

نحو مستقبل مستدام

Towards a sustainable future

























نحو مستقبل مستدام Towards a sustainable future

التقرير 24 السنوي 25





His Highness

Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah

The Amir of the State of Kuwait





His Highness

Sheikh Sabah Khaled Al-Hamad Al-Sabah

Crown Prince of the State of Kuwait



This annual report covers the financial and operational aspects of KOC, and is issued in both Arabic and English, the Arabic version being the principal in the event of any discrepancy between the two versions.

The images in this document portray the services provided by KOC.



Table of Contents

Board Members	
CEO's Message	14
Ahmed Jaber Al-Eidan - CEO - Kuwait Oil Company	16
KOC Vision, KOC Mission & Values	19
Introduction	20
Our Operations	22
Our Environment	36
Our Employees	42
Our Community	48
Aspirations	54
Financial report	58
About KOC	98



Manahe Al-Enzi Chairman



Board Member



Ahmed Al-Eidan
Chief Executive Officer



Saad Bo Khousa
Deputy Chairman



Abdullah Al-Affasi Board Member



Yousef Al-Saqer
Board Member



Khaled Al-Khayat
Board Member

Board Members

Management

Fahad Salem Al-Kharqawi

DEPUTY CEO
Projects Management & Engineering

Khaled Al-Mulla

Deputy CEO (Exploration & Drilling)

Eisa AbdulRahman Al-Maraghi

Deputy CEO (North & West Kuwait)

Qusai Naser Al-Amer

Deputy CEO (Admin & Finance)

Ahmed Jaber Al-Eidan

CEO

Majed Zayed Al-Enezi

Manager CEO Office

Ahmad Hasan AbdulGhani

Manager Legal Affairs

Fuad Mohamamad Al-Shaikh

DDeputy CEO (South & East Kuwait)

Mohammad Khalifa Al-AbdulJaleel

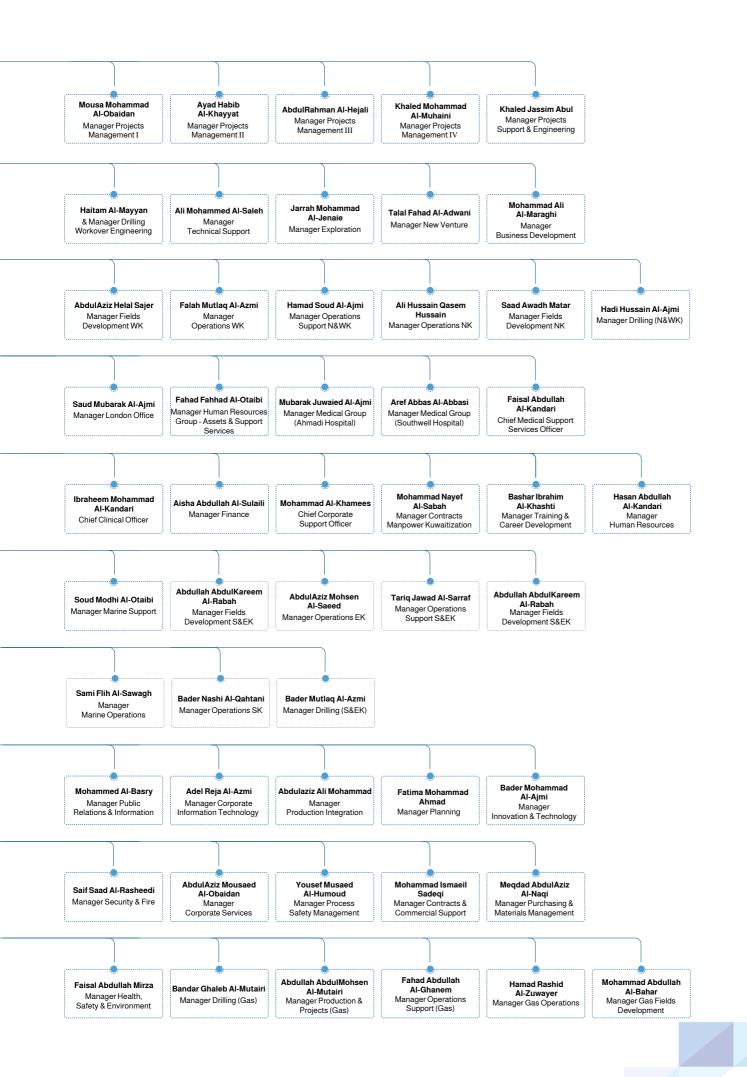
Deputy CEO (Planning & Innovation)

Musaed Sulaiman Al-Rasheed

Deputy CEO (Commercial & Corporate Services)

Ameena Rajab Saleh

Deputy CEO (Gas & Environment)





KOC CEO's Message Mr. Ahmed Jaber Al-Eidan

Each year, I look forward with great enthusiasm to meeting you through this message, in which we reflect on a full year of activities and achievements at Kuwait Oil Company. I can confidently say that this year we come together with a wealth of positive outcomes, aspirations, and ambitions—all of which translate into pioneering accomplishments that further enrich the company's proud legacy.

As outlined in this annual report for the fiscal year 2024–2025, we have continued to deliver exceptional performance amid a challenging global landscape for the oil and gas sector. Despite these challenges, the company has fulfilled its national and social responsibilities, maintaining its vital role in supporting various key sectors within the country. This aligns with the vision of our wise leadership, represented by His Highness the Amir Sheikh Mishal Al-Ahmed Al-Jaber Al-Sabah and His Highness the Crown Prince Sheikh Sabah Khaled Al-Hamad Al-Sabah—may God protect them.

This report presents a comprehensive overview of our strong results, the initiatives, programs, and projects we launched—some of which have been completed while others are still in progress or under study. It highlights our outstanding performance, made possible by several factors: most notably, the exceptional competence of our workforce at all levels and the success of our organizational restructuring. This restructuring has quickly proven the company's insightful vision and solid strategic thinking, laying the groundwork for leadership across various company-related fields.

As always, Kuwait Oil Company continues to overcome difficulties and challenges to achieve milestone after milestone, always prioritizing the nation's interests, including those of Kuwait's oil sector. You will find many of these achievements highlighted in this report—either already realized during the 2024–2025 fiscal year or firmly grounded and ready for completion in the near future.

Over the past year, the company adopted advanced strategies that respond to sectoral shifts. These include projects related to Digital Transformation and Energy Transition, all contributing to the oil sector's strategy to achieve Net-Zero Emissions by 2050. Our initiatives also encompass CCUS, Enhanced Oil Recovery technologies, and other advanced solutions.

Across all areas covered in this report, you will see substantial progress made by our teams and groups. In exploration and production, we entered offshore exploration with strength, making two significant discoveries in the offshore Nokhatha and Julaia fields. We are expanding operations in this domain rapidly and efficiently, along with notable achievements in other related sectors.

On the human capital front—our most valuable asset—we have continued to develop capabilities and competencies through new practices and partnerships with major global companies, in addition to training programs, scholarships, and collaborations with prestigious academic and research institutions.

We also take great pride in the company's leadership in innovation and digital transformation. Having been one of the early adopters in this field, Kuwait Oil Company continues to excel in its ideas and strategies. A key highlight this year was the launch of the first steps toward establishing a global innovation hub headquartered in Ahmadi: the Ahmadi Innovation Valley. We have signed contracts with five leading global firms, each of which will establish its own research and development center focused on oil and gas technologies.

Our ongoing efforts also include Energy Transition projects, production enhancement, well and field development, environmental protection, and a steadfast commitment to HSSE: values now deeply engrained in our Company culture, which has a distinguished history and presence in this area. With the achievement of new discoveries on land and at sea alike, and the affirmation of the ongoing commitment to our Corporate Social Responsibility that we always bear and fulfill, I would like to address the organizational transformation that the Company has witnessed, through the restructuring of its various departments. This step has achieved excellent results, as we will read in the following pages.

I particularly want to commend the remarkable responsiveness of our company's leadership to the changes brought by this restructuring. They embraced the shift with full flexibility, accelerating adaptation and streamlining processes.

While change is often hard to accept, the company has demonstrated it is home to outstanding leaders—both women and men—who have shown world-class performance. All changes were integrated swiftly, setting a new standard of excellence.

In conclusion, much of what has been achieved and what is still in progress promises continued success. Every step the company takes is backed by sound planning, thorough research, pioneering expertise, a strong culture, and—most importantly—highly capable and dedicated human resources. This commitment to excellence remains the unchanging hallmark of Kuwait Oil Company through all times and challenges.

With best wishes,
Ahmed Jaber Al-Eidan
Chief Executive Officer
Kuwait Oil Company



Ahmed Jaber Al-Eidan CEO - Kuwait Oil Company

Ahmed Jaber Al-Eidan is the CEO of Kuwait Oil Company, which is considered one of the largest oil producers worldwide. It has approximately 12,000 employees and is the backbone of Kuwait's economy.

Over 32 years, Mr. Al-Eidan climbed the ladder within KOC, from working as a well site geologist to leading the Company as its CEO. Throughout those years, he served KOC in various positions; ranging from exploration, to drilling, to development. He has been Chairman of the Board of Directors of Kuwait Gulf Oil Company (KGOC) since October 2023.

In 1992, Mr. Ahmed Al-Eidan obtained a Bachelor's Degree - specializing in Geology - from Kuwait University. He joined KOC in January 1993, where he started as a well site geologist for three years, followed by another three years as a Development Geologist. He was then promoted to a Chief Geologist responsible for exploratory drilling, where he held this position for three years.

In early 2005, Mr. Al-Eidan became TL Prospect Evaluation in the Exploration Group, where he successfully led the Team in site drilling selection, long-term testing, and increasing reserves. After the discovery of natural gas in Kuwait, a new team, Fields Development Gas, was created at KOC. Mr. Al- Eidan was appointed as Team Leader and led it su cessfully from 2007 to July 2009.

In July 2009, Mr. Al-Eidan was appointed as Manager of the Exploration Group, a position he held until the end of August 2016, during which he supervised the work of five Teams under his management. This mainly involved discoveries of new oil and gas fields with the aim of increasing reserves. Other exploration projects were also launched, after identifying potential hydrocarbon prospects. He also led the geological, geophysical, and geochemical studies conducted throughout the region.

From September 2016 to February 2018, Mr. Al-Eidan held the position of DCEO Drilling & Technology at KOC. Then, on February 12, 2018, he was appointed as DCEO West Kuwait.

From June 19 2018 to March 11 2019, Mr. Ahmed Al-Eidan served as Vice President (Operations) at the Kuwait Foreign Petroleum Exploration Company (KUFPEC), where he oversaw the operations of various exploration projects around the world for the KUFPEC regional office worldwide. On March 12 2019, he was appointed DCEO Exploration & Gas at KOC, followed on April 1 2021 with his appointment as DCEO Exploration & Drilling at the Company.

On November 7 2022, Mr. Ahmed Al-Eidan was appointed CEO of KOC, a position he still holds. Mr. Al-Eidan chaired many international technical sessions, and published and presented many technical papers and research. He also founded the Society of Exploration Geologists (SEG) – Middle East Branch, and was designated as its President from 2014 to 2017.

In this position, he provided direction to ensure the success of the newly established Middle East office and geophysics support activities in the region.

Mr. Al-Eidan also served as a member of the Executive Steering Committee of the Middle East Geosciences Conference & Exhibition, since 2014, and chaired the 13th Geosciences Conference & Exhibition, which was held in 2018.

In addition, Mr. Al-Eidan has been a member of the Board of Directors of the Kuwait Oil Tankers Company since 2017.





Mission

Exploration and Production Sector Mission: We optimize the value of Kuwait's hydrocarbon resources through exploration, development and production to ensure sustainability.

Vision

To optimize the value of Exploration and Production Sector vision: To be an upstream leader recognized globally for excellence.

Values

Exploration and Production Sector Values:

- Innovation: Developing and embracing new ideas, methods, and approaches to solving challenges that create value.
- Excellence: Encouraging high performance, continuous improvement, and a customer focus.
- Caring for People: Creating a culture where people develop and grow and are positively motivated to contribute to the success of others.
- Pride: Creating employee satisfaction on an individual level and promoting a sense of loyalty and belonging to KOC.
- One Team: Caring for the interests of KOC and ensuring alignment to achieve corporate and State goals.
- Partnership: Building and sustaining relationships that support growth and enhance operational excellence.
- Integrity: Acting in a trustworthy manner with the highest standards of ethics, respect, and honesty.
- Commitment to HSSE: Respecting the environment and ensuring safety, security, and the promotion of a healthy workplace wherever KOC operates.

Introduction

The fiscal year 2024/2025 was filled with challenges, much like the previous years. Even though, the continuous efforts of Kuwait Oil Company, reflecting its ongoing commitment to excellence and enhancing performance efficiency across its various areas of operation, led to significant achievements in line with its strategic objectives.

For the first time in seven years, Kuwait Oil Company is forecasted to achieve its sustainable crude production target, which is considered as a significant operational achievement that reflects the company's ongoing efforts to improve its performance, maximize its production strategies, and enhance the efficiency of its operations. Achieving this goal also underscores KOC's commitment to achieving its strategic objectives.

The company also reached a peak Heavy Oil production since operations began in 2020, producing 95,000 BOPD. This was an especially challenging feat as many obstacles arose during the process, confirming KOC capability to move beyond complications to achieve our goals.

Moreover, the company succeeded in achieving a breakthrough record in gas production of 683 MMSCFD in 26 of November 2024 through optimization of production techniques & raising operational efficiencies.

In the field of exploration, commercial quantities of light oil and associated gas were discovered in the offshore Noukhetha field within the Minagish geological layer from the Cretaceous period. This marks the first commercially discovered offshore field in the exploration phase. Additionally, the discovery of the Al-Julaia field further enhances Kuwait's oil reserves and opens new horizons for developing its hydrocarbon resources. These two discoveries are significant steps toward expanding the company's capabilities and strengthening Kuwait's position in the oil and gas sector, as part of the 2040 strategy. The company also increased its capacity for the drilling and workover activities, leading to drill around 541 development and exploratory wells for oil and gas, and to perform around 2,149 workover activities.

During the third quarter of 2024/2025, KOC has successfully reduced the number of the closed wells scheduled for workover operations to 5% from the total produced wells and connected with the gathering centers, aligning with the global industry benchmark in production sustainability and performance improvement. This milestone was achieved through the planning enhancement, adoption of best operational

practices, and enhancements in workover and well maintenance processes.

