories

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

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

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

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

h) <u>Deferred expenses</u>

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

i) Financial instruments

Recognition and initial measurement

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

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

Classification and measurement

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

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

Financial assets carried at amortised cost

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

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

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

Business model assessment

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

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

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

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

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

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

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

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

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

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

Trade receivables

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and cash at bank held in current accounts with local financial institution and fund held by the Parent Company with original maturity of 3 months or less.

Subsequent measurement

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

Reclassification of financial assets

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

Derecognition

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

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

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

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

Impairment of financial assets

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

Determination of ECL on financial assets

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

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



Notes to the consolidated financial statements for the year ended 31 March 2025

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as 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, financing received from Parent Company, due to related parties, lease liabilities, trade payables and accruals and other liabilities.

Subsequent measurement

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

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

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

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

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

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

Derecognition

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

Offsetting of financial instruments

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

j) Employees' end of service benefits

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

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

Kuwaiti employees

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

k) Foreign currency transactions

Foreign currency translation

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

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

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

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

Notes to the consolidated financial statements *for the year ended 31 March 2025*



1) Provisions

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

m) Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time the assets are substantially ready for their intended use, i.e. when they are capable of production. 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 such short-term investments is also capitalised and deducted from the total capitalised borrowing costs. 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 year.

Finance costs are recognised in the consolidated statement of profit or loss and other comprehensive income for all interest bearing instruments on effective interest rate basis. The calculation includes all contractual terms of the financial instrument and includes any fee or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

n) Revenue recognition

Sale of goods

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

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

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

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

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

Local marketing and distribution network operation

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

Other services

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

Interest income

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

o) Critical accounting judgements and key sources of estimation uncertainty

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

Business model assessment

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

Investment in a joint venture

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

Key sources of estimation uncertainty

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

Estimation of useful lives

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

Impairment of non-financial assets

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

Impairment provision of inventories

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



Notes to the consolidated financial statements for the year ended 31 March 2025

4. Standards and interpretations issued but not yet effective

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

- Lack of Exchangeability Amendments to IAS 21;
- Classification and measurement of financial instruments amendments to IFRS 9 and IFRS 7;
- Annual improvements to IFRS Accounting Standards Volume 11;
- IFRS 18 Presentation and disclosure in financial statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28.

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

5. Revenue

	2025	2024
	KD'000	KD'000
Refined products	8,275,818	8,907,309
Liquefied petroleum gas	3,295,427	2,840,629
Aromatic products	520,775	596,932
Aviation fuel	202,923	248,126
Revenue from local marketing operations	63,361	66,034
	12,358,304	12,659,030

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

	2025	2024
	KD'000	KD'000
Point in time		
Refined products	8,275,818	8,907,309
Liquefied petroleum gas	3,295,427	2,840,629
Aviation fuel	202,923	248,126
Paraxylene	199,576	246,308
Heavy aromatics	5,980	6,128
Local marketing	393	432
	11,980,117	12,248,932
Over the time		
Benzene	68,396	70,244
Light naphtha	214,111	254,964
Other products	31,876	18,683
Reimbursement of local marketing operating expenses	62,968	65,602
Shipping and handling services	836	605
	378,187	410,098
	12,358,304	12,659,030

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

6. Cost of sales

	2025	2024
	KD'000	KD'000
Cost of crude oil and gas	10,252,582	10,157,993
Cost of feedstock (including KARO depreciation)	706,124	773,501
Staff costs	320,045	315,780
Local marketing operating expenses (including depreciation)	63,285	65,924
Other costs	293,964	266,977
Amortisation (note 12)	26,759	29,126
Depreciation (note 11)	260,491	275,865
	11,923,250	11,885,166

7. General and administrative expenses

	2025 KD'000	2024 KD'000
Other costs	12,027	14,846
Depreciation (note 11)	5,378	3,752
	17,405	18,598

8. Other income

	2025 KD'000	2024 KD'000
Recovery of contract penalties	3,472	3,790
Handling charges	933	738
Gain on sale of catalysts	891	1,086
Gain on disposal of scrap materials	871	408
Insurance recoveries	500	1,100
Others	15,547	7,903
	22,214	15,025



Notes to the consolidated financial statements for the year ended 31 March 2025

9. Provision charge / (reversal)

	2025 KD'000	2024 KD'000
Provision for legal claims	2,296	
Provision charge / (reversal) – expected credit losses	321	(302)
	2,617	(302)

10. Taxes related to a subsidiary

KARO calculates the contribution to KFAS at 1% in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that the income from associates and subsidiaries, Board of Directors' remuneration, transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Contribution to Zakat is calculated at 1% of the profit of the subsidiary in accordance with the Ministry of Finance resolution No. 58/2007.

