



BAHTCO HOLDING ANNUAL REPORT AND ACCOUNTS 2022

Foreword

This report has been prepared in accordance with local laws and regulatory requirements. Our website, www.bahtcoholding.com offers access to the latest reports and investor presentations. Simplicity has been a key focus in developing this report.

Additionally, this report includes comprehensive disclosures on our Corporate Social Responsibility activities and engagements.

Reminder

Our financial statements are presented in Kuwaiti Dinars (KD). Unless otherwise specified, all figures in this report pertain to the Group.

The Company's registered office is located at Al-Othman Centre, Block 169, Building 15, Office 21, Hawally, State of Kuwait

For inquiries, please contact us at +965 9 955 3881.

Content

| | |
|----|------------------------------------------------|
| 2 | Chairman's statement |
| 4 | Chef Investment Officer's report |
| 9 | Financial report |
| 15 | Business model |
| 20 | Detailed financial performance |
| 24 | Economic Environment - 2022 Annual Report |
| 26 | Operational Efficiency and Challenges Overcome |
| 28 | Corporate Governance |
| 32 | Corporate Social Responsibility (CSR) |
| 27 | Risk and Risk Management |
| 42 | Independent Auditors' Report |
| 47 | Consolidated Statement of Financial Position |
| 49 | Basic and Diluted Earnings per share |
| 50 | Incorporation and Principal Activities |

Chairman's statement

In the name of Allah most gracious, most merciful...

Bahtco Holding has once again demonstrated remarkable resilience and adaptability, delivering strong value for our shareholders despite a year of significant economic and geopolitical challenges. As global markets navigated uncertainties—from inflationary pressures in Europe to fluctuating oil prices and economic realignments in Kuwait—Bahtco Holding remained steadfast in executing its strategic vision. Our continued success underscores our ability to adapt to market shifts while capitalizing on emerging opportunities.

Navigating market challenges and opportunities

Throughout 2022, the global economy faced mounting pressures, including tightening monetary policies, supply chain disruptions, and energy market volatility. In the Kuwaiti market, fiscal policies remained supportive, yet businesses faced increased regulatory compliance and inflationary pressures. Meanwhile, European markets dealt with

rising interest rates and a recalibration of energy policies in response to geopolitical tensions.

Despite these challenges, Bahtco Holding maintained a strong position, leveraging our diversified investment strategy across key sectors, including real estate, technology, renewable energy, and sector-specific funds. By refining our operational approach and fortifying our investment portfolio, we ensured sustainable growth even amid economic uncertainty.

Core principles and values

Bahtco Holding remains committed to pursuing strategic investments that align with long-term market trends and responsible business practices. Our corporate philosophy is built on:

- **Transparent communication**
Ensuring clarity in our engagements with clients, investors, and stakeholders.
- **Strategic collaborations**
Partnering with leading local and global institutions to drive mutual growth.

- **Ethical investment**

Aligning our activities with sustainable and socially responsible investment principles.

- **Client-centric focus**

Offering tailored services and educational resources to empower investors.

These principles guide our decision-making processes and ensure that we remain at the forefront of industry advancements.

Commitment to the community

Bahtco Holding continues to invest in community-driven initiatives, reinforcing our role as a responsible corporate citizen. In 2022, we expanded our Corporate Social Responsibility (CSR) programs by providing seed funding, mentorship, and advisory support to Kuwaiti entrepreneurs and SMEs focused on innovation and sustainability.

Additionally, we strengthened our employee engagement efforts by increasing paid volunteer leave and organizing corporate-wide community service events. Through these initiatives, we reaffirm our commitment to fostering

economic empowerment and social development.

Financial performance

Despite prevailing economic headwinds, Bahtco Holding achieved robust financial performance in 2022:

- **Revenue growth:** 27.7% increase, reaching KD 126.6 million (2021: KD 99.1 million).
- **Net income:** Grew by 30.1% to KD 103.2 million (2021: KD 79.3 million).

These results affirm our ability to deliver value-driven growth while maintaining fiscal discipline.

Looking Ahead

As we move into 2023, Bahtco Holding remains committed to navigating an evolving economic landscape. The coming year presents new opportunities in Kuwait's growing digital economy, renewable energy investments, and resilient real estate markets. At the same time, global economic shifts—ranging from European policy adjustments to geopolitical developments—necessitate a proactive and adaptive approach.

With the expertise and dedication of our team, we will continue to drive innovation, optimize our portfolio, and deliver sustained growth for our stakeholders. Our ability to anticipate change and respond with agility will be critical to maintaining our competitive edge in an increasingly complex global market.

I extend my gratitude to our shareholders, employees, and partners for their unwavering support. Together, we will navigate the challenges ahead and emerge even stronger.

Mousa Abdul Hussein Bahman

Chairman

January 7, 2023

Chief Investment Officer's Report

In the name of Allah most gracious, most merciful...

The year 2022 was a defining period for Bahtco Holding, marked by strategic expansion and strong financial performance despite prevailing economic uncertainties. Our revenue grew significantly, reaching KD 126.6 million, reflecting a 26.6% increase from 2021. This

success was driven by our ability to navigate global market fluctuations, capitalize on investment opportunities, and uphold our commitment to delivering value to stakeholders.

Market overview

Throughout 2022, the global investment landscape was shaped by rising inflation, geopolitical tensions, and shifting energy policies. The Kuwaiti economy remained resilient, supported by strong oil revenues and increased private sector activity. European markets adjusted to new monetary policies, leading to interest rate fluctuations and evolving regulatory frameworks. Despite these challenges, Bahtco Holding leveraged its diversified portfolio and strategic asset allocation to sustain growth and maximize returns.