As part of enhancing spending efficiency and boosting competitiveness, the company developed mechanisms for contracting, procurement, and drilling, resulting in significant savings exceeding 208 MKD. These efforts contributed to improving operational efficiency, reducing the projects' execution timeline, and enhancing the quality and services levels.

During the fiscal year, the company successfully completed the second phase of its organizational restructuring plan, aimed at supporting to achieve the 2040 strategy objectives, which focus on operational excellence, efficiency, growth, sustainable production, and long-term growth. A few improvements remaining and are in progress to be completed.

The company also witnessed the implementation of the digital transformation efforts by adopting a software-defined data center using private cloud technology. This strategic transformation aims to improve resource management efficiency and accelerate project launches.

In terms of the manpower, national talent was strengthened for a promising future through the launch of the fourth campaign of the Marine Scholarship Program in the fields of Navigation Sciences and Marine Engineering in the United Kingdom. This is considered a strategic investment that will benefit the company in the future.

On the other hand, and in line with KOC strategy and priorities, the Company's Health, Security, Safety and Environment (HSSE) efforts in order to maintain the safety of workers and facilities and remain focused on reducing Lost Time Injury Frequency Rate (LTI-FR) to 0.0098 incidents per 200,000 working hours by the end of this fiscal year against tolerance of 0.0190 incidents per 200,000 working hours.

The Company continues to organize various initiatives and campaigns as part of KOC's Corporate Social Responsibility (CSR) efforts. KOC's commitment to social responsibility has resulted in a series of both new and ongoing initiatives that seek to create public awareness and engagement. From health and safety awareness lectures in schools to environmental remediation efforts in the field. The company also organized Ahmadi Sport Day which had a great attendance at state level.

In the following report, a description of the Company's performance and achievements during 2024/2025 fiscal year.







Oil Production Capacity

Among the key achievements made by Kuwait Oil Company to reach its targeted production capacity for the upcoming years, the following are notable:

For the first time in seven years, Kuwait Oil Company is forecasted to achieve its sustainable crude production target, which is considered as a significant operational achievement that reflects the company's ongoing efforts to improve its performance, maximize its production strategies, and enhance the efficiency of its operations. Achieving this goal also underscores KOC's commitment to achieving its strategic objectives.

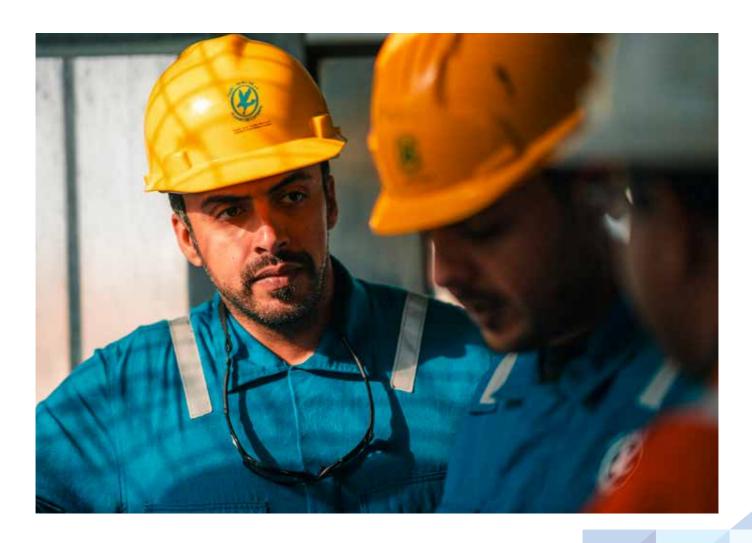
Kuwait Oil Company successfully produced heavy oil of 95 MBOPD, the highest since the project began in 2020. This achievement was particularly challenging in the South Ratqa area, since the company faced production obstacles related to pumps' improvements and the complex integration of new wells into the existing infrastructure, alongside the need to expedite the commissioning of new wells. The company achieved this success due to several key factors, most remarkably the enhancement and increment of the steam injection operations efficiency, as steam injection plays a crucial role in boosting the oil recovery and supporting production growth in the South Ratqa field. Additionally, the company improved the performance of Umm Niqa field plants, significantly enhancing the production capacity and streamlining operations throughout the field.

The company contributed to achieve enhanced Heavy crude processing by managing and executing the blending of Kuwait South Ratqa Crude (SR-HO KSRC) blend from CPF-60 with Um Niqa heavy oil (UN-HO) from EPF-15 to create the blend of Kuwait Heavy Crude (KHC) to be further processed at Al Zour refinery and market it internationally. This involved commissioning of new crude pipeline, analyzing of various blending scenarios, and communication with Kuwait Institute for Scientific Research (KISR), KIPIC and various Teams within KOC for carrying out the Crude assays and its analysis, in addition to carrying out a trail test for 16 days with KIPIC. The long-term impact of this achievement extends beyond just blending of crude, it will provide more flexibility and enhance KIPIC's refining margins through optimal blending, in addition to contributing to improving the oil sector efficiency and KPC profitability by achieving the integration between the exploration and production sector, and refinery sector.

Additionally, Wara Pressure Maintenance Train 3 Project turnover achieved on 30 of May 2024, and the performance acceptance certificate was issued on 3 September 2024, which added an additional capacity more than 300 thousand barrels water per day (MBWPD) and will contribute to increasing the production in South and East Kuwait operations area.

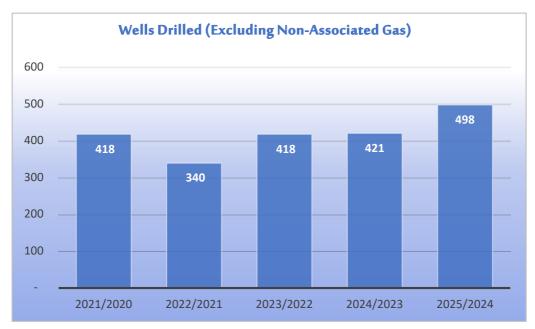
The following table shows the status of the most important major projects in the Company's areas of operation, which will contribute to the provision of technical solutions and overcome many challenges in the coming years.

Area	Project	Status
South & East Kuwait	Installation of Separation Gathering Center (SGC-I) and Water Injection Plant (WIP-I) in EK-I Area	
	Installation of Separation Gathering Center (SGC-III) and Water Injection Plant (WIP-III) in SK-I Area	Bidding Stage 21.7%
	Installation of Water Injection Plant (WIP-IV) in SK Area	
	Marine Facilities Upgrade - Civil Project & Fleet Project	
North & West Kuwait	Separation Facilities (A,B,C) in NK SA/BA Area (GCs 23& 24), Injection Facility at GC-31 and New NK EW Injection Networks (3 Projects)	Bidding Stage 21.7%
	Separation Facility GC-25/ Water Injection Facility GC-30	Didding Stage 21.770
Drilling	Drilling Of Six Exploratory Wells for Establishing Offshore Hydrocarbon Prospects in Kuwait's Territorial Waters	Construction Stage 38%
Gas Projects	New Gas Sweetening Facility At Bs 171 West Kuwait	Bidding Stage 21.7%



Drilling and Workovers (Excluding Non-Associated Gas)

The total number of wells that were drilled specifically for the production of oil (excluding Non-Associated Gas) reached 498 new wells, in addition to 2,107 workovers which were completed for the purpose of oil well maintenance.





KOC has successfully reduced the percentage of closed wells scheduled for workover operations from 14% to 5%, aligning with the global industry benchmark of 5-10%. This milestone was achieved through the implementation of an integrated organizational framework, adoption of best practices in supply chain and maintenance management, and strategic enhancements in workover and well maintenance processes. This resulted in adding approximately (10,000 barrels of oil per day) equivalent to 3.650 million barrels of oil per year. These

concerted efforts demonstrate KOC's unwavering commitment to operational excellence and sustainable enhancement of production capacity.

Associated and Non-Associated Gas Production Capacity

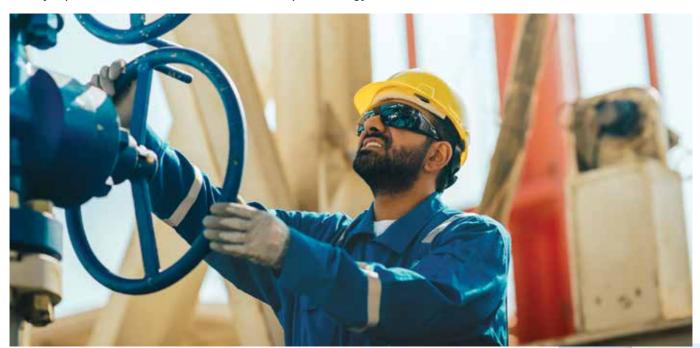
As part of Kuwait Oil Company's ongoing efforts to enhance production capacities and meet the increasing market demand, the company achieved exceptional milestones in natural gas production during the fiscal year. This was accomplished through the deployment of advanced technologies, the development of infrastructure, and the discovery of new fields that opened wide horizons for future growth, further strengthening the company's leadership position in the energy sector.

Kuwait Oil Company recorded its highest-ever production rate of Non-Associated Gas in 26 of November 2024, with a daily production rate reaching 683 million standard cubic feet per day (MMSCFD). By the end of the fiscal year, the Non-Associated Gas production rate stood at approximately 637.5 MMSCFD, compared to the annual target of 630 MMSCFD. The company continues its ongoing efforts to achieve the strategic goals set in this regard.

After facing a significant challenge due to delays in completing the KGOC's 12-inch export pipeline project (Phase 2), the company experienced a considerable impact on gas flaring, which limited crude oil production from the joint Khafji operations to 245,000 barrels per day and led to a loss of revenue for the State of Kuwait due to the inability to access its share of gas. The company implemented Management of Change (MOC) using innovative solutions to establish alternative export measures.

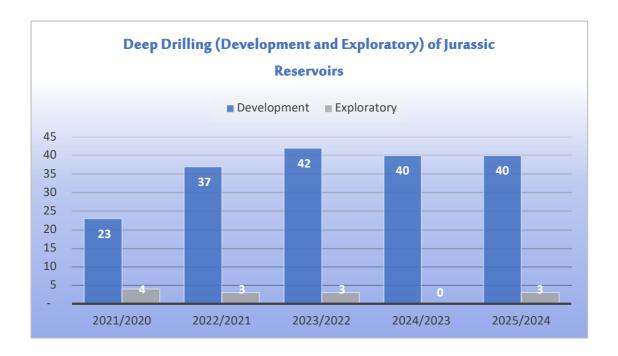
By November 2024, the company successfully connected two high-pressure gas export pipelines in West Kuwait, which supply the Intermediate Slug Catcher station, adding additional capability to divert the flow through the existing 30-inch export pipeline for operational flexibility. This modification allows the export of 40 MMSCFD. Additionally, by December 2024, KOC integrated KGOC's safety equipment and features into its own systems via a fiber-optic network, thereby improving operations and monitoring.

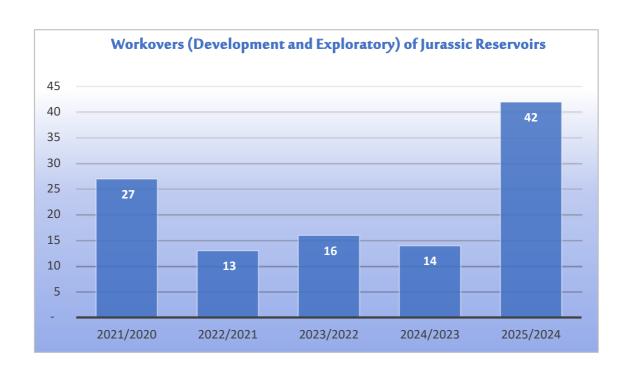
As a result, these changes contributed to a reduction in gas flaring by 18 MMSCFD, increased crude oil production from 245,000 to 270,000 barrels per day, secured Kuwait's share of additional revenue, and maintained safety, operational excellence, and uninterrupted energy flow.



Deep Drilling (Development and Exploratory) of Jurassic Reservoirs

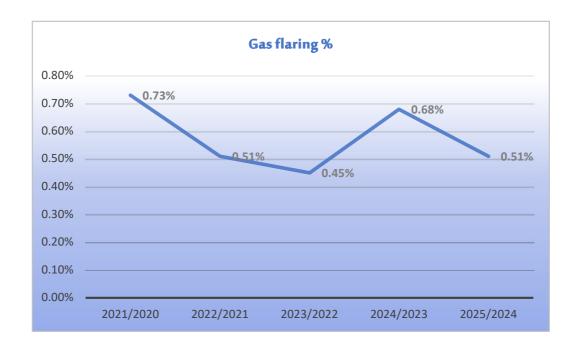
KOC drilled 43 deep wells, which helped the Company reach its Light Oil and Non-Associated Gas production targets, and to execute the company's exploration program. In addition, the Company completed 42 workover operations to maintain production from Non-Associated Gas wells.





Gas flaring Percentage

KOC is still achieving lower levels in Gas Flaring, Gas Flaring Rate reached 0.51%, lower than the yearly tolerance of 0.80% for 2024/2025. This achievement was accomplished despite the impact of Acid Gas Removal Plant's 70 days planned shutdown in Mina Ahmadi, contributes to provide additional quantities of Gas for local consumption, in addition to reducing greenhouse Gas emissions.



Reservoir Assessment Studies

KOC has completed Deep Reservoir Conformance Control Study – Bahrah Field (Mauddud Reservoir) to address conformance problems caused by natural fractures, the Deep Reservoir Conformance Control (DRCC) recipe was design based on extensive laboratory research. In contrast to a near-wellbore treatment, this technology offers in-depth conformance treatment. The successful field trial of this technology will reduce water production, maintain reservoir pressure, and improve the oil sweep, hence increasing oil production while reducing the cost of water treatment. This achievement will help to achieve KOC's strategy for net zero emissions and sustainable oil production.

On Site Pilots

KOC has successfully completed Long Term Polymer Injectivity Test (LTPIT) using high-salinity effluent water. This will eliminate the need for multi-well pilots, time savings, using existing wells and infrastructure, as much as possible, for EOR maturation in pursuit of operational ease. Alleviating water handling requirements as a result of utilizing available effluent water for EOR development and sustain production. Results shows an accelerated incremental oil recovery of around ~ 3.5-4.5 % in the testing well UG-0353.