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Notes to the consolidated financial statements for the year ended 31 March 2025

Property, plant and equipment 11.

and, Vehicles and Assets and transportation Insurance under ities equipment spares construction Total '000 KD'000 KD'000 KD'000 KD'000	913,610 16,929 71,511 689,580 9,823,084 - 4 938 46,816 75,877	(109,354)	.313 - 44 2.087 .313 76,449 627,086 9,898,164	13,158 22,047 - 3,		<u>14,705</u> <u>24,589</u> <u>- 4,29</u>
Freehold land, Plant and buildings and machinery facilities KD'000 KD'000		71,953 25, (2,878)	1,938 6,187,735 939,313	6	(2,853)	2,854,328 371,786
Tanks, pipelines Pland jetties man KD'000	2,038,855 6,0	11,569 (6)	2,050,418 6,	966,002 2,0		1,029,076 2,8
	Cost Balance at 1 April 2024 Additions	Transfer from assets under construction Disposals	roreign currency translation relating to subsidiaries Balance at 31 March 2025	Accumulated depreciation and impairment losses Balance at I April 2024	Charge for the year Disposals Foreign currency translation relating to subsidiaries	Balance at 31 March 2025 Carrying amounts







Notes to the consolidated financial statements for the year ended 31 March 2025

11. Property, plant and equipment (continued)

	Tanks, pipelines and jetties KD'000	Plant and machinery KD'000	Freehold land, buildings and facilities KD'000	Vehicles and transportation equipment KD'000	Insurance spares KD'000	Assets under construction KD'000	Total KD'000
Cost Balance at 1 April 2023 Additions	2,007,851	5,967,088	889,443	17,431	42,859	770,896	9,695,568
Transfer from assets under construction Disposals	31,019 (15)	124,758 (1,613)	24,144 (38)	9 (508)		(179,927)	(2,174)
Foreign currency translation relating to subsidiaries Balance at 31 March 2024	2,038,855	1,978 6,092,599	913,610	16,929	71,511	8	2,047
Accumulated depreciation and impairment							
losses Balance at 1 April 2023 Charge for the year	902,543	2,408,471 230,306	303,788 33,493	11,934	19,986		3,646,722
Disposals Foreign currency translation relating to	(15)	(1,609)	(35)	(508)	1		(2,167)
subsidiaries Balance at 31 March 2024	966,002	2,638,200	337,277	13,158	22,047		3,976,684
Carrying amounts At 31 March 2024	1,072,853	3,454,399	576,333	3,771	49,464	689,580	5,846,400



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for the year ended 31 March 2025

Freehold land, buildings and facilities includes an amount of KD 306,967 (2024: KD 306,967) which represents freehold land. Further assets under construction of KD 7,426 thousand (2024: KD 29,250 thousand) relates to the Clean Fuels Project ("CFP"). Remaining assets under construction are related to various improvement projects that are in the process of being constructed or developed. Such assets are not subject to depreciation until the improvements are tested, available and ready for intended use as per the intent of the management.