Investment performance and strategy

Bahtco Holding's strong financial performance in 2021 was driven by several key investment strategies:

Diversification

We have continually expanded our investment portfolio across multiple sectors, including real estate, energy, fintech, and private equity, ensuring a

balanced approach to growth. This diversification has helped us stabilize returns and mitigate sector-specific risks, reducing our exposure to downturns in any single industry. By allocating resources across a variety of asset classes and markets, we have created a more resilient investment framework that optimizes returns while safeguarding against economic fluctuations.

Strategic acquisitions

As part of our long-term growth strategy, we executed high-value acquisitions in key industries, particularly real estate and financial technology. These acquisitions not only reinforced our market position but also expanded our revenue streams, ensuring a steady flow of income from well-performing assets. In real estate, we acquired premium commercial and residential properties in high-demand locations, benefiting from rising property values and rental income. Meanwhile, in the fintech sector, our investments in digital payment platforms and online banking solutions positioned us at the forefront of financial innovation, capitalizing on the increasing shift towards cashless transactions.

Asset optimization

We have continuously focused on maximizing the returns from our existing asset base through strategic restructuring and operational efficiency initiatives. By streamlining management processes, enhancing cost efficiencies, and leveraging data-driven insights, we have improved asset utilization and profitability. For instance, in real estate, we implemented property upgrades and smart infrastructure solutions to boost occupancy rates and rental yields.

In fintech, we refined our customer acquisition and retention strategies, improving user engagement and transaction volumes. These measures have resulted in enhanced financial performance and long-term value creation.

Sustainable investments

Our strong commitment to Environmental, Social, and Governance (ESG) principles has driven us to increase investments in green energy and sustainable infrastructure projects. We recognize the growing global demand for sustainable business practices and the long-term financial viability of eco-friendly investments. Our expansion into renewable energy sources, such as solar and wind power, aligns with

Kuwait's sustainability goals, reducing our carbon footprint while generating consistent returns. Additionally, we have integrated sustainability criteria into our investment screening process, ensuring that our capital is directed toward projects that contribute to environmental and social progress

Sectoral performance

Real estate

The real estate sector experienced significant growth, fueled by strategic acquisitions and rising demand for commercial and residential properties. Our investments in premium office spaces, retail centers, and high-end residential developments positioned us to capitalize on evolving market dynamics. Additionally, we leveraged smart technology and sustainable building designs to enhance property value and increase tenant satisfaction.

Financial services

Our focus on fintech and digital banking solutions has yielded strong returns, driven by the rapid adoption of online financial services. Consumers increasingly prefer mobile banking, digital payments, and AI-driven financial advisory

services, creating lucrative opportunities for innovation and expansion. By investing in cutting-edge financial platforms, we have secured a competitive edge in the growing digital economy.

Energy and infrastructure

The expansion into renewable energy projects has been a key driver of long-term profitability. With Kuwait's push towards sustainability, our investments in solar power plants, wind farms, and energy-efficient infrastructure have positioned us as a leader in the transition to clean energy. These projects not only contribute to environmental conservation but also generate stable, long-term revenue streams through government-backed initiatives and private sector collaborations.

Technology and innovation

We continue to strengthen our presence in AI-driven and blockchain-based investments, reinforcing our position in future-ready sectors. Artificial intelligence has enhanced our data analytics, automation, and risk assessment capabilities, while blockchain technology has improved security, transparency, and efficiency across multiple industries, including finance, supply chain

management, and real estate. These innovations enable us to stay ahead of market trends and capitalize on the next wave of technological advancements.

Risk management

Market risk mitigation

We have implemented geographic diversification and hedging strategies to minimize exposure to market volatility. By investing across multiple regions and asset classes, we reduce the impact of economic downturns in any single market. Additionally, our use of derivative instruments and currency hedging techniques has provided a layer of protection against financial uncertainties.

Regulatory compliance

Maintaining strict adherence to evolving regulatory frameworks has been essential in ensuring operational stability and investor confidence. We actively monitor global and local compliance requirements, adapting our investment strategies accordingly. By fostering strong relationships with regulatory authorities and engaging in transparent governance practices, we have upheld our reputation as a trusted investment partner.

Liquidity management

A robust cash flow and liquidity management strategy has enabled us to seize emerging investment opportunities while sustaining long-term growth. Through careful capital allocation, debt structuring, and working capital optimization, we have maintained a strong liquidity position. This allows us to respond swiftly to market shifts, acquisition opportunities, and new technological advancements, ensuring continued expansion and financial stability.

Outlook for 2022 and beyond

Looking ahead, Bahtco Holding remains committed to sustainable growth and value creation. Our focus for 2022 were on:

- Expanding our presence in high-growth sectors such as renewable energy and digital assets.
- Enhancing our investment strategies through data-driven insights and AI-powered analytics.
- Strengthening partnerships with global and regional players to enhance market reach and investment synergies.

Conclusion

The year 2022 was a pivotal year for Bahtco Holding, characterized by financial strength and strategic growth. Our ability to adapt to market shifts and identify high-potential opportunities reinforces our position as a leading investment firm in Kuwait. We remain confident in our continued success and our ability to generate sustainable value for our shareholders.

Ahmad Issar Al-Mutawa

Chief Investment Officer

January 7, 2023

Financial Report 2022

Overview

In the financial year ending September 30, 2022, Bahtco Holding recorded another year of remarkable growth, reinforcing its position as a leading investment firm. The company achieved a 27.7% increase in revenue, reaching KD 126.6 million, compared to KD 99.1 million in the previous year. This strong performance was fueled by our continued focus on technological innovation, renewable energy expansion, strategic sector-based funds, and alternative asset investments.

Our profitability also saw substantial improvement, with net income rising by 30.1% to KD 103.2 million, up from KD 79.3 million in 2021. This increase reflects effective portfolio management, disciplined cost optimization, and high-yield investments across multiple sectors. Throughout the year, we leveraged market opportunities, enhanced operational efficiencies, and strengthened our financial resilience to ensure sustainable long-term growth.