Additionally, in Umm Niqa filed -Lower Fars reservoir (F1), KOC has completed the water flooding phase achieving an incremental oil recovery factor of around 34% (from water injection) of the total oil in place within the pilot area. It is expected to commence the polymer injection using existing infrastructure and wells during upcoming fiscal year.

Seismic Survey Operations

Kuwait Oil Company is processing the seismic data for its 3D seismic survey projects in the West Kuwait fields and the 3D seismic survey project in the Mutriba area which were completed during the previous fiscal year 2023/2024, covering areas of 1,275 and 986 square kilometers, respectively. These projects aim to explore and develop the fields in these regions in line with the company's strategy and objectives.

Additionally, the company is processing the seismic data from the additional 4D seismic survey in Minagish field that completed in fiscal year 2023/2024, covering an area of 110 square kilometers, aiming to monitor the emergency changes in the geological formations surrounding the oil spill location of one of the wells in the West Kuwait area and to identify the causes of the spill.

Onshore and Offshore Exploratory Drilling Activities

Many exploratory drilling operations were completed during the fiscal year 2024/2025 which led to discover commercial quantities of oil and gas, which will contribute to achieving KOC's strategic goals in terms of adding reserves and production. In this context:

In July 2024, commercial quantities of light crude oil and associated gas were discovered in the Nokhetha offshore field, within the Minagish formation from the Cretaceous period. This field is the first offshore field discovered with commercial quantities. The field covers an area of 96 square kilometers and the estimated reserves of hydrocarbon resources in the formation are approximately 2.1 billion barrels of light crude oil and 5.1 trillion standard cubic feet (scf) of gas, equivalent to about 3.2 billion barrels of oil equivalent (BOE). "Nokhetha -1" well recorded a production rate of around 2,800 barrels of oil per day and 7 million scf of gas per day.

In January 2025, significant commercial quantities of hydrocarbons were discovered in the Julaiah offshore field. Production tests conducted in the Zubair geological formation (Cretaceous period) from the exploratory well "Julaiah -2" yielded promising results. The field covers an area of 74 square kilometers, and its reserves are estimated at 800 million barrels of medium API crude oil, free of hydrogen sulfide (H₂S) and with low carbon dioxide (CO₂) content, in addition to 600 billion standard cubic feet of associated gas equivalent to 950 million BOE.

Moreover, on 1 January 2025, the company started the drilling operations on "Julaiah -3" well, which marks the first offshore Jurassic well in the history of the Kuwait Oil Company. Drilling is currently progressing through the Mutriba formation, with expectations to reach its final depth during the upcoming fiscal year.

On the other hand, drilling of the third cretaceous offshore exploratory well "Jazzah-1" commenced in July 2024. Testing is currently underway on several geological formations in the well, with completion expected by May of 2025/2026 fiscal year.

Additionally, the company has succeeded in discovering Zubair sand reservoir in Shaham exploratory field through drilling of one exploratory well in North Kuwait. Lastly, and as part of the "Exploration through Development" Initiative, the discovery of Marrat reservoir in Kra-al-Maru field through deepen the wells, which led to cost saving of more than 7.6 MKD without the need of drilling a new exploratory well and without interrupting company operations and its strategy plans.

Kuwait Oil Company continues to advance the development of commercially challenging reservoirs to ensure future production sustainability. This includes leveraging unconventional sources such as heavy oil and offshore resources, as well as tapping into new reservoirs that require the application of advanced technologies and strategic-commercial evaluations.

To support this direction, KOC has implemented and continues to enhance its Corporate Portfolio Management System (CPMS) to provide accurate insights into production forecasts, capital and operating costs. The system serves as a critical enabler for economic evaluations and portfolio optimization across the Company's development opportunities. As part of its continuous improvement efforts, KOC is working on further enhancing the financial models, and updating key economic parameters to strengthen scenario planning and decision-making. These developments support more precise and dynamic execution of the Company's strategy, helping ensure long-term value delivery and alignment with the 2040 Strategy.

Technologies

In a strategic move to enhance the efficiency of KOC's operations and reduce operating costs, the company has restructured its IT infrastructure, creating an Innovation & Digitalization Team as one of the primary objectives of the restructuring of Innovation and Technology (I&T) Group. This restructuring aims to chart a specific roadmap for innovation and digital transformation. This change reflects our commitment to fostering and developing innovation at KOC by expanding the use of digital technologies, particularly in the areas of artificial intelligence, big data analytics, and others. The team's responsibilities extend to coordinating the implementation of KPC's innovation excellence initiatives company-wide.

As part of our ongoing commitment to digital transformation and operational excellence, several high-impact digital initiatives were implemented this year, significantly improving data quality, automation, integration, and decision-making support across the organization.

Digitization and data integration:

- Successfully implemented drilling data automation, contributing to improve the operational efficiency and reducing manual interventions.
- Integration of electrical submersible pump (ESP) data with the Artificial Lift Management System (ALMS) to enhance artificial lift monitoring and efficiency.
- Enabling a production dashboard to provide real-time insights into production performance indicators.
- Implementation of geological core data digitization projects, converting historical data into analyzable digital formats.
- Management of heavy oil production data via the Avocet system to streamline data flow and improve production analysis.

Governance and quality improvement:

- Implementing geological formation summit governance to standardize geological reservoir data across different assets.
- Automated well log review and classification to ensure reservoir data reliability.
- Launching data quality dashboards to monitor data accuracy and consistency across different domains.
- Establishing a green, reference, and master database (MDM) as the trusted foundation for geoscience and engineering data.

Advanced reporting and analysis:

- Develop the Ministry's digital reporting system to facilitate and standardize regulatory reporting.
- Digitize the daily field report for (West, East, and North Kuwait) areas to enhance daily monitoring of operations.
- Automate the daily oil and water production report to speed up reporting and improve accuracy.
- Develop a vision for predicting the percentage of produced water (water cut) to support proactive magement of produced water.

Infrastructure and tools:

- Developing the Kuwait Oil Company (KOC) Al Danah data warehouse to support integrated analytics across domains.
- Implementing the Drilling Engineering (DSE) toolkit to provide advanced tools for engineers in design and planning.
- The second phase of the West Kuwait Gas Booster Station (WK BS) expansion was digitally enabled to integrate the new assets.
- Implementing a Well Intervention Loss Tracking (RDA) system to monitor and reduce the non-productive time.

Strategic enablement:

 Enabling digital transformation of KWIDF platform to support innovation and achieve long-term operational efficiency.

The company has started exploring advanced technologies and adopted a Software Defined Data Center (Private Cloud) under a new contract costing approximately 2.6 million KD, resulting in savings of around 12 million KD (compared to the cost of the original contract of approximately 15 million KD). This strategic transition will also significantly improve resource management efficiency and accelerate project launches.

The Zour Manifold Virtual Tour is a first-of-its-kind digital initiative by Kuwait Oil Company, designed and developed in-house as a pioneering pilot project, showcasing KOC commitment to digital innovation and operational excellence. Leveraging high-resolution 360° photography, it delivers an immersive, real-world exploration of Zour Manifold. This innovation provides remote, interactive access to 360° imagery, seamlessly integrated with technical documentation, pipeline schematics, and process data, significantly enhancing operational awareness, safety, and efficiency. By eliminating unnecessary on-site visits, it improves training, accelerates knowledge transfer, and enables faster, data-driven decision-making, ensuring greater accuracy in pipeline assessments and operational planning. This initiative aligns with KOC digital transformation strategy, paving the way for future integration with Digital Twins, advanced data visualization, and remote collaboration tools, reinforcing KOC commitment to innovation and efficiency in the oil and gas sector.

Furthermore, KOC has successfully transformed the entire paper-based pass issuance process into a fully electronic system, widely adopted and well-received by all users and contractors. Passes are issued with elec-

tronic signatures, QR codes and embedded holograms, and the verification is done through integrated digital systems, marking a major step forward in efficiency and security.

Cost Optimization

As part of enhancing spending efficiency, the company adopted several initiatives that contributed to improving spending efficiency, enabling it to comply with its capital expenditure cap in the five-year plan without impacting its operations. The savings achieved from these initiatives were directed to support the additional and necessary exploration and development activities to achieve the targeted production, within the framework of the capital budget specified in the five-year plan, and without requiring any additional funding beyond that budget.

Some of the prominent achievements for KOC during 2024/2025 in this regard are listed below:

The company has adopted several initiatives to optimize the expenses and improve the capital budget estimation methods for drilling projects. These efforts have contributed to improving operational efficiency, enhancing competitiveness, reducing project execution time, and enhancing service quality. Examples include:

- Reviewing and enhancing the wells' design (drilling pipes, etc.) for all deep wells drilling projects, which is expected to contribute to savings of up to 430 million KD over the next five years.
- Saved over 208 million KD through enhanced mechanisms and specifications in drilling and workover rigs. The improvements include faster timelines, better pricing, and enhanced service quality.
- Updating and adjusting capital budget estimation for the new wells based on the historical data for the best average drilling duration contributed to improving the estimated cost for the future projects. These adjustments are expected to generate savings of 365 million KD over the next five years.
- Reducing well surveillance budget estimates by comparing actual costs with the estimates, focusing on improving the number of days scheduled for well completion. These improvements are expected to generate savings of 180 million KD over the next five years.
- Develop contracting mechanisms and adopting new contracts models such as the Integrated Drilling Services (IDS/LSTK) model.
- Review and improve well drilling services (such as sampling and sample extraction) and reduce the number of testing days.

Furthermore, the company has awarded six new tenders successfully under a revised contractual strategy emphasizing enhanced specifications and streamlined manufacturer approvals, with projected savings of approximately KD 31 million over the coming years.

One of the noticeable achievements for KOC this year, and for the first time in years, the Five-year Plan (FYP) capital budget has been phased smoothly, considering the realistic requirements, projects' maturity, schedules, KOC's capabilities and resources, as well as lessons learned from previous years. This approach ensures a more feasible and balanced distribution, aligned with KOC's operational capacity.

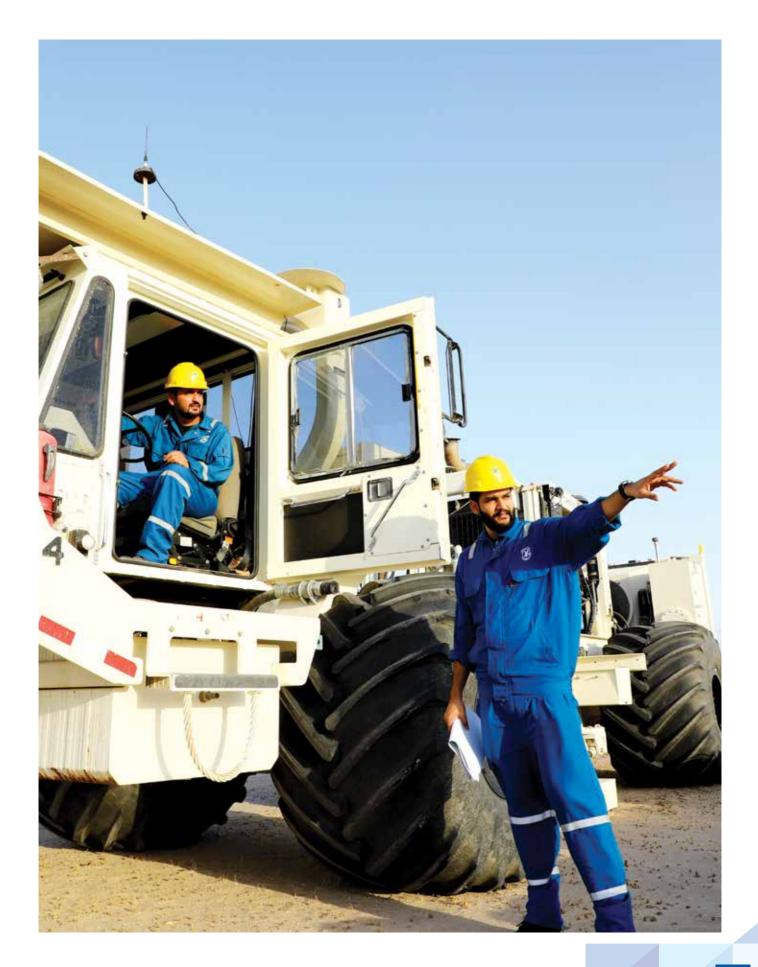
As mentioned earlier, adopting the Software Defined Data Center (Private Cloud) within the new contract led to saving of approximately 12 million KD, comparing with the previous contract that would cost around 15 million KD.

In addition to the above, KOC has adopted a new approach to construct the petroleum research center "Ahmadi Innovation Vally" within a new concept of innovation, in line with the international best practices in oil and gas industry. It is expected to generate significant cost savings, approximately 125 million KD in the capital expenditures (CAPEX) and 34 million KD annually in operating expenditures (OPEX). To achieve that, the company has signed MOAs with five international oil companies (SLB, Halliburton, Weatherford, NESR, Baker Hughes) to execute the project.

Re-Organization Structure (phase-II)

As part of the Re-Organization Structure Phase-II, several strategic initiatives have been successfully implemented to enhance operational efficiency and scalability. This includes the merger of the North and West Kuwait Directorates, which aims to increase scalability across the regions. Additionally, Business Development has been established as the regulator of International Oil companies – IOC partnerships, ensuring more structured and effective management of these collaborations. Drilling Operations have been transferred to Assets, streamlining the organization's core operations. In line with geographical logic, Export Operations and the Marine Groups have been relocated to S&EK, fostering better coordination and efficiency.

Furthermore, the I&T Group has been refocused on innovation to drive technological advancements and improvements, while the CIT Group has been restructured according to the IT stack to ensure clearer roles and responsibilities. The training and career development functions have been centralized within the T&CD Group to create more effective learning pathways. Lastly, the HR Group has been strengthened with the inclusion of Manpower Planning and Recruitment, further supporting the company's workforce planning and talent acquisition efforts.







KOC's efforts to improve matters related to health, safety, environment and security remain some of the most important goals of the Company's 2040 strategic objectives.

Health

Ahmadi Hospital is constantly working to strengthen its leading position as one of the most prominent, advanced and modern medical facilities, aiming to provide the highest levels of various medical services to oil sector employees and their families.