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

The depreciation charge has been allocated as follows:

	1 0		
		2025	2024
		KD'000	KD'000
	Cost of soles (note ()	260.401	275 965
	Cost of sales (note 6)	260,491	275,865
	General and administrative expenses (note 7)	5,378	3,752
	Depreciation relating to KARO	29,911 8,920	26,072 11,645
	Local marketing costs Charged to the Group's profit or loss	304,700	317,334
	Charged to the Group's profit of loss Charged to related parties	14,806	13,732
	Charged to related parties	319,506	331,066
			221,000
12.	Deferred expenses		
		2025	2024
		KD'000	KD'000
	Balance at beginning of the year	21,866	26,546
	Additions	33,666	24,446
	Amortisation charge (note 6)	(26,759)	(29,126)
	Balance at end of the year	28,773	21,866
13.	Intangible assets		
		2025	2024
		KD'000	KD'000
	Cont		
	Cost Balance at the beginning of the year	78,431	78,176
	Foreign currency translation differences	255	255
	Balance at the year-end	78,686	78,431
		 _	
	Accumulated amortisation and impairment losses		
	Balance at the beginning of the year	50,482	46,487
	Charge for the year	3,856	3,842
	Foreign currency translation differences	164	153
	Balance at end of the year	54,502	50,482
	Carrying amount	24,184	27,949

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



Notes to the consolidated financial statements for the year ended 31 March 2025

Reservation right fees represent the Group's share of total utilities and infrastructure facilities developed and owned by EQUATE (note 18). Amortisation is allocated to cost of sales as it relates primarily to the Aromatics plant.

14. Leases

The Group leases many assets including land, vehicles and data centers. The leases typically run for a period of 2 - 4 years, with an option to renew the lease after that date. The weighted average rate applied is within the range of 2.75% (2024: 2.75%)

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

The state of the s	KD'	000
	Right-of- use assets	Lease liabilities
Balance at 1 April 2023	18,148	19,396
Additions	7,275	7,275
Derecognition	(9,836)	(10,168)
Depreciation	(7,502)	<u>-</u>
Finance costs	_	455
Lease liabilities paid	- A	(7,619)
Foreign currency translation relating to subsidiaries	10	10
Balance at 31 March 2024	8,095	9,349
Additions	3,493	3,493
Derecognition	(170)	(173)
Depreciation	(3,886)	-
Finance costs	-	327
Lease liabilities paid	-	(3,482)
Foreign currency translation relating to subsidiaries	16	17
Balance at 31 March 2025	7,548	9,531

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

	2025 KD'000	2024 KD'000
Finance costs on lease liabilities Depreciation charge for the year	327 3,886	455 7,502
Amounts recognised in consolidated statement of cash flows	are as follows:	
Repayment of lease liabilities	(3,482)	(7,619)



Notes to the consolidated financial statements

for the year ended 31 March 2025

	The current and non-current portion of lease liability is set out belo	ow:	
		2025	2024
		KD'000	KD'000
	Current	1,938	1,264
	Non-current	7,593	8,085
	As at 31 March	9,531	9,349
15.	Investment in a Joint Venture		
		2025	2024
		KD'000	KD'000
	The Kuwait Styrene Company K.S.C. (Closed) ("TKSC")	44,960	42,096
		44,960	42,096

Investment in a joint venture

The Group has 57.50% (2024: 57.50%) equity interest in TKSC, which is indirectly held through a subsidiary i.e. KARO. TKSC is involved in the production of styrene monomer and other related products in the State of Kuwait.

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

	2025 KD'000	2024 KD'000
Statement of financial position		
Non-current assets	54,165	61,775
Current assets	45,530	42,201
Non-current liabilities	(843)	(1,009)
Current liabilities	(22,420)	(31,464)
Net assets	76,432	71,503
Group's share of net assets	44,960	42,096
Statement of profit or loss and other comprehensive income		
Revenue	185,850	175,644
Cost of sales	(168,933)	(161,904)
Net finance costs	(508)	(952)
Other expenses	(1,077)	(2,113)
Profit and total comprehensive income for the year	15,332	10,675
Group's share of profit and total comprehensive income for the year	8,817	6,138
Dividend received by the Group		7,358



Notes to the consolidated financial statements for the year ended 31 March 2025

The Group's share of TKSC's commitments and contingencies amounted to KD 7.2 million (2024: KD 8.9 million).