Furthermore, our expanding customer base and diversified investment approach positioned us to capitalize on emerging trends in fintech, digital banking, and infrastructure development. By maintaining a balanced and adaptive investment strategy, we remained well-equipped to navigate market fluctuations while continuing to deliver exceptional value to our shareholders and stakeholders.

| Financial Metric | 2021 (KD Millions) | 2022 (KD Millions) |
|--------------------------|--------------------|--------------------|
| Total Revenue | 99.1 | 126.6 |
| Total Expenses | 19.8 | 23.4 |
| Net Profit | 79.3 | 103.2 |
| Total Assets | 578.5 | 798.3 |
| Total liabilities | 125.2 | 213.9 |

Operating Performance

Bahtco operates across major global markets—North America, Europe, the Middle East, and Asia—leveraging regional expertise to meet diverse client needs. Its commitment to superior investment outcomes, operational efficiency, and service expansion has strengthened its market position and financial stability, transforming it into a truly global, client-focused firm. In 2022, Bahtco Holding achieved remarkable regional growth, leveraging market-specific investment strategies and adapting to evolving economic landscapes. Our geographic diversification strategy strengthened resilience, mitigated risks, and positioned us for sustained profitability.

North America: Tech-driven expansion & institutional growth

North America remained a key driver of Bahtco Holding's global expansion, contributing significantly to our overall revenue and asset growth. The region's strong economic recovery, coupled with the rapid evolution of technology, fintech, and healthcare, created favorable investment opportunities.

Key Achievements

Technology & fintech investments

- Expanded exposure to AI-driven investment platforms, blockchain-based financial services, and digital banking solutions.
- Increased stakes in high-growth fintech startups, leveraging North America's advanced regulatory and technological ecosystem.
- Enhanced returns through early-stage investments in cryptocurrency infrastructure and decentralized finance (DeFi) platforms.

Healthcare and biotech innovations

- Capitalized on breakthrough investments in biotechnology, pharmaceuticals, and precision medicine.

- Strengthened investment in AI-powered diagnostic tools and telehealth platforms, benefiting from rising healthcare digitalization.

Institutional partnerships and asset management growth

- Expanded institutional client base, partnering with pension funds, sovereign entities, and high-net-worth individuals to offer customized investment portfolios.
- Increased assets under management (AUM) by 27%, reflecting enhanced investor confidence and strategic capital allocation.
- Strengthened partnerships with leading investment banks and hedge funds, co-investing in high-yield opportunities.

2023 Outlook

- Further expansion into deep tech investments such as quantum computing, cybersecurity, and AI-driven asset management.
- Increased private equity holdings in high-growth startups and late-stage technology firms.
- Strengthening partnerships with North American venture capital and private equity firms to expand co-investment opportunities.

Europe: Sustainability-led growth & ESG investment boom

Bahtco Holding experienced substantial growth in European markets, leveraging the continent's focus on sustainable finance, green energy, and ESG-aligned investments. The European Union's Green Deal and ESG regulations created strong demand for responsible investment solutions, positioning Bahtco as a leader in sustainable and impact investing.

Key Achievements

Green & Renewable Energy Investments

- Significantly increased holdings in solar, wind, and hydrogen energy projects, aligning with Europe's net-zero transition goals.

- Invested in green bonds and carbon credit markets, capitalizing on new ESG financial instruments.
- Expanded exposure to clean technology startups, supporting innovation in energy efficiency and carbon capture technologies.

Real estate and infrastructure expansion

- Acquired premium sustainable real estate assets, including green-certified commercial and residential properties.
- Strengthened investments in smart cities and infrastructure modernization, benefiting from government-backed ESG funding programs.

ESG-Driven Portfolio Management

- Integrated ESG criteria into asset allocation strategies, enhancing risk-adjusted returns.
- Revenue growth was heavily driven by advisory and performance fees, reflecting growing demand for ESG-compliant investment products.
- Strengthened regulatory compliance and sustainability reporting, positioning Bahtco as a trusted ESG investment partner.

2023 Outlook

- Expansion into climate tech startups and circular economy investments.
- Increased participation in EU-funded green infrastructure projects.
- Strengthened investment partnerships with sustainability-focused pension funds and sovereign wealth funds.

Middle East: Institutional investor focus & economic diversification

Bahtco Holding deepened its footprint in the Middle East, targeting sovereign wealth funds, family offices, and private investors with tailored investment solutions. The region's economic diversification initiatives, particularly in the UAE, Saudi Arabia, and Kuwait, aligned well with Bahtco's sectoral investment strategy.

Key Achievements

Infrastructure & Private Equity Investments

- Expanded exposure to mega-infrastructure projects across the GCC, particularly in transportation, logistics, and smart cities.
- Increased investments in private equity and venture capital, supporting the region's growing startup ecosystem.

Technology & Fintech Leadership

- Strengthened digital banking, AI-driven finance, and blockchain investments, aligning with regional fintech innovation hubs.

Sovereign Wealth Fund Partnerships

- Secured strategic investment mandates from leading Middle Eastern sovereign wealth funds, increasing capital inflows.
- Customized investment vehicles for high-net-worth individuals (HNWIs) and institutional investors, offering exposure to alternative assets and private equity.

2023 Outlook

- Expansion into GCC healthcare and biotech investments.
- Strengthened participation in Middle Eastern sovereign wealth fund co-investments.

Asia: Emerging market expansion and digital innovation

Bahtco Holding strengthened its Asian investment strategy, capitalizing on the region's technology, consumer, and digital finance boom. Growth was primarily driven by emerging markets in China, India, and Southeast Asia, where rapid economic expansion created high-yield investment opportunities.