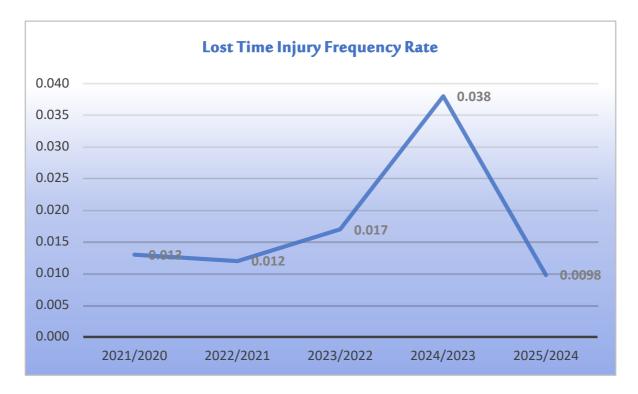
One of the major achievements for the company signing an agreement between Ahmadi Hospital and Heidelberg University Hospital to enhance cooperation in health care, exchange medical expertise, training of doctors and nurses as well as, advanced patient treatment.

During the fiscal year, KOC opened the Pediatric Spine Clinic to diagnose and treat pediatric spinal conditions, moreover, the hearing aid service was started in Ahmadi Hospital, enhancing the quality of healthcare provided to patients.

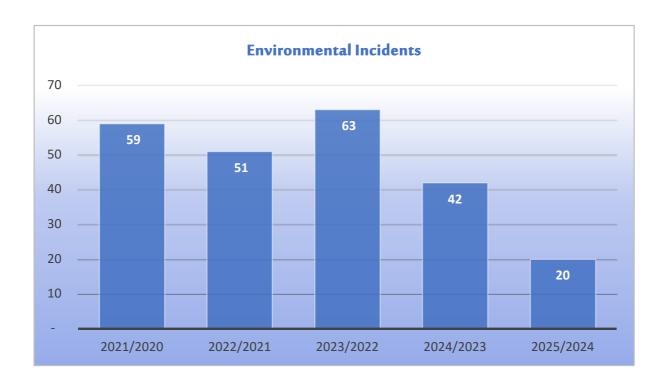
The hospital continued with various medical campaigns, the most important of which are blood donation campaigns at the state level. Also, it provides the medical services in the various events, such as Ahmadi Sport Day and other sports activities organized by KOC, in addition to the periodic medical examinations in various locations such as North Kuwait operation areas.

Safety and Security

KOC's safety initiatives and efforts are focused on reducing the Lost Time Injury Frequency Rate (LTIFR), which reached 0.0098 accidents per 200,000 working hours at yearend, lower than the yearly tolerance of 0.0190 accidents per 200,000 working hours.



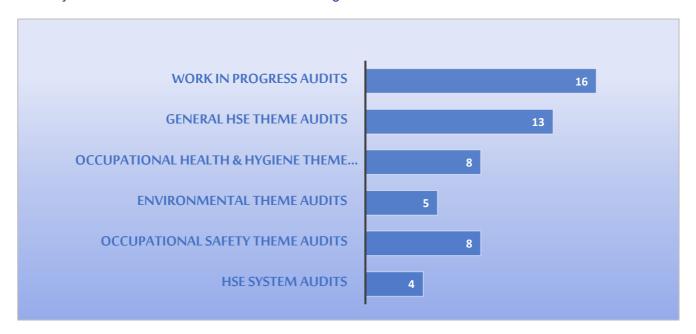
The Company regrets that it recorded the deaths of two contractors during this year, and it is working to implement the necessary measures to prevent such accidents in the future. KOC faced 20 environmental incidents, lower than 42 environmental incidents registered the previous year.





As a part of Corporate HSSE support, KOC conducts frequent audits on specific HSE themes and issues to verify the compliance of regulatory and procedural requirement at managing Groups, their facilities and worksites in KOC business. Such audits are part of annual HSE Audit Register which considers KOC HSE performance, lessons learned and technical advancement reflecting KOC commitment for safe, secure, healthy and environment friendly work culture in line with KOC HSSE Policy, Vision and Mission.





Regarding the security, and during the fiscal year 2024/2025, the security teams in KOC achieved a 17.5% decrease in security incidents, reducing the total number from 269 to 222 compared to previous fiscal year. This significant improvement highlights KOC strong commitment to enhancing safety and reinforcing the protective measures. Importantly, this included a 12.5% drop in theft incidents and a 23.15% reduction in vandalism cases.

Environment and Energy Transition

KPC has set an ambitious goal to achieve net-zero scope 1+2 carbon emissions by 2050, including strategic investments in alternative energy solutions. KOC has established five energy transition strategic initiatives in order to achieve the KPC 2050 targets, which includes zero routine flaring, enhancing energy efficiency, opportunities for renewable energy, carbon capture, utilization and storage (CCUS), and carbon offsetting.

As part of our commitment to achieve zero routine flaring by 2030 (1st initiative), KOC is actively implementing a range of projects aimed at reducing current flaring in daily operations, with the ultimate objective of eliminating routine flaring altogether. These efforts include the development of additional sour gas treatment facilities, new gas transportation pipelines, and enhancements to existing infrastructure. Additionally, the initiative also places a strong emphasis on minimizing fugitive methane emissions through the use of various technologies, including LDAR (Leak Detection and Repair).

KOC has launched major projects to enhance overall energy efficiency (2^{nd} initiative) by approximately 8–12% by 2045. One of the key projects is to electrify our well operations by converting the power supply for Electric Submersible Pumps (ESPs) from on-site diesel generators to the state electricity grid. This contributes to the KOC's long-term sustainability goals, curbing CO_2 emissions and reinforcing our commitment to cleaner and more energy-efficient production.

KOC has initiated feasibility study for 17 GW renewable energy (3rd initiative), including 3GW Energy Storage, and a detailed plan for installing a suitable mix of renewable energy plants to achieve 1 GW capacity to cover a portion of the KOC electricity demand has been developed. Further, feasibility study is also initiated for renewable-based hydrogen production (Green Hydrogen) as part of the efforts to achieve net-zero emissions by 2050.

KOC has laid down a clear and phased implementation plan for achieving 26 Million Tons Per Annum (MTPA) of Carbon Capture, Utilization & Storage (CCUS) capacity (4th initiative) across K-Companies by 2050. KOC is in the process of developing large scale CCUS hub at West Kuwait area, consisting of CO₂ – Water Alternating Gas (WAG) Technology based Enhanced Oil Recovery (EOR) applications as well as CO₂ sequestration. Further, a comprehensive study is being carried out for the identification, characterization and feasibility of CO₂ sequestration within Kuwait subsurface reservoirs.

KOC is contributing to carbon offsetting (5th initiative) and supporting local biodiversity by implementing plantation projects that serve as natural carbon sinks. Various plantation efforts in collaboration with other K-Companies and local stakeholders like Kuwait EPA are ongoing in order to plant mangroves and prevalent plants like Ghaf and Acacia across Kuwait.

On the other hand, and as part of Kuwait Oil Company efforts toward the environment, KOC has successfully commissioned KOC's Air Quality Monitoring (AQM) network of 15 stations through five initiatives implemented by the company with 50% reduction in the overall contract price (around 5 million KD), resulted in optimizing the project cost and achieving significant savings for the company while upholding KOC's commitment to the regulatory body (KEPA's) compliance requirements.



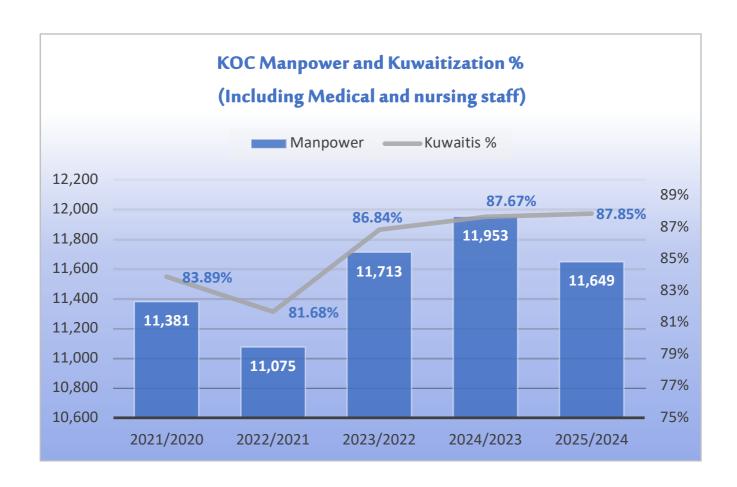


Human Skills and Capabilities

KOC strives to enhance the skills and unlock the potential of its employees by providing them with an attractive work environment, and the Company is constantly working toward the improvement of all aspects related to daily work in order to provide employees with the highest levels of job satisfaction. KOC also seeks to recruit Kuwaitis as part of its national employment mandate. The most important achievements made in this regard over the 2024/2025 fiscal year follow:

Recruitment and Kuwaitization

The company exerted tremendous efforts to facilitate the hiring procedures for 151 employees, including 72 newly graduated Kuwaitis and 51 experienced Kuwaiti, in addition to 28 non-Kuwaiti employees. As a result, the total number of employees at Kuwait Oil Company increased to 11,649, including the medical and nursing staff. The percentage of Kuwaiti employees reached 87.85% (including medical and nursing staff) and 93.8% excluding medical and nursing staff. On the other hand, the percentage of Kuwaitis in contracts reached 22.68% at the end on the fiscal year. One of the company's achievements in this regard, the recruitment system has been implemented, which converts the paper recruitment process to an electronic one, saving time and effort and making the recruitment process more efficient and effective.



The company considers women as a key element and pays special attention to females manpower. Below table shows the total number of women in the workforce and the percentages of their job levels:

Octomorica	Female		TatalMannana	04
Categories	K	NK	Total Manpower	%
DCEOs and above	1	0	9	11.11
Managers & Equivalent	2	0	53	3.77
Consultants	7	5	89	13.48
Specialist	0	2	39	5.13
TLs	52	0	305	17.05
Seniors and below	1,823	447	11,154	20.35
Total	1,885	454	11,649	20.07

Regarding the employee engagement score, the overall rate reached 93% by the end of 2024/2025 fiscal year.

Training & Career Development

Kuwait Oil Company has long recognized that the key to sustained success lies in the continuous development of its workforce. Committed to enhancing employee skills and competencies, the company provides a wide range of learning and development opportunities designed to equip employees with competencies needed to meet organizational goals such as direct training programs, self-learning, distance learning or on job training. Training & Career Development group major achievements in 2024/2025.

1. Capability Transfer Plan across the Upstream Sector 2024/2025

KOC has successfully achieved the target of 85% for the Capability Transfer Plan within the Upstream Sector for 2024/2025. This achievement is a result of developing and implementing employees with assignment abroad opportunities that are closely aligned with KPC's Learning and Development Strategy and 2040 Strategy, ensuring KOC and KPC attain world-class operational excellence.

2. Competency Development Needs Addressed

KOC has successfully 36.6% of the Competency Development Needs Addressed based on the prioritized needs during the PDP Cycle 2023/2024 - 2024/2025.

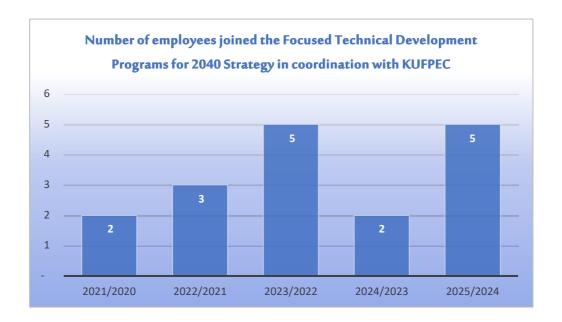
This will enhance the efficiency, productivity, and the overall quality of output, which will contribute in achieving KOC's strategic objectives.

3. Focused Technical Development Programs for 2040 Strategy

KOC developed, created and implemented a value-adding focused Technical Development Programs/Opportunities aligned with future requirements of the 2040 Strategy. These programs focus on enhancing capabilities in the key areas (Offshore, Jurassic, New Jurassic, New Oil, Standardized Oil, Enhanced Oil Recovery, Heavy Oil, and Paleozoic).

External Attachments were created in coordination with KUFPEC to provide the company's employees with valuable international experience through exposure to regional operations for one year, with the possibility of an additional year extension. KUFPEC accepted 5 employees out of 9 who applied for the 7 available opportunities.

Six training programs were also conducted in collaboration with the Petroleum Training Center for 42 workers, in addition to seven external training programs through enrollment with the international companies for 12 workers.



4. Offshore & Drilling Attachment Programs

In joint collaboration with KOC Offshore Exploration Project, which seeks to boost Kuwait's hydrocarbon reserves and ensure the sustainability of new resources to meet the international demand, the company is in the process of preparing specialized attachment programs through the signed contract with the international companies, which will contribute in improving the technical skills for the employees in offshore drilling and exploration area, and will open the doors for the national staff to work towards increasing the production capacity to meet 2040 strategy.

5. KPC and its subsidiaries Scholarship

Scholarship announcement has been published for Master's and PhD programs for 2024/2025, supporting higher education and research, while fostering innovation and specialized expertise that will strengthen KOC's workforce and contribute to industry advancement.

A Total number of 42 scholars have joined their scholarship program, this aids in investment in higher education enhances the skills and expertise of KPC employees.

6. Optimization & Utilization of External Training Budget

In line with the KOC strategy to optimize the utilization of available budgets, KOC has increased the number of external training and development opportunities while maintaining the allocated budget. This has resulted in the implementation of 105 training opportunities through External attachment (45 additional opportunities), and 2965 external training opportunities (456 additional opportunities). This was achieved by taking advantage of the development and training opportunities provided through contracts concluded between KOC and international companies, and by reducing the costs for each participant by obtaining additional seats.

7. KOC MOUs with PAAET

KOC and the Public Authority of Applied Education and Training (PAAET) signed a memorandum of understanding in 2021 in continuation of the spirit of cooperation between both sides, and the pursuit of developing national cadres in the company's facilities. The memorandums stipulate selecting a number of Kuwaiti students studying in the College of Health Sciences and College of Nursing the authority to work for the company upon their graduation. The company also organized a visit for 41 students from the College of Nursing to visit the various departments of Ahmadi Hospital during 2024/2025 to introduce the students to their future work environment and introduce them to the departments that will lead to improving their retention rate. The number of graduates whom have been employed so far has reached 71 nurses, out of which 7 employees where employed during 2024/2025.