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

16. Inventories

	2025 KD'000	2024 KD'000
Crude oil	30,893	28,653
Finished goods	428,726	577,881
Maintenance and spare parts	179,407	157,518
Catalysts and chemicals	46,032	29,733
	685,058	793,785
Provision for obsolete and slow-moving inventories	(15,984)	(16,208)
	669,074	777,577
Movement of provision for obsolete and slow-moving inventories		
Balance at beginning of the year	16,208	16,313
Provision reversed during the year	(224)	(105)
Balance at end of the year	15,984	16,208
17. Trade receivables		
	2025 KD'000	2024 KD'000
Trade receivables	187,702	147,318
Provision for expected credit losses	(886)	(565)
	186,816	146,753

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

	2025 KD'000	2024 KD'000
Balance at beginning of the year	565	867
Provision charge / (reversal) – expected credit losses	321	(302)
Balance at end of the year	886	565

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

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Notes to the consolidated financial statements for the year ended 31 March 2025

18. Related parties

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

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

Funds held by the Parent Company represent temporary placements by the Company using the proceeds received from the export credit agencies loans until those proceeds are being used for their intended use. These amounts have been invested in term deposits by the Parent Company on behalf of the Company and it earns interest at an average rate of 5.37% to 5.45% respectively (2024: 5.66% to 5.69% per annum).

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

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

The Group is engaged in carrying out local marketing sales on behalf of the Parent Company. The products sold in the local market are the property of the Parent Company, accordingly they are not reflected in the consolidated statement of profit or loss and other comprehensive income of the Group. Local marketing sales represent sale of gasoline and other related products amounting to KD 752,827 thousand (2024: KD 726,762 thousand).

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

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

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



Notes to the consolidated financial statements for the year ended 31 March 2025

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

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

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

The Group also recorded a portion of the depreciation charge relating to certain assets included in property, plant and equipment to the Parent Company, Kuwait Oil Company and related parties (note 6).

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

	2025 KD'000	2024 KD'000
Balances with related parties		
Due from related parties – entities under common control		
Kuwait Petroleum Corporation (Parent Company)	2,887,635	2,946,393
Kuwait Oil Company K.S.C.	30,111	13,023
Kuwait Oil Tanker Company K.S.C.	51	30
Kuwait Gulf Oil Company K.S.C.	109	97
Kuwait Integrated Petroleum Industries Company K.S.C	673	836
Kuwait Foreign Petroleum Exploration Company K.S.C.	40	39
Kuwait Petroleum International	48	27
Oil Sector Servicing Company K.S.C.	1	1
Petrochemical Industries Company K.S.C.	60	19
	2,918,728	2,960,465
Funds held by the Parent Company		
Kuwait National Petroleum Company K.S.C.	99,978	101,535
Kuwait Aviation Fuelling Company, Sole Proprietorship	46,978	8,599
	146,956	110,134
Receivable from the Parent Company (non-current)	357,623	305,550
Due to related parties - entities under common control		
Kuwait Oil Company K.S.C.	54	2
	54	2
Financing received from the Parent Company	6,177,647	5,858,950

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Notes to the consolidated financial statements

for the year ended 31 March 2025

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

	2025 KD'000	2024 KD'000
Balance at beginning of the year	5,858,950	5,599,040
Advances received	576,798	533,319
Advances credited to the Parent Company's current account	(258,101)	(273,409)
Balance at end of the year	6,177,647	5,858,950
	2025	2024
	KD'000	KD'000
Transactions with related parties – entities under common control Sales		
Parent Company	11,634,606	11,813,972
Benzene to TKSC	68,772	70,244
Light naphtha and LPG to the Parent Company	229,415	254,964
Light ends, pygas and other products to EQUATE	594	606
Light ends to TKOC	687	1,577
Purchases		
Crude oil from the Parent Company	6,356,061	6,860,026
Light naphtha from the Parent Company	236,042	211,058
Others		
Aromatics plant management fees to EQUATE	771	768
Operating and utilities cost reimbursed to EQUATE for	51,820	39,944
running the Aromatics plant	•	·
Marketing fees to PIC	369	308
Marine expenses	21,495	21,363
Medical expenses	90,267	88,133
Key management compensation		
Salaries and short-term benefits	947	1,066
Employees' end of service benefits	137	124
Zamproyees end of service concine	1,084	1,190
19. Other receivables and prepayments		
	2025	2024
	KD'000	KD'000
Prepayments and deposits	18,443	20,036
Advances against projects	24,468	25,533
Other receivables	46,492	57,665
	89,403	103,234



Notes to the consolidated financial statements for the year ended 31 March 2025

20. Term deposits

	2025 KD'000	2024 KD'000
Term deposits with original maturity of more than three	2.554	16.504
months and less than one year	2,576	16,704
	2,576	16,704

Term deposits are placed with financial institutions and carries effective interest rate of 3.94% (2024: 4.09%) per annum.