Key achievements

Technology and e-commerce investments

- Expanded portfolio in Asian tech unicorns and consumer digital platforms.
- Strengthened partnerships with local venture capital firms, gaining early-stage access to high-growth startups.

Financial services and digital banking expansion

- Increased exposure to Asian digital banking and fintech markets, leveraging the region's fintech revolution.
- Entered the cryptocurrency and blockchain-based asset tokenization space, benefiting from Asia's regulatory advancements in digital assets.

Infrastructure and smart city developments

- Invested in urbanization and infrastructure projects, supporting Asia's smart city and high-speed rail expansions.
- Strengthened partnerships with regional development banks to co-invest in sustainable urbanization initiatives.

2023 Outlook

- Expansion into India's fintech, AI, and digital payments market.
- Increased exposure to China's renewable energy and electric vehicle (EV) sector.
- Strengthening investment in Southeast Asia's rapidly growing e-commerce ecosystem.

Conclusion: A Strong Regional Growth Strategy for 2023 & Beyond

Bahtco Holding's regional investment approach in 2022 ensured diversification, market adaptability, and sustainable returns. By expanding across North America, Europe, the Middle East, and Asia, Bahtco strengthened its global leadership in technology, ESG, private equity, and digital finance.

For 2023, Bahtco Holding remains focused on:

- ✓ Enhancing institutional partnerships to drive AUM growth.
- ✓ Leveraging emerging investment trends in AI, blockchain, and fintech.
- ✓ Strengthening ESG and sustainable investment strategies.
- ✓ Expanding into high-growth sectors, including biotech, infrastructure, and digital assets.

Business Model: Empowering Financial Growth through Innovation and Sustainability

Bahtco Holding is committed to delivering superior investment solutions that drive financial growth, optimize returns, and ensure sustainable wealth creation. Our business model is client-centric, innovation-driven, and risk-conscious, enabling us to adapt to evolving market trends and investor needs. By integrating advanced financial technologies, environmental, social, and governance (ESG) principles, and a diversified asset management approach, Bahtco continues to strengthen its market leadership and long-term value creation.

Core Components of Bahtco Holding's Business Model

1. Comprehensive investment services

Bahtco provides a broad range of investment solutions tailored to meet the diverse needs of individual, institutional, and corporate investors. Our key services include:

Asset Management – The Growth Engine

Bahtco's asset management division is the primary driver of revenue, managing a well-diversified portfolio that spans:

- **Equities and Fixed Income:** A balance of growth and stability in global financial markets.
- **Real Estate and Infrastructure:** Investments in high-yield commercial, residential, and industrial properties.

- **Alternative Investments:** Private equity, venture capital, hedge funds, and structured financial products.

💡 **Revenue Generation:**

- **Management Fees:** Earned based on assets under management (AUM), ensuring consistent and scalable income.
- **Performance-Based Fees:** Rewarding outperformance of industry benchmarks, aligning investor success with company growth.

Financial Advisory and Wealth Management

Bahtco provides customized financial advisory services to both retail and institutional clients, helping them navigate market fluctuations with expert insights and tailored strategies. Our advisory services include:

- **Risk Management and Portfolio Analysis** – Assisting clients in optimizing investments based on risk tolerance.
- **Strategic Asset Allocation** – Ensuring a diversified approach to long-term wealth accumulation.
- **Market Research & Investment Insights** – Leveraging **big data analytics** to enhance decision-making.

💡 **Revenue Generation:**

- **Advisory & consulting fees:** Earned from personalized financial planning, market analysis, and investment recommendations.

Product Development and Investment Solutions

Bahtco designs and manages specialized investment products to meet evolving market needs, such as:

- **Mutual Funds and ETFs** – Providing diversified, cost-effective access to multiple asset classes.
- **Alternative Investment Vehicles** – Private equity, hedge funds, and structured finance solutions.
- **Sustainable and ESG Funds** – Investing in companies with high environmental and social impact ratings.

💡 Revenue Generation:

- **Transaction Fees:** Collected from securities trading, investment product subscriptions, and structured financial transactions.
-

2. Diversified Revenue Streams

Bahtco maintains a robust and diversified revenue model, ensuring financial stability and resilience in volatile market conditions.

💰 Key Revenue Sources:

- **Management Fees** – Charged as a percentage of AUM, providing predictable and stable earnings.
- **Performance Fees** – Earned from superior portfolio performance beyond benchmark indices.
- **Advisory and Consulting Fees** – Revenue from high-net-worth individuals and institutional clients.
- **Transaction Fees** – Derived from trading, structuring, and product subscription services.
- **Non-Operating Income** – Includes dividends, capital gains, and interest income to enhance overall profitability.

2022 Financial Performance:

- 27.7% revenue growth, reflecting strong demand for Bahtco's financial services.
- 30.2% increase in net income, driven by strategic investments and operational efficiencies.

3. Target Market Segments

Bahtco serves a broad and diversified client base, reinforcing its position as a trusted investment partner across multiple sectors.

Institutional Investors:

- Pension funds, endowments, sovereign wealth funds, and family offices seeking customized investment strategies.

Corporate Clients:

- Businesses requiring expert guidance on capital allocation, treasury management, and financial structuring.

Individual Investors:

- High-net-worth individuals (HNWIs) seeking personalized wealth management solutions and financial planning.

4. Global Market Presence & Strategic Expansion

Bahtco Holding has expanded its operations across North America, Europe, the Middle East, and Asia, leveraging its regional expertise to optimize investment strategies.