8. UD Talent Development Program.

Koc implemented the UD Talent Development Program which is an external program taking place in Seoul, South Korea and is designed to train newly recruited KOC employees important tasks to achieve KOC'S goals and missions, and to develop a pool of 60 highflyers in KOC. The Program targets a carefully selected group of young talent to develop their personal strengths and knowledge. The program has been carefully designed with a whole range of learning experiences aiming to optimize the participants' experience. This program incorporates unique methods of enhancing loyalty, discipline and efficiencies of newly recruited employees to quickly enhance their communication, teamwork, speedy execution of their assignments and critical job skills.

9. KOC Learning & Development Forum 2024

Kuwait Oil Company organized the Learning and Development Forum on 6 October 2024, with the theme: "The Journey Of being A Learning Organization". It is an annual event serves as a platform for professionals to engage in discussions about the latest advancements in learning and development tools and strategies. A Panel discussion was held by esteemed guest speakers from various companies, also workshops were held with learning and development theme with the aim to enhance Knowledge and Skills, foster Networking Opportunities, encourage a Culture of Continuous Learning and inspire Innovation.





Actively Manage Stakeholders

KOC always strives for excellence and advancement in its performance. And to actively manage stakeholders in the service of achieving the objectives of the 2040 Strategy and raise production capacity. Here we mention the most important activities and achievements in this regard:

KOC strives to enhance local content in all its components and maximize the benefit of national procurement; one of the achievements in this regard is reaching 35.7% of the total contracts and materials spent with local contractors and suppliers for the fiscal year of 2024/2025. In this context, KOC issued multiple guidelines and clauses as part of Local Content Strategic Initiative, design & setup a unified Local Content Monitoring & Measurement System, and ensured systematic Reporting of the system to all 10 key performance measures for KOC. Moreover, The Consolidated Partnership Advisory Council (CPAC) for its 6th session was concluded and successfully handed over to KPC, as KOC was responsible for presidential and secretariat responsibilities of the council. The activities related to CPAC and CPAC sub-committee included:

- Oil Sector Qualified Local Manufactures Introductory Exhibition, it included an awareness session on methods of qualifying companies and factories in the oil sector, in addition to an explanation of the Articles of Law 74 of 2019 regarding public tenders (Article 62, Article 62 repeated and Article 87)
- "Enhancing Local Content" workshop, with 487 participants representing 347 companies
- Strategic Initiative to allocate tenders under 75,000 KWD to SMEs

Additionally, KOC has developed a unified Information System (IS) for KPC and its subsidiaries to automate the updating process of Enterprise Risk Management (ERM) risk register, and to provide a live dashboard accessible to the top management to facilitate risk-based decision-making. This system saves time, efforts, and has a cost savings of up to 1 million USD. In addition, it will improve the risk reporting for KPC and enhance the risk-based decision-making for all K-Companies top management. The beta version launched on 29/1/2025, and now we are in the testing and verification phase.

As part of the company's support with other companies, KOC has succeeded in providing the fiber links to address KGOC's urgent need for extending the network connectivity from the KGOC's Head Office in Ahmadi to the new KGOC's office in Al-Zour. This solution spans 80 kilometers and achieved an estimated total cost saving of 491,780 KD for KGOC by avoiding the need for a contract that would have included site surveys, route reservations and approvals, in addition to excavation and civil works, material and equipment procurement and commissioning.

Lastly, KOC has organized and executed the K-Fire Event in partnership with KNPC and KIPIC, with participation from KPC and KGOC. This event played a key role in strengthening industrial firefighting preparedness by fostering collaboration among K-Companies, showcasing the advanced capabilities of KOC's Fire Teams, promoting unified systems and response methodologies, and raising awareness about critical fire safety protocols in high-risk operational environments.

Contribute to Enterprise and State

As part of KOC social contribution efforts, the company initiated many awareness campaigns, whether those concerned with health, safety and environment or others, as well as held many workshops and training courses for various state agencies at all levels, and hosted many representatives of various government agencies in its facilities to introduce how KOC business is being handled.

Considering the increasing environmental and climate challenges the world faces today, preserving natural resource especially water has become an urgent necessity to ensure their sustainability for future generations. Many countries are experiencing rising drought rates and desertification issues, directly impacting water and environmental security. KOC has organized an event titled "Water Rationalization" which aims to shed light on the importance of water conservation and raise awareness of sustainable practices that contribute to its protection. Through this event, KOC strive to unite the efforts and exchange expertise on the best solutions and technologies for efficient water management, emphasizing the role of both individuals and institutions in achieving this goal. The event included several technical sessions presented by various external parties, including KISR, MOEW, KUNIV and others, that attracted the participation of approximately 200 individuals from oil companies and various government entities. The technical session covered various aspects of water conservation, management, and responsible consumption. A video presentation was also included, showcasing KOC's efforts in water management and best practices. The video explained the water handling facilities and effluent water treatment processes.

As per the request from the Minister of Public Works, and in preparation to host the GCC Summit 2024, an initiative has been launched to enhance the visual appeal of key infrastructures. In support of this effort, KOC was directed to undertake the painting of multiple bridges along Highways. This project not only reflects our commitment to Kuwait's role as a host but also demonstrates our dedication to elevating the city's infrastructure.

Kuwait Oil Company has consistently fostered a constructive collaboration with the representatives of the State Audit Bureau (SAB), providing comprehensive and detailed responses to all observations outlined in the SAB's annual reports. Additionally, the Company is committed to promptly implementing the mutually agreed-upon recommendations. This approach in addressing the SAB's observations and recommendations has resulted in a significant reduction in the number of outstanding observations from 92 in the 2022-2023 SAB's report to 26 in the 2023-2024 SAB's report (the most recent). Efforts are still ongoing to finalize responses to the SAB's observations in order to mitigate as many of them as possible. In this regard, numerous meetings have been organized with SAB Team to facilitate coordination and align viewpoints. Furthermore, the response mechanism to SAB's requests has been updated to strengthen the governance of the Company's procedures and streamline the work of SAB Team.

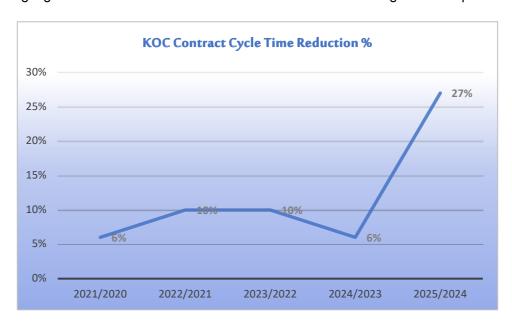


Contracts

In the recent contract, several significant achievements were made, reflecting considerable improvements in both operational efficiency and contract management. One of the most notable accomplishments was the reduction in the PQ (Pre-Qualification) duration, which was decreased from 258 days to just 42 days. This reduction resulted in the successful pre-qualifying a total of 594 contractors within a much shorter period, enhancing overall productivity and streamlining the process.

In addition, 134 claims were successfully settled, which had a positive impact not only on the project's progress but also on the company's reputation and its relationship with stakeholders. The efficient settlement of these claims helped to maintain strong relationships with partners, demonstrating the company's commitment to resolving issues amicably and professionally. This approach has positively affected the company's reputation in the market, showcasing its commitment to fairness and timely resolution, which in turn strengthens business relationships.

Furthermore, the contract time optimization has been a key success. By analyzing historical data from the past five years, the contract's timeline was optimized, resulting in a more efficient process. This allowed for faster execution and contributed to the overall success of the project. A graph illustrating the historical data from the past five years highlights the consistent reduction in contract time and the significant improvements made.



Law on the Right to Access Information

Whereas Law No. 12 of 2020 on the Right to Access Information and its Implementing Regulations through Minister of Justice Decision No. 62 of 2021 have been issued, the Company has proceeded to implement the obligations imposed upon it through a Permanent Committee formed for this purpose. On this basis, the Committee has been concerned with determining requests for accessing information, while the CEO has maintained his authority to determine the complaints submitted in this regard.

In order to reorganize the requests for the right to access information and govern its procedures within the Company, while ensuring speed of determination and simplicity and ease of procedures, the aforementioned Permanent Committee has been dissolved, on the basis that the Compliance and Governance Team will be concerned with determining the subject requests, while the Company's Permanent Committee for Complaints will be concerned with determining the complaints submitted regarding these requests. The mechanisms and

procedures for requests to access information have also been updated and developed through the preparation of guidelines organizing the requests for accessing information and governing its procedures in the Company, and updating the forms for requests and complaints, receipts and notifications related to the receipt of requests, complaints and responses in accordance with the Law.

The Law on Right to Access Information has therefore been implemented in the Company within the framework prepared for this purpose, since its issuance and to this point.

Environmental, Social, and Governance (ESG)

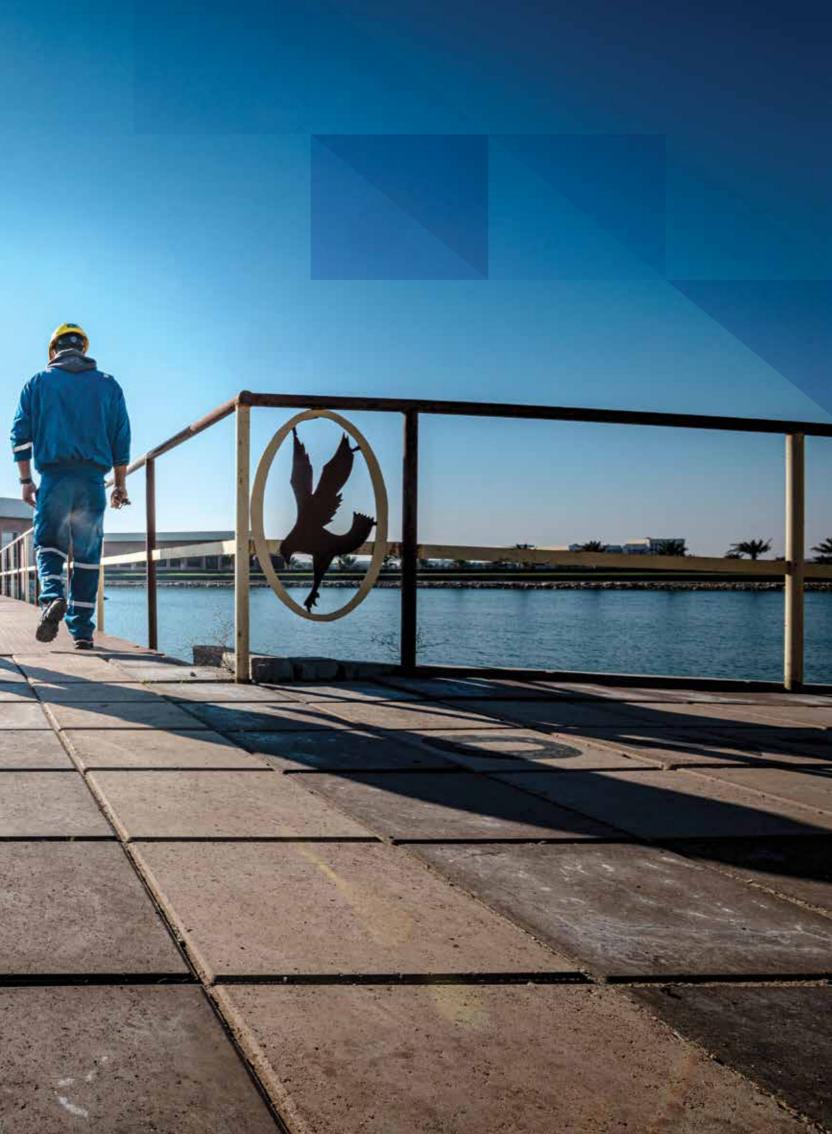
Environmental, Social, and Governance (ESG) plays a critical role in shaping investor confidence, meeting regulatory expectations, and ensuring long-term business sustainability. Strengthening ESG reporting enhances KOC's transparency, builds stakeholder trust, and positions the company to proactively navigate emerging global challenges.

In alignment with KPC's directive, KOC successfully established a dedicated working team responsible for the data collection and verification of the 11 ESG Material Topics within the defined reporting boundaries and timeline.

Additionally, a comprehensive mapping and reporting system has been developed in accordance with international standards (GRI), ensuring consistency, credibility, and efficiency in ESG reporting. This achievement significantly enhances KOC's ability to report on ESG performance, supports strategic decision-making, and reinforces the company's commitment to responsible and resilient operations.







Kuwait Oil Company (KOC), in collaboration with Kuwait Petroleum Corporation (KPC), is aspiring to implement overcome the challenges it is facing and to fulfill the necessary requirements to achieve the 2040 Production Strategy.

Increasing Crude Oil Production and Achieving the Sustainability:

KOC is working according to an integrated strategic plan aimed at achieving sustainable oil production while improving the operational efficiency. The company aims to increase its total crude oil production capacity to 3 MBOPD by 2028/2029. To achieve this goal, the company is adopting an intensive drilling program that includes drilling approximately 1,000 development and deep wells annually to boost production from mature and new fields. The company is also focusing on improving drilling techniques and using data analysis tools to enhance work efficiency and accelerate the execution plans.

Increasing Non-Associated Gas Production:

Kuwait Oil Company is working to enhance its non-associated gas production capacity in line with the 2040 strategy and local market requirements. The company aims to increase its total non-associated gas production capacity to 980 MMSCFD by 2028/2029. In order to achieve it, projects are being implemented to develop the Jurassic gas reservoirs, in addition to developing the first phase of the Mutribah field, while enhancing drilling techniques to accelerate the production operations.

Offshore Exploration Projects:

As part of the company's efforts to expand its exploration operations, Kuwait Oil Company is implementing an integrated offshore exploration and drilling program comprising two main phases.

- Phase 1: Drilling six offshore wells, expected to be completed in the third guarter of 2027/2028.
- Phase 2: Drilling nine additional wells and conducting a 3D seismic survey covering an area of 6,000 square kilometers to enhance exploration opportunities.