21. Cash and cash equivalents

	2025 KD'000	2024 KD'000
Cash in hand	18	198
Cash at bank	101,297	116,620
Cash and cash equivalents as disclosed in the consolidated statement of financial position	101,315	116,818
Funds held by the Parent Company maturing within three months from original maturity (note 18)	146,956	110,134
Cash and cash equivalents as disclosed in the consolidated statement of cash flows	248,271	226,952

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

Term deposits represent deposits placed with financial institutions of original maturity of less than three months from the date of placement and earn average interest rate of 5.45°% (2024: 5.26%) per annum. At the reporting date, bank balances and term deposits are placed as security for project financing (note 25).

22. Share capital

The authorised, issued and fully paid up share capital of the Company comprises of 1,587 million shares of KD 1 each (2024: 1,587 million shares of KD 1 each) and is fully contributed in cash.

23. Reserves

Statutory reserve

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

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



Notes to the consolidated financial statements

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Foreign Currency Translation Reserve

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

Acquisition Reserve

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

24. Non-controlling interests

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

	2025 KD'000	2024 KD'000
NCI percentage	40%	40%
Statement of financial position		
Non-current assets	357,886	363,470
Current assets	89,289	132,185
Non-current liabilities	(4,104)	(8,667)
Current liabilities	(46,883)	(62,708)
Net assets	396,188	424,280
Net assets attributable to NCI	158,475	169,712
	2025	2024
	KD'000	KD'000
Statement of profit or loss and other comprehensive income Revenue	520,775	596,932
(Loss) / profit	(1,737)	41,080
OCI	(1,312)	(3,606)
Total comprehensive (loss) / income	(3,049)	37,474
(Loss) / profit allocated to NCI	(695)	16,432
Other comprehensive loss allocated to NCI	(10,542)	(4,385)
Cash flows generated from operating activities	24,000	68,038
Cash flows used in investment activities	(2,429)	(5,366)
Cash flows used in financing activities	(40,267)	(44,431)
Net change in cash and cash equivalents	(18,696)	18,241

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Notes to the consolidated financial statements for the year ended 31 March 2025

25.	Loans and borrowings		
		2025	2024
		KD '000	KD '000
	Current portion		
	Long term loans	158,799	158,799
	Export credit agencies loans	188,775	188,144
	Term loan related to KARO	<u>-</u>	7,685
	Total of current portion	347,574	354,628
	Non-current portion		
	Long term loans	79,908	238,707
	Export credit agencies loans	491,489	677,998
	Term loan related to KARO	<u>-</u>	3,843
	Total of non-current portion	571,397	920,548
	Total loans and borrowings	918,971	1,275,176

Long-term loans

On 28 April 2016, the Company entered into a long term loan agreement ("Facility") of KD 1.2 billion with a consortium of banks. The Facility consists of conventional and Islamic financing and is repayable in semi-annual installments of KD 80 million from April 2019 till 28 April 2026. The Facility carries a margin of 1% (2024: 1%) per annum over and above the Central Bank of Kuwait discount rate and is unsecured. The funds were specifically borrowed to finance the CFP.

Export credit agencies loans

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

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

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

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 2023 and maturing on 31 March 2025, the coupon rate on this facility is three months LIBOR + 1.6% till the maturity date.