Regional Performance Highlights

- **North America:** Strong growth driven by technology, fintech, and healthcare investments.
 - **Europe:** Leading in sustainable investment trends, including green bonds and ESG-driven asset classes.
 - **Middle East:** Focused on sovereign wealth fund partnerships, infrastructure, and private equity investments.
 - **Asia:** Strengthening presence in emerging markets, particularly in consumer finance and digital banking.
-

5. Competitive Advantages and Value Proposition

Bahtco's business model is designed to provide consistent, high-value investment opportunities to clients by integrating cutting-edge technology, risk management, and sustainability principles.

- **High-Performance Asset Management** – Delivering superior returns through data-driven investment strategies.
 - **Client-Centric Services** – Ensuring customized solutions that align with individual and institutional investor goals.
 - **Sustainability and ESG Commitment** – Investing in projects that promote environmental and social responsibility.
-

6. Operational Efficiency and Technological Integration

Bahtco's success is driven by its investment in financial technology, automation, and AI-driven analytics, enhancing operational efficiency and portfolio management.

- **AI and Machine Learning** – Advanced predictive modeling for investment decision-making.
- **Blockchain and Digital Assets** – Exploring tokenized securities and decentralized finance (DeFi) solutions.
- **Automation and Cloud Computing** – Optimizing back-office operations and reducing costs.

7. Marketing and Client Acquisition Strategies

Bahtco has strengthened its brand and client engagement through digital transformation and industry networking.

✦ Key Initiatives:

- **Digital Marketing and Thought Leadership** – Leveraging social media, webinars, and financial content to educate and attract investors.
- **Institutional and Corporate Engagement** – Deepening relationships with investment banks, hedge funds, and pension funds.
- **Global Investment Summits** – Hosting forums on fintech, ESG, and private equity to reinforce market presence.

Detailed Financial Performance

Bahtco Holding achieved strong financial results in 2022, supported by revenue growth, disciplined cost management, and strategic investments in technology and sustainable investing. Our client-centric approach, innovation-driven strategies, and commitment to ESG principles continue to enhance our competitive position in the global financial markets.

1. Consolidated Revenue Analysis

Operating revenue

Bahtco Holding's total operating revenue for 2022 was KD 120.8 million, primarily driven by core asset management and advisory services.

Table 2: Operating Revenue Breakdown (2022)

| Revenue Source | Revenue (KD Million) |
|--------------------------------|----------------------|
| Management Fees | 107.6 |
| Performance Fees | 7.8 |
| Advisory & Consulting Fees | 5.4 |
| Total Operating Revenue | 120.8 |

Non-operating revenue

Bahtco generated KD 5.8 million in non-operating income from diversified sources such as interest, dividends, and capital gains.

Table 3: Non-Operating Revenue Breakdown (2022)

| Revenue Category | Revenue (KD Million) |
|------------------------------------|----------------------|
| Interest income | 2.8 |
| Capital gains | 1.3 |
| Dividend Income | 0.711 |
| Foreign Exchange Gains | 0.593 |
| Royalties/Licensing Fees | 0.217 |
| Rental Income | 0.186 |
| Total Non-Operating Revenue | 5.8 |

Total Revenue (Operating + Non-Operating)

- Grand Total Revenue (2022): KD 126.6 million

2. Expense Management

Total expenses for 2022 was KD 23.4 million

Table 4: Expense Breakdown (2022)

| Expense Category | Cost (KD Million) |
|-----------------------|-------------------|
| Operational Costs | 9.8 |
| Technology Investment | 5.2 |
| ESG & Compliance | 2.7 |
| Talent Acquisition | 4.3 |
| Marketing & Outreach | 1.4 |
| Total Expenses | 23.4 |

3. Profitability Metrics

Bahtco Holding demonstrated strong revenue-to-profit conversion, with robust margins and sustained growth.

Table 5: Key Profitability Indicators (2022)

| Metric | 2022 | 2021 |
|------------------|------------------|-----------------|
| Net Income | KD 103.2 million | KD 79.3 million |
| Operating Margin | 81.5% | 80.2% |
| Return on AUM | 39.34% | 22.25% |

4. AUM Growth and Client Acquisition

Table 6: AUM & Client Metrics (2022)

| Metric | 2022 | 2021 |
|--------------------------|------------------|------------------|
| Total AUM | KD 986.9 million | KD 732.6 million |
| Client Retention | 96.7% | 92.2% |
| New Clients Added | 1,856 | 1,321 |

5. Strategic Initiatives & Investments

Bahtco Holding reinforced its market position by expanding in key areas:

Growth Drivers:

- **Sustainable Investing** – ESG-focused strategies attracted impact-driven investors.
- **AI & Data Analytics** – Advanced models improved portfolio performance and risk management.
- **Advisory Expansion** – Strengthened financial planning services deepened client relationships.

6. Market Position and Competitive Landscape

Bahtco outperformed industry benchmarks, leveraging technology and sustainable investing principles.

Table 7: Competitive Performance Metrics (2022)

| Category | Bahtco Performance | Industry Benchmark | Outperformance (%) |
|------------------------------|--------------------|--------------------|--------------------|
| Return on AUM | 29.34% | 18.5% | +10.84% |
| Client Retention Rate | 96.7% | 87.5% | +9.2% |
| ESG Investment Growth | 29.4% | 15.3% | +14.1% |

7. Future Outlook

Bahtco Holding is well-positioned for continued success in 2023 and beyond, focusing on:

- ✚ **Expansion of AUM** – Strengthening global investment presence.
- ✚ **Technology Innovation** – AI-powered financial modeling and blockchain asset tokenization.
- ✚ **Sustainability & ESG Growth** – Enhancing green investment strategies.
- ✚ **Operational Excellence** – Cost efficiency balanced with strategic reinvestment.

Bahtco Holding's 2022 performance reflects its commitment to financial excellence, innovation, and sustainability. With strong revenue growth, disciplined cost management, and strategic investments, Bahtco is well-positioned for long-term success in 2023 and beyond.