Enhanced Oil Recovery Projects (EOR):

The company pays special attention to the enhanced oil recovery (EOR) projects as a key part of its strategy to increase production rates and improve hydrocarbon resource management. The company studies and plans the pilot projects using modern technologies such as carbon dioxide injection, chemical injection, and hydrocarbon gas injection.

Water Management Projects:

As part of the company efforts towards enhancing the production efficiency, KOC works on enhancing water treatment and injection projects to boost reservoir productivity. Accordingly, it is expected to complete the bid evaluations of these projects at the beginning of the upcoming fiscal year.

Energy Transition and Advanced Technology:

KOC continues to improve and enhance its operations and performance, by adopting modern and advanced technologies to improve the decision making and reach the results with more operational efficiency. The efforts include the use of advanced data analytics systems, artificial intelligence, and processes automation to improve the performance and reduce the costs. The company is also working to optimize drilling operations by implementing the technologies that provide predictive analytics to contribute to improving the decisions' quality for the drilling and production areas. The company also aspires to move forward with the Ahmadi Innovation Valley project.

Building Strategic Partnerships:

KOC is dedicated to expanding collaboration with international and national oil companies, oilfield service providers, and global leaders in technology and innovation. These partnerships aim to improve operational efficiency, promote technological advancement and R&D, and build the required capabilities to help in enhancing the Company's performance. KOC aims to complete the development of the new contracting model with the international companies during upcoming fiscal year.







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

Contents	Page
Independent auditor's report	1 - 3
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 35



KPMG Al-Qenae & Partners

Al Hamra Tower, 25th Floor Abdulaziz Al Saqr Street P.O Box 24, Safat 13001 State of Kuwait +965 2228 7000

Independent auditor's report

The Shareholders Kuwait Oil Company K.S.C. State of Kuwait

Opinion

We have audited the financial statements of Kuwait Oil Company K.S.C. ("the Company"), which comprise the statement of financial position as at 31 March 2025, the 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2025, and its financial performance and its 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with 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 Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

If, based on the work we have performed on the other information that we have 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 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 recognized 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 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 financial position.

Kuwait: 23 April 2025

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

Statement of financial position

as at 31 March 2025

Assets	Notes	2025 KD'000	2024 KD'000
Property, plant and equipment	5	18,161,543	17,445,034
Right-of-use assets	6	1,023,366	1,220,815
Intangible assets	7	193,536	208,255
Construction inventories	8	327,296	347,126
Non-current assets		19,705,741	19,221,230
Consumable inventories	8	164,547	161,433
Advances and other receivables	9	307,570	244,416
Due from related parties	16 (b)	35,917	22,534
Cash and bank balances	\overrightarrow{II}	75,048	87,459
Current assets		583,082	515,842
Total assets		20,288,823	19,737,072
Equity			
Share capital	12	30,188	30,188
Financial contribution from shareholder	12	2,114,791	2,114,791
Statutory reserve	12	15,094	15,094
Total equity		2,160,073	2,160,073
Liabilities			
Due to Parent Company, net	10	13,795,665	13,348,463
End of service benefits	13	770,108	801,638
Lease liabilities	6	824,128	893,037
Non-current liabilities		15,389,901	15,043,138
Accounts and other payables	14	2,055,625	1,533,572
Lease liabilities	6	435,296	521,170
Due to related party	16 (b)	14,210	-
Dividend payable	15	233,718	479,119
Current liabilities		2,738,849	2,533,861
Total liabilities		18,128,750	17,576,999
Total equity and liabilities		20,288,823	19,737,072

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

Menahi Saeed Al-Enezi

Chairman

Ahmad Jaber Al-Eidan Chief Executive Officer

Statement of profit or loss and other comprehensive income *for the year ended 31 March 2025*

	Notes	2025 KD'000	2024 KD'000
Revenue	17	3,958,897	4,280,024
Operating costs (cost of production):			
Contract services		(776,105)	(820,659)
Employee costs		(822,324)	(806,634)
Material costs		(123,563)	(122,662)
Depreciation, amortization and write off	18	(953,516)	(795,334)_
Total operating costs		(2,675,508)	(2,545,289)
Other operating income	19	44,537	59,275
Recoverable costs	20	168,439	165,400
Cost of production		(2,462,532)	(2,320,614)
Gross profit		1,496,365	1,959,410
General and administrative expenses	21	(650,592)	(241,540)
Net operating profit		845,773	1,717,870
Finance costs on lease liabilities	6	(11,578)	(7,350)
Finance income		553	660
Directors' remuneration	22	(42)	(42)
Net profit before contribution to shareholder		834,706	1,711,138
Contribution to the shareholder	23	(600,988)	(1,232,019)
Net profit and total comprehensive income for the			
year (transferable to Parent Company)	15	233,718	479,119

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

Kuwait Oil Company K.S.C. State of Kuwait

Statement of changes in equity for the year ended 31 March 2025

Total KD'000	2,160,073 479,119 479,119	2,160,073	2,160,073 233,718 233,718	(233,718)
Retained earnings KD'000	479,119	(479,119)	233,718	(233,718)
Statutory reserve KD'000	15,094	15,094	15,094	15,094
Financial contribution from shareholder KD'000	2,114,791	2,114,791	2,114,791	2,114,791
Share capital KD'000	30,188	30,188	30,188	30,188
	Balance at 1 April 2023 Net profit Total comprehensive income for the year Transactions with shareholder of the Company, recognized	directly in the equity Distribution to shareholder of the Company (note 15) Balance at 31 March 2024	Balance at 1 April 2024 Net profit Total comprehensive income for the year Transactions with shareholder of the Company, recognized	Distribution to shareholder of the Company (note 15) Balance at 31 March 2025

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

Statement of cash flows

for the year ended 31 March 2025

	Notes	2025 KD'000	2024 KD'000
Cash flows from operating activities			
Net profit		233,718	479,119
Adjustments for:			
Abortive drilling expenditure		5,830	5,911
Finance costs on lease liabilities	6	11,578	7,350
Provision for obsolete and slow-moving inventories	8	2,071	2,710
Reversal of provision for expected credit loss	9	-	(20,330)
Depreciation, amortization and write off	18	953,516	795,334
Contribution to the shareholder	10	600,988	1,232,019
Provision for end of service benefits	13	72,342	75,716
		1,880,043	2,577,829
Changes in:			
- consumable inventories		(3,114)	(23,998)
- advances and other receivables		(63,154)	9,385
- net revenue receivables in the Parent Company			
balances	10	(3,958,897)	(4,280,024)
- other movements in the Parent Company balances	10	(6,911)	(3,861)
- due from related parties		(13,383)	4,499
 accounts and other payables 		522,053	265,037
- due to related party		14,210	
Cash used in operations		(1,629,153)	(1,451,133)
End of service benefits paid	13	(103,872)	(39,196)
Net cash used in operating activities		(1,733,025)	(1,490,329)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,215,235)	(1,127,777)
Acquisition of intangible assets	7	(1,213,233)	(81,168)
Abortive drilling	,	(5,830)	(5,911)
Changes in construction inventories		17,759	(40,886)
Net cash used in investing activities		(1,203,306)	(1,255,742)
Cash flows from financing activities		(400,003)	(210.100)
Payment of lease liabilities including interest	6	(408,983)	(319,186)
Funding from the Parent Company	10	3,332,903	3,131,260
Net cash generated from financing activities		2,923,920	2,812,074
Net change in cash and cash equivalents		(12,411)	66,003
Cash and cash equivalents at beginning of the year		87,459	21,456
Cash and cash equivalents at end of the year	11	75,048	87,459

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

Notes to the financial statements

for the year ended 31 March 2025

1. Reporting entity

Kuwait Oil Company K.S.C. ("the Company") is a wholly owned subsidiary of Kuwait Petroleum Corporation ("the Parent Company" or "KPC"). The Parent Company is wholly owned by the Government of the State of Kuwait.

The Company is engaged in exploration, drilling, production and transportation of hydrocarbon resources within the State of Kuwait. The Company is also engaged in the storage of crude oil and its export. Hydrocarbon resources managed by the Company are the sovereign property of the State of Kuwait. Crude oil is extracted from reserves in Kuwait and, on the instructions of the Parent Company, is exported as blended crude or passed to Kuwait National Petroleum Company K.S.C. ("KNPC") and Kuwait Integrated Petroleum Industries Company K.S.C.C. ("KIPIC") for further processing or to the Ministry of Electricity and Water for power generation. Gas produced is treated similarly. The sales and marketing of crude oil produced by the Company is undertaken by the Parent Company.

The Company owns no oil and gas reserves nor any oil and gas inventory other than those required for operations.

The Company also provides marine services to KNPC's Mina Al-Ahmadi and Mina Abdulla refineries and the oil pier at Mina Al-Shuaiba. KNPC is charged for direct costs relating to these activities. The Company charges group companies for medical and other services provided to their employees.

Effective 1 April 2007, the Parent Company changed the reporting structure of the Company to become a profit center. Prior to 1 April 2007, the Company was reporting to the Parent Company as a cost center with its costs fully reimbursed by the Parent Company. Under these revised arrangements, the Company's revenue is determined as the revenue from the sale of crude oil net of certain charges by the Parent Company (see policy on revenue recognition). In addition, 72% of the net profit is payable to the Parent Company as a contribution (Note 23).

The Company's registered office is P.O. Box 9758, Ahmadi 61008, State of Kuwait.

These financial statements were approved and authorized for issue by the Board of Directors on 22 April 2025 and are subject to approval of the Shareholder at the annual general assembly.

2. Basis of preparation

a) <u>Statement of compliance</u>

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

b) Basis of measurement

These financial statements are prepared under the historical cost or amortized cost basis. The financial statements are prepared on a going concern basis. All funding requirements of the Company are met by the Parent Company.

Notes to the financial statements

for the year ended 31 March 2025

c) Functional and presentation currency

These financial statements are presented in Kuwaiti Dinars rounded to the nearest thousand (KD "000"), which is the Company's functional and presentation currency.

d) Changes in accounting policies

A number of amendments to standards and interpretations are effective for annual periods beginning on 1 April 2024 as below, but they do not have a material effect on the Company's 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).

3. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except the changes described in note 2 (d).

a) Property, plant and equipment

Exploratory wells

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

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

Development wells

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

Notes to the financial statements

for the year ended 31 March 2025

Others

Oil and gas properties and other property plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

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

Drilling, exploration and other assets under construction

Assets in the course of construction are carried at cost, less any recognized impairment loss. Cost includes all capital costs in accordance with the Company'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 ready for use.

Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs

The cost of major repairs, overhaul and replacement of a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Gain or loss on disposal

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

Depreciation

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

Depreciation is recognized in profit or loss 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 Company will obtain ownership by the end of the lease term. Drilling, exploration and other assets under construction are not depreciated.

Notes to the financial statements

for the year ended 31 March 2025

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

Asset category	Depreciation rate
Oil and gas properties:	
Plant and machinery	4%
Tankage, pipelines and jetties	4%
Wells and surveys	5%
Service plant	25%
Drilling plant	20%
Other property and equipment:	
Marine craft	8%
Buildings and roads	4%
Office furniture and equipment	10%
Lorries and trailers	20%
Motor cars	20%
Computers	10%

b) Intangible assets

Seismic survey costs and other related costs incurred on exploratory and development wells are identifiable non-monetary assets from which future economic benefits will flow and are accordingly recognized as an intangible asset. These costs are stated at cost less accumulated amortization and impairment losses and are amortized over 20 years on a straight line basis.

c) Inventories

Inventories are measured at cost after making allowance for any obsolete or slow moving items. Cost of inventories is based on weighted average cost principle. Cost includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

d) Recoverable costs

Recoverable costs represent costs incurred by the Company in providing services to or on behalf of related group companies. Recoverable costs are deducted from the Company's costs and shown separately in the statement of profit or loss and other comprehensive income. Recoverable costs are allocated to related group companies based on the actual cost basis and do not include any profit margin.

e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the financial statements

for the year ended 31 March 2025

f) Revenue recognition

Revenue from exploration and extraction of crude oil and gas

The Company recognizes the revenue, when it loads the crude oil on the designated vessel at the port of Kuwait for its Parent Company's customers and is determined as the price at which crude oil is sold by the Parent Company net of certain costs allocated by the Parent Company as follows:

- Royalty at 20% of gross revenues.
- Fiscal levy at 74% of gross revenues net of royalty, scaled according to production levels and crude oil price.
- Marketing fee at 2% of gross revenues.

The Company satisfies performance obligation of extracting, processing, storing and transporting crude oil or gas through pipelines to the Parent Company over time. However, the revenue is recognized at a point of time due to uncertainty involved in customer orders. Further the supply of gas is considered as a separate performance obligation because it is distinct from extraction, processing and supply of crude oil and the Company allocates the transaction price for services related to gas based on their stand-alone selling price and recognize revenue as it satisfies its performance obligations to the Parent Company with respect to supply of gas.

The Company recognizes all costs related to satisfied performance obligation (or partially satisfied performance obligations) as expenses in the statement of profit or loss and other comprehensive income. As result, the Company does not recognize deferred cost.

g) <u>Leases</u>

At inception of a contract, the Company 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 Company 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 Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company 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.

Notes to the 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 Company by the end of the lease term or the cost of the right of use asset reflects that the Company 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 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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 profit or loss if the carrying amount of the right of use asset has been reduced to zero.

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

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

The Company 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 Company 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).

Notes to the financial statements

for the year ended 31 March 2025

Short-term leases and leases of low-value assets

The Company 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 IT equipment and employee cars that are considered of low value (i.e., below KD 20,000). 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.

h) Foreign currencies

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 profit or loss.

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.

i) End of service benefits

The Company is liable for end of service benefits under the Oil Sector Law, Social Sector Law and the Labor Law.

Employees are entitled to an end of service indemnity payable under the Kuwait Labor 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

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 Company's share of contributions to this scheme, which is a defined contribution scheme, is charged to profit or loss in the year to which they relate. The difference between Oil Sector Law and Labor Law is also accrued for Kuwaiti employees.

j) Financial instruments

Classification and measurements of financial assets

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Notes to the financial statements

for the year ended 31 March 2025

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company'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; and
- 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;
- 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 Company's original expectations, the Company 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 (SPPI test)

The Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers:

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

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

Notes to the financial statements

for the year ended 31 March 2025

The Company classifies its financial assets upon initial recognition into the following categories:

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

Financial assets carried at Amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

- it 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 carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Impairment is recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income. The Company's financial assets at amortised cost include receivables from parent company, advances and other receivables, amounts due from group companies, and cash and bank balances.