Notes to the consolidated financial statements

for the year ended 31 March 2025

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

26. Employees' end of service benefits

	2025	2024
	KD'000	KD'000
Balance at beginning of the year	431,022	419,373
Charge for the year	37,010	42,039
Payments made during the year	(53,965)	(30,390)
Balance at end of the year	414,067	431,022
Other payables and accruals		
	2025	2024

	2025 KD'000	2024 KD'000
Accrued expenses	107,737	109,913
Accrued utilities	64,934	60,305
Contract retentions	25,904	26,844
Other payables	47,121	50,361
Leave provision	36,573	32,699
•	282,269	280,122

Accrued expenses include an amount of KD 87 thousand relating to the Company's board of directors' remuneration for the year ended 31 March 2025 (2024: KD 70 thousand), which is subject to approval of shareholders in the Annual General Assembly.

28. Dividends payable

27.

The Company's Memorandum of Incorporation and Articles of Association, as amended, stipulate that the net profit for the year after transfer to statutory reserve is payable as dividend. Upon the approval of these consolidated financial statements, dividend payable will be transferred to the Parent Company. During the year, the Group has transferred KD 206,590 thousand (2024: KD 468,660 thousand) and transfer to the statutory reserve of KD 22,955 thousand (2024: KD 52,074 thousand).

29. Financial risk management

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

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

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



Notes to the consolidated financial statements for the year ended 31 March 2025

Risk management framework

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

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

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

Credit risk

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

Exposure to credit risk

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

	2025	2024
	KD'000	KD'000
Receivable from the Parent Company	357,623	305,550
Trade receivables	186,816	146,753
Other receivables	46,492	57,665
Due from related parties	2,918,728	2,960,465
Funds held by the Parent Company	146,956	110,134
Term deposits	2,576	16,704
Cash at bank	101,297	116,620
	3,760,488	3,713,891

The Group manages credit quality of customers by reference to external credit ratings, if applicable, or to historical information about counter party default rates. Trade receivables are considered to be impaired when the amount is in dispute, customers are believed to be in financial difficulty or if any other reason exists which implies that there is a doubt over the recoverability of the balance due from customers of above total trade receivables KD 128,123 thousand (2024: KD 90,555 thousand) are neither past due nor impaired. The Group does not hold any collateral against these receivables. At the reporting date, majority of the Group's trade receivables represents amounts due from governmental institutions.



Notes to the consolidated financial statements

for the year ended 31 March 2025

At the reporting date, following customers' accounts for more than 18% (2024: 26%) of the outstanding trade receivables balance:

	2025 KD'000	2024 KD'000
First Fuel Marketing Company K.S.C.	15,928	15,784
Al-Soor Fuel Marketing Company K.S.C.	11,597	13,654
Ministry of Public Health, Kuwait	3,389	2,419
Ministry of Defence, Kuwait	1,864	4,740
Ministry of Electricity & Water, Kuwait	1,699	1,703

Expected credit losses

Trade receivables

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

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

	KD'000			
	2025		2024	
	Non-credit impaired	Credit impaired	Non-credit impaired	Credit impaired
Not due	128,123	_	90,555	-
Past due				
- Secured with collaterals	-	_	-	_
- Not secured	-	59,579	-	56,763
Gross carrying amount	128,123	59,579	90,555	56,763
Loss allowance		(886)		(565)
	128,123	58,693	90,555	56,198

Amounts due from related parties

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



Notes to the consolidated financial statements for the year ended 31 March 2025

Cash and cash equivalents and term deposits

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

	Cont	ractual cash f	lows	
Carrying amounts KD'000	Within 3 months KD'000	3 to 12 months KD'000	More than 1 year KD'000	Total KD'000
918,971	190,955	218,489	665,350	1,074,794
6,177,647	-	-	6,177,647	6,177,647
4,301	4,301	-	-	4,301
282,269	-	282,269	-	282,269
54	-	54	-	54
206,590	206,590	-	-	206,590
9,531	1,031	2,739	6,450	10,220
7,599,363	402,877	503,551	6,849,447	7,755,875
	918,971 6,177,647 4,301 282,269 54 206,590 9,531	Carrying amounts 3 months KD'000 KD'000 SD 1918,971 190,955 6,177,647 4,301 4,301 282,269 54 206,590 9,531 1,031	Carrying amounts Within 3 to 12 months KD'000 KD'000 KD'000 918,971 190,955 218,489 6,177,647 - - 4,301 4,301 - 282,269 - 282,269 54 - 54 206,590 206,590 - 9,531 1,031 2,739	amounts 3 months months 1 year KD'000 KD'000 KD'000 KD'000 918,971 190,955 218,489 665,350 6,177,647 - - 6,177,647 4,301 4,301 - - 282,269 - 282,269 - 54 - 54 - 206,590 206,590 - - 9,531 1,031 2,739 6,450