Economic Environment - 2022 Annual Report

The global economy in 2022 faced heightened uncertainty due to the lingering effects of the COVID-19 pandemic, geopolitical conflicts, and tightening monetary policies. While initial expectations for a robust recovery were high, inflationary pressures, supply chain disruptions, and fluctuating commodity prices tempered economic optimism. Major economies grappled with inflation rates at multi-decade highs, prompting aggressive interest rate hikes by central banks, including the U.S. Federal Reserve and the European Central Bank. These measures, while necessary to combat inflation, increased market volatility and raised concerns about a potential global recession.

Impact of the Russia-Ukraine Conflict on Global Markets

The Russia-Ukraine war, which took full effect in early 2022 with Russia's invasion of Ukraine, had far-reaching consequences on the global economic landscape. The conflict led to significant disruptions in global supply chains, particularly in the energy, agricultural, and manufacturing sectors. Europe faced an energy crisis due to reduced Russian gas supplies, resulting in soaring energy costs and production slowdowns. Meanwhile, food security

concerns intensified as Ukraine, a key grain exporter, struggled to meet global demand. These disruptions contributed to rising commodity prices, exacerbating inflationary pressures worldwide.

Regional Economic Dynamics and Kuwait's Market Outlook

The economic landscape in Kuwait and the broader Gulf region remained relatively resilient in 2022, supported by strong oil revenues. Elevated crude oil prices, driven by geopolitical uncertainties and supply constraints, bolstered Kuwait's fiscal position, leading to increased government spending on infrastructure and economic diversification initiatives. However, global inflation and interest rate hikes created challenges for investment portfolios, requiring adaptive strategies to navigate market fluctuations.

Bahtco Holding's Strategic Investment Approach

Amidst these economic challenges, Bahtco Holding adopted a strategic and diversified investment approach to mitigate risks and capitalize on emerging opportunities. Our focus remained on resilient sectors such as technology, renewable energy, and infrastructure, which continued to demonstrate strong growth potential. Additionally, our real estate and financial services investments were optimized to adjust to changing market conditions and interest rate environments.

Sustainability, ESG Integration, and Economic Diversification

Sustainability and ESG considerations gained significant traction in 2022, with global investors prioritizing responsible investment practices. Bahtco Holding reinforced its commitment to ESG integration by expanding investments in sustainable energy projects and environmentally responsible enterprises. In alignment with Kuwait Vision 2035, the firm actively explored opportunities in non-oil sectors such as logistics, tourism, and technology to support economic diversification efforts.

Technological Innovations and Digital Transformation

The rapid pace of technological advancement continued to reshape global industries in 2022. Digital transformation accelerated across various sectors, with artificial intelligence, blockchain, and fintech solutions driving innovation. Bahtco Holding increased its exposure to technology-driven assets, recognizing their long-term potential in enhancing operational efficiencies and value creation. Our strategic investments in digital infrastructure and cybersecurity solutions further strengthened our portfolio's resilience amid evolving global challenges.

Despite the economic turbulence of 2022, Bahtco Holding successfully navigated uncertainties through a proactive and adaptive investment strategy. By focusing on high-growth sectors, sustainability initiatives, and regional economic opportunities, we reinforced our position as a leading investment firm in Kuwait. Looking ahead, our commitment to strategic diversification and responsible investing will remain central to our approach, ensuring continued value creation for our stakeholders in an evolving global landscape.

Operational Efficiency and Challenges Overcome - 2022 Annual Report

In 2022, Bahtco Holding faced a complex economic landscape marked by persistent inflation, rising interest rates, and global supply chain disruptions. The ongoing geopolitical tensions, particularly the Russia-Ukraine conflict, further exacerbated market volatility and energy price fluctuations. Despite these challenges, Bahtco Holding demonstrated agility and resilience, implementing strategic measures to enhance operational efficiency and sustain strong financial performance.

Managing Rising Costs amid Inflationary Pressures

Inflationary pressures remained a major challenge in 2022, impacting the cost of raw materials, energy, and operational expenditures. To mitigate these impacts, Bahtco adopted a proactive cost-management approach, focusing on optimizing expenses and improving procurement efficiencies. The firm leveraged strategic partnerships and alternative sourcing solutions to minimize cost escalations and protect profit margins.

Supply Chain Adaptation and Risk Mitigation

Supply chain constraints continued to disrupt global markets in 2022, affecting key industries such as technology, real estate, and energy. Bahtco responded by strengthening supplier diversification strategies, investing in localized procurement, and enhancing inventory management systems. These initiatives ensured the continuity of operations and reduced exposure to global supply chain vulnerabilities.

Accelerating Digital Transformation and Innovation

Bahtco remained committed to digital transformation as a key driver of operational efficiency. In 2022, the firm expanded its investment in artificial intelligence (AI), blockchain, and data analytics to enhance decision-making and optimize investment strategies. Digital client engagement tools were further refined to improve service delivery and streamline portfolio management, reinforcing Bahtco's commitment to technological excellence.

Strategic Cost Optimization Measures

To navigate financial uncertainties, Bahtco implemented comprehensive cost optimization strategies, including:

- **Process Automation:** Enhancing operational workflows through AI-driven automation, reducing redundancies, and increasing efficiency.
- **Smart Vendor Management:** Strengthening supplier negotiations and securing cost-effective solutions while maintaining high service quality.
- **Workforce Efficiency:** Adopting hybrid work models and leveraging digital collaboration tools to optimize workforce productivity and reduce overhead costs.

Strengthening Risk Management and Resilience

The economic volatility of 2022 reinforced the importance of a robust risk management framework. Bahtco maintained a diversified investment strategy, prioritizing high-growth sectors while ensuring liquidity and financial stability. The company's

commitment to proactive risk assessment and contingency planning enabled it to navigate market fluctuations effectively and sustain its competitive position.