Reclassification of financial assets

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

The Company does not have instrument at FVOCI or FVTPL category as at the reporting date.

Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the financial statements

for the year ended 31 March 2025

Impairment of financial assets

The Company recognises impairment losses on financial assets based on a forward-looking expected credit loss ("ECL") approach under IFRS 9.

Determination of ECL on financial assets

With respect to the amounts due from group companies and other receivables, the Company 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 Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Company'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 Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in statement of profit or loss and other comprehensive income.

The Company's financial liabilities includes Due to Parent Company, Accounts payable and other liabilities and dividend payable.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Notes to the financial statements

for the year ended 31 March 2025

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss and other comprehensive income.

Offsetting

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

k) Impairment non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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 profit or loss. 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 recognized immediately in profit or loss.

Notes to the financial statements

for the year ended 31 March 2025

1) 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Lack of Exchangeability Amendments to IAS 21 (1 January 2025)
- 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
- 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 Company's financial statements in the period of initial application.

4. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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 recognized in the financial statements is described below:

Treatment of exploration costs as abortive

Capitalized exploration drilling costs are considered abortive and expensed when commercially exploitable reserves of crude oil and gas are not found, if they are not subject to further appraisal activity or when temporarily abandoned with no plans for re-entry in the foreseeable future. In making judgments about whether to continue to capitalize exploration drilling costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in a subsequent period, then the related capitalized exploration drilling costs would be expensed in that period as abortive in the profit or loss.

Notes to the financial statements

for the year ended 31 March 2025

Impairment of non-financial assets

At each reporting date, management assesses whether there is any indication that property, plant and equipment, intangible assets and construction inventories may be impaired. The determination of impairment requires considerable judgment and involves evaluating factors including industry conditions, technical innovation and market conditions.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Kuwait Oil Company K.S.C. State of Kuwait

82

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

5. Property, plant and equipment

		Oil and	Oil and gas properties	Se			Other prope	Other property, plant and equipment	equipment		Capital work in progress	
ant D'Chir	T Plant and p machinery an	Tankage, pipelines and jetties (KD'000)	Wells and surveys	Service plant	Drilling plant (KD'000)	Marine craft (KD'000)	Building and roads	Office furniture and equipment (KD '000)	Lorries and trailers (KD'000)	Computers (KD'000)	Drilling, exploration and other assets under construction (KD'000)	Total (KD,000)
						(San All)						
,069	4,069,038 3,	3,546,921	8,343,047	78,604	1,792	118,433	1,460,521	4,559	14,108	119,698	6,941,110	24,697,831
	1	1	1	ı		I	ı	1	ı	1	1,444,560	1,444,560
465	465,468	664,941	915,016	25,854	ı	ı	150,817	ı	ı	6,595	(2,228,691)	ı
(26,025)	025)		25,978	47	1	1	ı	•	1	ı	. 1	
<u>.</u>	(450)	(9 <i>L</i>)	ı	(809)	1	(2,858)	(157)		(14)	1	1	(4,163)
,508	4,508,031 4,	4,211,786	9,284,041	103,897	1,792	115,575	1,611,181	4,559	14,094	126,293	6,156,979	26,138,228
Accumulated depreciation and impairment losses												
1,739,775		1,463,811	3,342,198	74,076	1,792	71,052	458,020	3,847	13,211	85,015	1	7,252,797
125,	125,081	138,123	376,058	5,725	•	7,589	58,137	262	442	16,573	•	727,990
	(173)	•	173	ı	1	1	ı	•	ı	1	1	
. <u>.</u>	(442)	(47)	1	(809)	•	(2,858)	(133)		(14)	1	•	(4,102)
1,864,241		1,601,887	3,718,429	79,193	1,792	75,783	516,024	4,109	13,639	101,588	1	7,976,685
,643	,790 2,	609,899	2,643,790 2,609,899 5,565,612	24,704	'	39,792	1,095,157	450	455	24,705	6,156,979	18,161,543

Exploration and evaluation costs included under drilling, exploration and other assets under construction amounted to KD 5,159 thousand (31 March 2024: KD 4,148 thousands).

Kuwait Oil Company K.S.C. State of Kuwait

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

5 Property, plant and equipment (continued)

31 March 2024		Oil and g	Oil and gas properties				Other prope	Other property, plant and equipment	equipment		Capital work in progress	
	Plant and machinery	Tankage, pipelines and jetties	Wells and surveys	Service plant	Drilling plant	Marine craft	Building and roads	Office furniture and equipment	Lorries and trailers	Computers	Drilling, exploration and other assets under construction	Total (KD, 000)
			(000		(200	(000	(000		(000	(200	(000 000)	(000)
	3,757,726	3,757,726 3,325,052	7,492,409	77,613	1,792	110,645	1,335,677	4,559	14,108	116,545	7,121,047	23,357,173
work in progress Transfer from capital	1	1	ı	ı	1		1	1		1	1,344,927	1,344,927
	299,492	221,877	863,454	2,389	ı	7,830	125,126	ı	ı	4,696	(1,524,864)	
	12,816 (996)	· (8)	(12,816)	- (1,398)	1 1	(42)	(282)	1 1	1 1	(1,543)	1 1	(4,269)
	4,069,038	3,546,921	8,343,047	78,604	1,792	118,433	1,460,521	4,559	14,108	119,698	6,941,110	24,697,831
Accumulated depreciat and impairment losses	Accumulated depreciation and impairment losses											
	1,616,326	1,340,482	3,006,666	71,671	1,792	63,644	404,345	3,502	12,539	68,883	•	6,589,850
	124,132	123,333	335,746	3,791	ı	7,450	53,865	345	672	17,671	1	667,005
	214	1	(214)	1	ı	ı	ı	ı	ı	ı	1	
	(894)	4	, 1	(1,386)	•	(42)	(190)	ı	1	(1,539)	1	(4,058)
	1,739,775	1,463,811	3,342,198	74,076	1,792	71,052	458,020	3,847	13,211	85,015	1	7,252,797
	2,329,263	2,329,263 2,083,110 5,000,849	5,000,849	4,528	1	47,381	1,002,501	712	268	34,683	6,941,110	17,445,034

Notes to the financial statements ${\bf N}$

for the year ended 31 March 2025

6. Right of use assets and lease liabilities

The Company leases many assets including rigs, heavy equipment, motor vehicles and helicopters. The leases typically run for a period of 5 - 6 years, with an option to renew the lease after that date. The weighted average rate applied is 3.5% (2024: 3.5%).

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

		Right of use	e of assets	
31 March 2025	Rigs (KD'000)	Heavy equipment (KD'000)	Motor vehicles and helicopters (KD'000)	Total (KD'000)
Cost	,	,	,	,
At 1 April 2024	2,856,777	13,177	17,740	2,887,694
Additions	188,690	29,270	3,947	221,907
At 31 March 2025	3,045,467	42,447	21,687	3,109,601
Accumulated depreciation and impairment losses				
At 1 April 2024	1,638,705	12,867	15,307	1,666,879
Charged to profit and loss Capitalized to capital work in	198,630	9,425	2,691	210,746
progress	208,610	<u>-</u>	<u> </u>	208,610
At 31 March 2025	2,045,945	22,292	17,998	2,086,235
Carrying value				
At 31 March 2025	999,522	20,155	3,689	1,023,366
31 March 2024	Rigs	Heavy equipment (KD'000)	Motor vehicles and helicopters (KD'000)	Total
Cost	(KD'000)	(KD*000)	(KD,000)	(KD'000)
At 1 April 2023	2,093,792	11,229	14,060	2,119,081
Additions	762,985	1,948	3,680	768,613
At 31 March 2024	2,856,777	13,177	17,740	2,887,694
Accumulated depreciation				
and impairment losses	1 227 056	10.426	12 625	1 250 117
At 1 April 2023 Charged to profit and loss	1,327,056 110,785	10,426 2,441	12,635 2,672	1,350,117 115,898
Capitalized to capital work in	110,783	2,441	2,072	113,696
progress	200,864	_	-	200,864
At 31 March 2024	1,638,705	12,867	15,307	1,666,879
Carrying value				
At 31 March 2024	1,218,072	310	2,433	1,220,815

Notes to the financial statements

for the year ended 31 March 2025

	Lease lia	bilities
	2025 KD'000	2024 KD'000
As at 1 April	1,414,207	941,144
Additions	221,907	768,613
Finance cost charged to profit and loss	11,578	7,350
Finance cost capitalized	20,715	16,286
Lease payments	(408,983)_	(319,186)
As at 31 March	1,259,424	1,414,207

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

	Lease	liabilities
	2025	2024
	KD'000	KD'000
Current lease liability	435,296	521,170
Non-current lease liability	824,128	893,037
As at 31 March	1,259,424	1,414,207
Amounts recognised in profit or loss:		
	31 March 2025 KD'000	31 March 2024 KD'000

	31 March 2025 KD'000	31 March 2024 KD'000
	KD 000	KD 000
Finance cost charged to profit and loss	11,578	7,350
Depreciation charged to profit and loss	210,746	115,898
Expense relating to short term leases	108,478	99,877
Expense relating to leases of low value assets	15,399	11,216

Amounts recognised in statement of cashflows:

	KD'000	KD'000
Payment of lease liabilities	408,983	319,186

31 March 2024

31 March 2025

Notes to the financial statements

for the year ended 31 March 2025

7. Intangible assets

31 March 2025 Cost	Seismic surveys KD'000	Others KD'000	Total KD'000
As at 1 April 2024 and 31 March 2025	323,307	5,063	328,370
Accumulated amortization and impairment losses			
As at 1 April 2024	115,052	5,063	120,115
Amortised during the year	14,719	<u> </u>	14,719
As at 31 March 2025	129,771	5,063	134,834
Net book value			
As at 31 March 2025	193,536		193,536
	Seismic		
31 March 2024	surveys	Others	Total
	KD'000	KD'000	KD'000
Cost			
As at 1 April 2023	242,139	5,063	247,202
Additions during the year	81,168	<u> </u>	81,168
As at 31 March 2024	323,307	5,063	328,370
Accumulated amortization and			
impairment losses	102.022	5.063	107.005
As at 1 April 2023	102,832	5,063	107,895
Amortised during the year	12,220	<u> </u>	12,220
As at 31 March 2024	115,052	5,063	120,115
Net book value			
As at 31 March 2024	208,255	<u> </u>	208,255
Inventories			
		2025	2024
		KD'000	KD'000
Inventories at cost		498,839	513,806
Net provision for obsolete and slow-movi	ng items	(6,996)	(5,247)
•	-	491,843	508,559
Classified in statement of financial position	on as:		
Construction inventories		327,296	347,126
Consumable inventories		164,547	161,433
		491,843	508,559

86 25

8.

Notes to the financial statements

for the year ended 31 March 2025

The movement in the provision for obsolete and slow-moving inventories was as follows:

	2025 KD'000	2024 KD'000
Balance at the beginning of year Charge for the year	5,247 2,071	4,549 2,710
Write offs	(322)	(2,012)
Balance at the end of year	6,996	5,247
9. Advances and other receivables	2025 KD'000	2024 KD'000
Advances	177,172	120,025
Prepaid expenses	3,981	1,603
Staff advances	30,793	30,328
Other receivables	99,438	96,274
Less: expected credit loss	(3,814)	(3,814)
	307,570	244,416

The movement in provision for expected credit losses were as follows:

	2025 KD'000	2024 KD'000
Balance at 1 April	3,814	24,144
Reversal during the year	-	(20,330)
Balance at 31 March	3,814	3,814

10. Due to Parent Company, net

Due to Parent Company, net represents the net balance of amounts due from and to the Parent Company. Movements on this balance during the year were as follows:

	2025	2024
	KD'000	KD'000
At 1 April	13,363,557	12,515,199
Net revenue receivables (note 17)	(3,958,897)	(4,280,024)
Net funds transfer	3,332,903	3,131,260
Dividend distributed (note 15)	479,119	768,964
Contribution to shareholder (note 23)	600,988	1,232,019
Other movements	(6,911)	(3,861)
At 31 March	13,810,759	13,363,557
Non-current receivables		
Receivable from Parent Company		
(relating to transfer of statutory reserve)	(15,094)	(15,094)
	13,795,665	13,348,463

Notes to the financial statements

for the year ended 31 March 2025

The amount due to Parent Company is unsecured and has no fixed terms of payment. This has been classified as non-current as the Parent Company does not intend to request repayment in the short-term.

The Parent Company has issued a Central Financing Policy ("CFP") with the purpose of providing finance to the affiliates of the Parent Company under a central treasury model. Based on the finance provided under CFP, the Parent Company will allocate the related finance costs relevant to the Company and the related finance charges is included as part of general and administrative expenses (Note 21).

11. Cash and bank balances

	2025 KD'000	2024 KD'000
Cash in hand	14	11
Bank balances	75,034	87,448
	75,048	87,459

12. Equity

Share capital

The authorized, issued and fully paid up share capital of the Company comprises of 30,188,291 (31 March 2024: 30,188,291) shares of KD 1 each. The share capital is contributed in cash.

Financial contribution from shareholder

This account represents interest free contributions from the Parent Company and is classified as owner's equity as the Parent Company has given the Company the discretion to determine the timing and amounts of repayment.

Statutory reserve

In accordance with the Companies Law No. 1 of 2016, as amended, and its Executive Regulations and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital.

As permitted by the Companies Law No. 1 of 2016, and its Executive Regulations, the Board of Directors resolved to limit this reserve to 50% of the share capital and accordingly only KD 15,094 thousands has been appropriated to the statutory reserve. This has been approved by the shareholder.

13. End of service benefits

	2025	2024
	KD'000	KD'000
Dalama Alaminina dalama	001.620	7(5 110
Balance at beginning of the year	801,638	765,118
Charge for end of service benefits	72,342	75,716
Payments made during the year	(103,872)_	(39,196)
Balance at end of the year	770,108	801,638

Notes to the financial statements

for the year ended 31 March 2025

14. Accounts and other payables

Accounts and other payables	2025 KD'000	2024 KD'000
Accounts payable	968,133	871,877
Contractor and suppliers retentions	358,809	338,165
Staff payables	117,401	111,991
Accrued expenses*	494,066	69,102
Others	117,216	142,437
	2,055,625	1,533,572

^{*}Accrued expenses include a provision for electricity and water due to Ministry of Electricity and Water amounting to KD 457,456 thousands (31 March 2024: KD 34,547 thousands).