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Notes to the consolidated financial statements for the year ended 31 March 2025

		Contractual cash flows			
	Carrying amounts KD'000	Within 3 months KD'000	3 to 12 months KD'000	More than 1 year KD'000	Total KD'000
2024					
Loans and borrowings	1,275,176	187,506	184,703	940,862	1,313,071
Financing received from the					
Parent Company	5,858,950	-	_	5,858,950	5,858,950
Trade payables	4,629	4,629	-	-	4,629
Other payables and accruals	280,122	-	280,122	-	280,122
Due to a related party	2	-	2	-	2
Dividends payable	468,660	468,660	-	<u> </u>	468,660
Lease liabilities	9,349	998	2,664	6,299	9,961
	7,896,888	661,793	467,491	6,806,111	7,935,395

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to market risk arises from:

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

Commodity price risk

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

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

Currency risk

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

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

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	2025 USD'000	2024 USD'000
Assets	181,824	586,624
Liabilities	(2,242,122)	(2,932,628)
Net short exposure	(2,060,298)	(2,346,004)

The following exchange rates has been applied.

	Average	Average rate		Year-end spot rate	
	2025	2024	2025	2024	
US Dollars	0.30671	0.30706	0.30840	0.30740	

Sensitivity analysis

A 5 percent strengthening of the KD against US Dollars at the reporting date would have increased / (decreased) the profit for the year and equity by KD 31,770 thousand (2024: KD 36,058 thousand). This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of Group's financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk of fluctuations in interest rates on the Group's interest-bearing liabilities.

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

	2025 KD'000	2024 KD'000
Loans and borrowings	(918,971)	(1,275,176)
Funds held by the Parent Company	146,956	110,134
Term deposits	2,576	16,704
	(769,439)	(1,148,338)

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit for the year by KD 7,694 thousand (2024: KD 11,483 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

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

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Operational risk

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

Prepayment risk

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

30. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

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

31. Capital management

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

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

	2025 KD'000	2024 KD'000
Financing received from the Parent Company	6,177,647	5,858,950
Loans and borrowings	918,971	1,275,176
Term deposits	(2,576)	(16,704)
Cash and cash equivalents	(101,315)	(116,818)
Net debt	6,992,727	7,000,604
Total equity	2,168,206	2,155,731
Total capital	9,160,933	9,156,335
Gearing ratio	76%	76%

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

32. Capital commitments

As at the reporting date, the Group had commitments with respect to future capital expenditure amounting to KD 69,716 thousand (2024: KD 74,541 thousand). Except for CFP, other commitments will be financed by the Parent Company.

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

- Sale of benzene to TKSC amounting to approximately KD 0.22 million per day (2024: KD 0.23 million per day);
- Purchase of naphtha from KNPC amounting to approximately KD 1.48 million per day (2024: KD 1.57 million per day); and
- Sale of return stream of naphtha to KPC amounting to approximately KD 0.75 million per day (2024: KD 0.83 million per day).

In addition to the above, the subsidiary also has other capital commitments amounting to KD 3,385 thousand (2024: 5,421 thousand).

33. Contingent liabilities

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

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

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

The jurisdictions in which the Parent Corporation operates including the State of Kuwait have joined the IF. The Parent Corporation is in scope of the Pillar Two rules and expects to be liable for the Global Minimum Tax under Pillar Two of the BEPS regulations for certain jurisdictions outside Kuwait.

The Parent Corporation continues to monitor developments and assess the potential impact and evaluate its overall exposure to Pillar Two requirements over the Company.

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About the **Company**



Kuwait National Petroleum Company (KNPC) was founded in October 1960 as a joint venture between Kuwait and private investors. The government acquired full ownership in 1975, and in 1980, KNPC became a subsidiary of Kuwait Petroleum Corporation (KPC).