Positioning for Sustainable Growth

Looking ahead, Bahtco Holding remains focused on operational excellence, innovation, and sustainability. The firm will continue to refine its investment strategies, harness technological advancements, and explore new growth opportunities in alignment with Kuwait's Vision 2035. By successfully overcoming the challenges of 2022, Bahtco is well-positioned to achieve long-term success and deliver sustained value to its stakeholders.

Corporate Governance

At Bahtco Holding, corporate governance is fundamental to our mission of maintaining ethical and transparent business practices. As a leading investment firm, we recognize the importance of sound governance in fostering accountability, strengthening stakeholder trust, and ensuring long-term sustainability.

1. Governance Statement

At Bahtco Holding, we align our governance framework with industry best practices to operate transparently, ethically, and accountably. The Board of Directors, working closely with the executive management team, ensures the implementation of governance policies that create value while safeguarding the interests of shareholders, clients, employees, and other stakeholders.

We are dedicated to maintaining a governance structure that facilitates efficient decision-making, balances risk and return, and ensures compliance with regulations in all regions where we operate. Our governance framework is regularly reviewed and refined to keep pace with the evolving global financial landscape and address emerging risks and opportunities.

2. The Board and Key Positions

The Board of Directors provides strategic oversight and guidance to the company. It is made up of individuals with diverse skills, expertise, and backgrounds, ensuring well-rounded decision-making and robust governance.

Board Positions:

- **Chairperson of the Board:** The Chairperson leads the Board, ensuring effective communication, collaboration, and governance processes. The Chairperson plays a pivotal role in setting agendas and facilitating discussions.
- **Chief Executive Officer (CEO):** The CEO manages the day-to-day operations of the company and executes the Board's strategic decisions, bridging the gap between the Board and company operations.
- **Chief Investment Officer (CIO):** The CIO manages the company's financial health, ensuring fiscal responsibility, transparency, and achievement of financial goals.
- **Non-Executive Directors:** Independent of daily operations, these directors provide oversight, challenge management decisions, and offer diverse perspectives during Board discussions.
- **Company Secretary:** The Company Secretary ensures legal and regulatory compliance, supports the Board with governance matters, and manages meetings, agendas, and minutes.

3. Governance Framework

Bahtco Holding's governance framework outlines the distribution of responsibilities among the Board, management, shareholders, and stakeholders. It provides a structure for effective and accountable governance.

Key Components:

- **Board Oversight:** The Board oversees the company's strategic direction, risk management, financial performance, and corporate culture. It holds management accountable for executing strategies in line with the company's values and objectives.

- **Risk Management:** Governance policies ensure the establishment of a robust risk management framework that identifies, assesses, and mitigates financial, operational, and compliance risks.
- **Stakeholder Engagement:** We maintain open communication with stakeholders, including shareholders, employees, clients, and regulators, to foster trust and transparency.
- **Regulatory Compliance:** We monitor compliance with all relevant legal and regulatory requirements and uphold the principles of the Capital Markets Authority (CMA).

4. Board Agenda and Meeting Minutes

Board Agenda: The Board agenda is meticulously crafted to address key strategic, operational, financial, and governance issues. The agenda is set in consultation with the Chairperson, CEO, and Company Secretary to ensure all crucial topics are covered.

Typical agenda items include:

- Review of financial performance and reports
- Strategic initiatives and growth opportunities
- Risk management updates and assessments
- Environmental, Social, and Governance (ESG) commitments and progress
- Compliance with legal and regulatory requirements
- Board committee reports and recommendations
- Talent management and succession planning

Meeting Minutes: Detailed minutes of all Board meetings are kept to provide a transparent record of discussions, decisions, and actions. These minutes are prepared by the Company Secretary, reviewed by the Chairperson, and circulated to all Board members for approval. They ensure clarity on decisions, tasks, and timelines for implementation.

5. Board Committees: Roles and Responsibilities

To enhance governance efficiency, Bahtco Holding has established several key committees, each focused on specific governance areas. Each committee has a clear scope and responsibility.

Key Committees:

- **Audit Committee:** Oversees financial reporting, internal controls, compliance with legal requirements, and the work of internal and external auditors. Composition: At least three non-executive directors, with a majority being independent. Responsibilities include reviewing financial statements and overseeing internal audit functions.
- **Risk and Compliance Committee:** Ensures the company's risk management framework is effective and monitors market, operational, and reputational risks while ensuring legal compliance.
- **Remuneration and Nomination Committee:** Oversees executive compensation, performance evaluation, and succession planning, and is responsible for nominating new Board members.
- **Sustainability and ESG Committee:** Focuses on the company's ESG initiatives, ensuring they align with sustainability goals and comply with evolving ESG regulations.

6. Professional Conduct and Ethical Standards

Bahtco Holding upholds the highest standards of professional conduct and ethics for employees, management, and Board members. Our code of conduct emphasizes integrity, accountability, and fairness in all business activities.

Key Principles:

- **Integrity:** Employees and executives are expected to act with honesty, upholding the company's reputation in all dealings.
- **Confidentiality:** Strict confidentiality protocols protect sensitive information and ensure client trust.

- **Compliance:** Adherence to laws, regulations, and company policies is mandatory. Regular training ensures employees stay informed of regulatory changes.
- **Conflict of Interest:** Any potential conflicts of interest must be disclosed and managed to maintain the company's governance standards.

7. Disclosures

Transparency is critical to good corporate governance. Bahtco Holding is committed to providing timely and accurate disclosures on financial performance, governance practices, risk management, and sustainability efforts.

Types of Disclosures:

- **Financial Disclosures:** Regular financial reports, including quarterly and annual statements, are shared with stakeholders.
- **Governance Disclosures:** Information on the Board's structure, committees, decision-making processes, and governance framework is made available.
- **Risk Disclosures:** The company provides insights into its risk management strategies and material risks that may affect operations.
- **Sustainability Disclosures:** Bahtco Holding regularly reports its sustainability performance, including environmental impact, social initiatives, and governance practices.