15. Dividend payable

The Company's Articles of Association stipulate that the net profit for the year after transfer to statutory reserve is payable as dividend. Upon the approval of these financial statements, dividend payable will be transferred to the Parent Company (note 10).

16. Related party transactions

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.

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

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

a) Transactions with related parties:

The Company has entered into transactions with related parties on terms approved by the management.

- *i.* Costs recoverable from group companies for services provided by the Company are disclosed in note 20.
- ii. All of the Company's net revenue for the year amounted to KD 3,958,897 thousands (31 March 2024: KD 4,280,024 thousands) represent net sales by the Parent Company (note 17).
- *iii.* Training costs charged by the Parent Company amounted to KD 4,674 thousands (31 March 2024: KD 5,108 thousands) (note 21).
- iv. The Company extracted and transferred gas to Kuwait National Petroleum Company K.S.C., On behalf of the Parent Company for which no separate revenue arrangement is in place (note 17).

Notes to the financial statements

for the year ended 31 March 2025

Key management compensation	2025 KD'000	2024 KD'000
Salaries and other employee benefits	1,037	1,022

b) Balances with related parties under the common control of the Parent Company:

	2025 KD'000	2024 KD'000
Due from related parties:		
Kuwait Integrated Petroleum Industries Company	11,549	7,248
Kuwait National Petroleum Company K.S.C.	-	4,319
Kuwait Gulf Oil Company K.S.C. (Closed)	12,170	5,120
Kuwait Oil Tanker Company S.A.K.	7,223	3,077
Petrochemical Industries Company K.S.C.	4,469	2,308
Kuwait Foreign Petroleum Exploration Company K.S.C.	27	150
Kuwait Petroleum International Limited	349	156
Oil Sector Services Company K.S.C. (Closed)	1	48
Kuwait Aviation Fueling Company K.S.C.	129	108
	35,917	22,534
	2025	2024
	KD'000	KD'000
Due to related party:		
Kuwait National Petroleum Company K.S.C	14,210	-
. ,	14,210	_

17. Revenue

The Company earns revenue from the exploration and extraction of crude oil which belongs to the State of Kuwait. Revenue from these services is computed based on the sale value of crude oil by the Parent Company less allocated costs as follows:

	2025 KD'000	2024 KD'000
Gross revenue	21,057,957	22,766,087
Royalty	(4,211,591)	(4,553,217)
Fiscal levy	(12,466,310)	(13,477,524)
Marketing fees	(421,159)	(455,322)
Net revenue (note 10)	3,958,897	4,280,024

Applicable percentages on above allocation are disclosed under revenue recognition policy (see note 3(f)).

Notes to the financial statements

for the year ended 31 March 2025

18.	Donrociation	amortization and	l xxxita off
18.	Debreciation.	amortization and	i write off

18.	Depreciation, amortization and write off		
		2025 KD'000	2024 KD'000
	Property, plant and equipment – depreciation (note 5)	727,990	667,005
	Right of use assets – depreciation (note 6)	210,746	115,898
	Intangible assets – amortization (note 7)	14,719	12,220
	Property, plant and equipment - write-off, net (note 5)	61	211
		953,516	795,334
19.	Other operating income		
		2025	2024
		KD'000	KD'000
	Port fees	18,466	18,773
	Other income	26,071	40,502
		44,537	59,275
20.	Recoverable costs		
		2025 KD'000	2024 KD'000
	Kuwait National Petroleum Company K.S.C.	21,515	21,353
	Kuwait Gulf Oil Company K.S.C.	2,138	4,009
	Kuwait Integrated Petroleum Industries Company K.S.C.C.	11,900	11,122
	Kuwait Petroleum Corporation	-	321
	Kuwait Oil Tanker Company S.A.K.	608	3
	Kuwait Foreign Petroleum Exploration Company	128	<u>-</u>
	Group companies for medical services	132,150	128,592
		168,439	165,400

Costs reimbursable by Kuwait National Petroleum Company K.S.C. mainly represent marine services provided for export operations.

Costs reimbursable by Kuwait Gulf Oil Company K.S.C. and Kuwait Integrated Petroleum Industries Company K.S.C.C. mainly represent the consultancy and other services provided by or through the Company.

Notes to the financial statements

for the year ended 31 March 2025

21. General and administrative expenses

	2025	2024
	KD'000	KD'000
Utilities	534,834	95,249
Finance charges	58,147	77,096
Medical costs	33,659	39,170
Insurance	9,629	12,929
Training costs (note 16)	4,674	5,108
Others	9,649	11,988
	650,592	241,540

Training costs represent the Company's share of costs charged by the Parent Company. Staff costs are included in cost of production as employee cost and are disclosed separately in the statement of profit or loss and other comprehensive income.

22. Directors' remuneration

Board of Directors' remuneration of KD 42 thousands (31 March 2024: KD 42 thousands) is subject to the approval of the shareholder at the general assembly meeting.

23. Contribution to the shareholder

In accordance with the reporting structure of the Company, 72% of net profit for the year is tax payable to the government through the Parent Company.

24. Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- market risk;
- liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company continuously reviews its financial risk exposures and takes measures to limit these to acceptable levels. Financial risk management is carried out by the Company's Financial Services Group, under policies approved by the Board of Directors. The Financial Services Group identifies and evaluates financial risks in close co-operation with the operating units of the Company. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as credit risk, market risk and liquidity risk which are discussed below:

Notes to the financial statements

for the year ended 31 March 2025

a. Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balances, advances and other receivables and amounts due from group companies.

The Company's total sales are to the Parent Company inside Kuwait and, therefore, there

The maximum exposure to credit risk for financial assets at the reporting date was:

	2025	2024
	KD'000	KD'000
Other receivables (note 9)	99,438	96,274
Amounts due from group companies (note 16)	35,917	22,534
Bank balances (note 11)	75,034	87,448
	210,389	206,256

Other receivables

The Company transacts only with recognized and creditworthy counterparties. For other receivables, credit evaluation is performed on the financial condition of contractor's credit quality based on its financial position, past experience and other factors. In addition, other receivable balances are monitored on a monthly basis by the management. The Company do not hold collateral on account of its other receivables.

Expected credit loss- other receivables

In determining the recoverability of other receivable, the Company considers any change in the credit quality of the other receivables from the date the credit was initially granted up to the reporting date. At the reporting date, management has taken the current market conditions into account when assessing the credit quality of other receivables. Accordingly, taking all of the above into account, the management of the Company believe that there is no further credit provision required in excess of the provision for expected credit losses as disclosed in Note 9.

A summary of the Company's exposure for other receivables are as follows:

	KD'000			
	2025	;	2024	
	Non-credit impaired	Credit impaired	Non-credit impaired	Credit impaired
Not due		-	35,478	-
Past due	38,381			
- Secured with collaterals	-	-	-	-
- Not secured	28,070	32,987	33,522	27,274
Gross carrying amount	66,451	32,987	69,000	27,274
Loss allowance		(3,814)		(3,814)
	66,451	29,173	69,000	23,460

Notes to the financial statements

for the year ended 31 March 2025

Amounts due from group companies

Amounts due from group companies mainly represents the amount receivable from the entities related to the Parent Company. All group company balances are monitored carefully by the management for collection and are considered fully recoverable. Transactions with group companies are carried out on a negotiated contract basis. The Company considers that these have low credit risk based on historical experiences, available information and experienced credit judgment. Therefore, the credit risk on these balances is considered immaterial.

Bank balances

The credit risk on bank balances is considered immaterial, since the counterparties are reputable banks and financial institutions that have low credit risk based on the external credit ratings.

b. Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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 optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest bearing assets or liabilities and therefore the Company's future performance and cash flows are independent of changes in market interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar primarily US Dollar and Euro. The Financial Services Group monitors and measures currency exposures on recognized assets and liabilities on a regular basis.

The Company manages foreign currency risk by matching assets and liabilities of similar currency exposures and by obtaining advances in foreign currencies from the Parent Company to pay of its foreign currency third party liabilities. Therefore the fair value of future cash flows of the Company's financial instruments are not significantly affected due to changes in foreign currency rates.

Notes to the financial statements

for the year ended 31 March 2025

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

c. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company's financial liabilities essentially mature within one year except for due to Parent Company, net. However, its activities are solely funded by the Parent Company which significantly minimizes liquidity risk, except lease liability.

The table below set out the contractual maturities of financial liabilities at the reporting date:

2025	Carrying value KD	One year or less KD	More than one year KD
Financial Liabilities			
Accounts payable and other liabilities	2,055,625	2,055,625	-
Lease liabilities	1,259,424	435,296	824,128
Due to the Parent Company	13,810,759	_	13,810,759
	17,125,808	2,490,921	14,634,887
	Corrying	One year	More then

2024	Carrying value KD	one year or less KD	one year KD
Financial Liabilities			
Accounts payable and other liabilities	1,533,572	1,533,572	-
Lease liabilities	1,414,207	521,170	893,037
Due to the Parent Company	13,363,557	-	13,363,557
	16,311,336	2,054,742	14,256,594

25. Fair value

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 Company 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.

Notes to the financial statements

for the year ended 31 March 2025

In the opinion of the management, the estimated fair value of financial assets and liabilities, except for receivable from / due to Parent Company, that are not carried at fair value at the reporting date is not materially different from their carrying value.

26. Capital risk management

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. The Company's exposure to capital risk is limited as there are no external financing as at the reporting date.

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.

27. Commitments and contingencies

Commitments for future capital expenditure in relation to lump sum contracts and purchase orders amounted to KD 1,516 million (31 March 2024: KD 1,287 million).

28. Claims and litigations

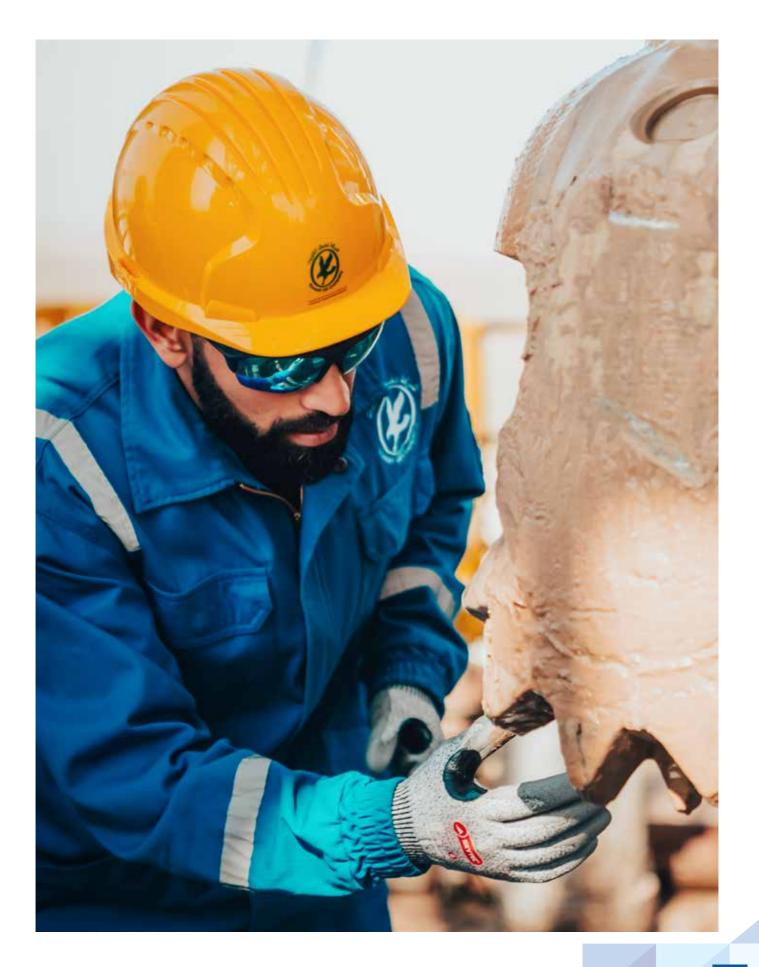
The Company is also involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Company's financial statements if disposed unfavorably.

29. Base Erosion and Profit Shifting (BEPS) – Pillar Two

In 2021, the OECD Inclusive Framework ("IF") on BEPS agreed to a two-pillar solution to address tax challenges arising from the digitalization of the global economy. Under Pillar Two, multinational entities with revenues exceeding EUR 750 million are subject to a minimum effective corporate tax rate of 15%. The Kuwait Petroleum Corporation ("KPC") Group is in scope of these Pillar Two rules for the current book year.

Many jurisdictions in which the KPC Group operates, including the State of Kuwait, have joined the IF. For the current book year, the KPC Group expects to be liable for the Global Minimum Tax under Pillar Two of the BEPS regulations for certain jurisdictions outside of Kuwait. It has assessed the potential top-up tax exposure and concluded that it is immaterial to the Company's financial statements. The KPC Group continues to assess the potential impact and evaluate its overall exposure to Pillar Two requirements.

To the extent relevant, the Company applies a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.





KOC was established in 1934 by the Anglo-Persian Oil Company, which is known today as BP (British Petroleum), and Gulf Oil Corporation, now known as Chevron. Oil was found in Kuwait in 1938 at Burgan Field, which is the second largest oil field in the world. In 1946, Kuwait exported its first crude oil shipment. Since its inception, KOC's activities have included exploration operations, onshore and offshore surveys, drilling of test wells, and the development of producing wells in addition to crude and natural gas exploration.

KOC works under the umbrella of the Kuwait Petroleum Corporation (KPC), and its vision focuses on achieving a leading worldwide position in oil and gas exploration and production, as well as growing oil reserves to ensure the sustainability of production.

The Company aims to be an employer of choice and make the best use of modern technologies. It is also working very hard to promote compliance with HSSE standards. KOC also seeks excellence in performance throughout all areas of its operation, and the Company is committed to supporting the local economy and serving the community.

Through the use of modern technology and the development of the skills of our staff, KOC aims to increase production in accordance with the Company's future strategy.

Today, KOC continues to work toward achieving our objectives and implementing our projects while strengthening our human and technical capabilities in order to address the challenges faced by the global oil industry, and to fulfil our role as a major supplier of energy to the world.