The Company operates as Kuwait's primary oil refining and petroleum marketing entity. The Company manages two major Refineries - Mina Al-Ahmadi and Mina Abdullah - with combined processing capacity of 800,000 barrels daily. Additionally, the company own gas processing facility at Mina Al-Ahmadi Refinery that produces 3.125 billion cubic feet of gas and 332,000 barrels of condensate per day.

KNPC produces diverse petroleum products including multiple gasoline grades (Octane 91, 95 and 98), Diesel, Jet Fuel, Kerosene varieties, Naphtha, Bitumen, Petroleum Coke, and Liquefied Petroleum Gas. The Company plays a crucial role in Kuwait's energy

sector, handling crude oil refining, gas processing, and domestic petroleum product distribution, supporting the nation's energy infrastructure and economic development.

The Company has executed transformative capital projects that strengthen Kuwait's position as a global oil refining leader while delivering substantial economic benefits. The flagship Clean Fuels Project represents significant the most initiative. cutting-edge incorporating refining technologies to enhance conversion capabilities across both refineries.

This project maximises Kuwait's hydrocarbon value by converting low-value residual oil into premium products like gasoline and gas oil. The facilities produce high-quality, low-sulfur fuels meeting stringent Euro-5 environmental standards, reducing harmful emissions and environmental impact while opening access to European and North American export markets.

Additionally, Kuwait National Petroleum Company completed 4th and 5th LPG Train Projects, significantly boosting Kuwait's gas processing capacity and ensuring reliable clean energy supply to domestic production sectors. These developments support energy security and industrial growth.

Looking ahead, the Company will construct a petroleum products warehouse in Al-Mitlaa to serve Kuwait's expanding western and northern regions. Collectively, these strategic investments represent a qualitative leap forward, positioning The Company to capitalise on global market opportunities while supporting Kuwait's economic diversification and environmental sustainability goals.

Kuwait National Petroleum Company maintains systematic sustainability practices that strengthen Kuwait's economy, advance societal development, and ensure comprehensive health, safety, and 110 _____ Annual Report 24-25

About the **CEO**



Eng. Wadha Ahmed Al-Khateeb brings 31 years of oil industry expertise to her leadership role. She earned a Bachelor of Science in Chemical Engineering from College of Engineering and Petroleum, Kuwait University, in 1994.

Engineer Al-Khateeb joined KNPC immediately upon graduation as a Chemical Engineer, progressing through key positions including Environmental Team Leader, Manager Technical Services at Mina Al-Ahmadi Refinery, and Deputy CEO of Mina Abdullah Refinery. Her appointment as CEO in 2022 marked a historic milestone as KNPC's first female leader.

In 2024, her responsibilities were expanded as Acting CEO of Kuwait Integrated Petroleum Industries Company (KIPIC). Eng. Al-Khateeb currently serves as Vice Chairperson of the Gulf Downstream Association, reflecting her regional industry influence.

Her Notable Achievements (2024-2025):

Major Industry Recognition:

- Ranked fourth on Forbes' list of the 100 Most Powerful Businesswomen in the Middle East (2025).
- Awarded "Personality of the Year" for 2024 by The Energy Year magazine, specialising in energy affairs.
- Honoured by the National Human Rights Bureau for 2023.
- Won "Woman of the Year" award in energy field (2023) by Oil & Gas Middle East magazine.

Environmental and Technical Innovation:

- Spearheaded registration of Kuwait's first flare gas recovery unit project with the United Nations Framework Convention on Climate Change.
- Established the "Odor Management System" in Company Refineries, targeting zero gas emissions and constituting one of the world's largest leak detection and repair programmes.
- Received Special Achievement Award in Geographic Information Systems.

Organisational Leadership and Development:

- Established a pilot programme training female manufacturing engineers in Operations Department as "Field Operators/Control Panel Operators".
- Restructured the Technical Services Department at Mina Al-Ahmadi Refinery to enhance refinery and gas plant services.

Additional Honours:

- Won second place in "Woman of Achievement" award at Women's Leadership Excellence Awards.
- Became the first woman and first Kuwaiti to chair the Gas Processors Association, GCC branch.



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