Corporate Social Responsibility (CSR) at Bahtco Holding

At Bahtco Holding, Corporate Social Responsibility (CSR) is a fundamental pillar of our mission to create long-term value for our stakeholders and society. Recognizing that our business success is interconnected with the well-being of the broader community, we are committed to initiatives that address pressing global and local challenges. Our CSR strategy is structured around four key pillars: environmental sustainability, social impact, diversity and inclusion, and ethical governance.

Environmental Sustainability

Kuwait faces significant environmental challenges, particularly concerning water scarcity, climate change, and increasing carbon emissions. To address these issues, Bahtco Holding has implemented strategic initiatives that contribute to environmental preservation and resource efficiency:

- **Water Conservation:** As Kuwait is one of the most water-scarce countries globally, we have intensified our efforts to promote water conservation. We actively support the Kuwait Water Association through substantial donations and advocacy programs that educate the public on responsible water usage. Our internal operations have also adopted innovative water recycling and efficiency measures to minimize wastage.
- **Renewable Energy Investment:** In alignment with Kuwait's vision for reducing fossil fuel dependence and promoting sustainability, Bahtco Holding has made significant investments in solar and wind energy projects. Our research collaborations with leading renewable energy firms aim to enhance efficiency and affordability in the transition towards cleaner energy sources.
- **Carbon Neutrality Commitment:** Climate change is one of the most pressing challenges of our time. We have set ambitious goals to achieve carbon neutrality by reducing greenhouse gas emissions, enhancing energy efficiency in our facilities, and investing in carbon offset programs, including afforestation projects.
- **Waste Reduction Efforts:** We have implemented company-wide recycling programs to significantly reduce landfill waste. We are actively phasing out single-use plastics, integrating biodegradable materials into our supply chain, and promoting digital solutions to decrease paper consumption.
- **Sustainable Investment Strategies:** Our financial and operational strategies prioritize sustainability. We invest in environmentally responsible projects such as sustainable agriculture, conservation efforts, and eco-friendly infrastructure to align with our long-term commitment to environmental stewardship.

Social Impact and Community Engagement

Bahtco Holding believes in the power of community-driven initiatives to create lasting social change. Our social responsibility programs are designed to address the most pressing socio-economic challenges, with a focus on education, healthcare, and economic empowerment:

1. Education Programs

Education is fundamental to national development, and we have dedicated substantial resources to fostering quality education and skill development:

- **Investment in Workforce Training:** We support training programs in finance, technology, and sustainability to equip young professionals with the skills necessary for an evolving job market.
- **Partnerships with Educational Institutions:** In collaboration with the Ministry of Education and leading universities, we contribute to curriculum enhancement, teacher training, and digital learning initiatives.
- **Scholarship and Internship Programs:** We offer merit-based scholarships and internship opportunities to talented students, ensuring that financial constraints do not hinder educational progress.

2. Healthcare and Well-being

With the rise of lifestyle-related diseases, we have expanded our healthcare initiatives to address Kuwait's most critical health challenges:

- **Preventive Healthcare Campaigns:** Our public awareness programs focus on educating citizens about the risks of diabetes, obesity, and heart disease, which are prevalent in Kuwait.
- **Access to Quality Healthcare:** Through strategic partnerships with hospitals and healthcare organizations, we are working to improve access to essential medical services, particularly in underserved communities.

- **Employee Wellness Programs:** Recognizing the importance of workplace well-being, we have introduced initiatives such as fitness programs, mental health support, and flexible work arrangements to promote a healthier work environment.

3. Economic Empowerment

A resilient economy is built on innovation, entrepreneurship, and job creation. We are actively supporting Kuwait's economic diversification efforts by fostering new opportunities for small businesses and young entrepreneurs:

- **Supporting Startups and SMEs:** Through financial grants, advisory services, and mentorship programs, we provide resources for startups in non-oil sectors, aligning with Kuwait's vision for economic diversification.
- **Women and Youth Empowerment:** Our initiatives prioritize economic opportunities for women and young professionals by facilitating skill-building workshops, career development programs, and networking opportunities.
- **Microfinance and Capital Access:** We have developed accessible funding solutions for small businesses and social enterprises to help them scale their operations and contribute to Kuwait's economic growth.

Diversity, Equity, and Inclusion (DEI)

Bahtco Holding recognizes that diversity, equity, and inclusion (DEI) are essential for innovation and sustainable business growth. We are committed to fostering an inclusive work environment where all employees, regardless of gender, nationality, or background, have equal opportunities to succeed:

- **Inclusive Hiring Practices:** We ensure that our recruitment and career development processes prioritize diversity. Special emphasis is placed on increasing the representation of Kuwaiti nationals and women in leadership roles.
- **Women's Leadership Development:** We offer mentorship programs, leadership training, and flexible work policies to support and encourage women in advancing their careers.

- **Employee Resource Groups:** We support employee-led initiatives that promote cultural awareness, professional networking, and community engagement to create a more inclusive workplace.
- **Training and Development:** Our workshops on unconscious bias, inclusive leadership, and cultural competency help foster a respectful and equitable work culture.
- **Local Talent Development:** In collaboration with universities and vocational training centers, we provide internship and apprenticeship programs aimed at equipping young Kuwaitis with industry-relevant skills.

Ethical Business Practices and Governance

Integrity and transparency are at the heart of Bahtco Holding's corporate governance. We are committed to upholding ethical business standards and ensuring compliance with local and international regulations:

- **Integrity and Accountability:** Our employees adhere to a strict code of conduct that mandates ethical decision-making and responsible business practices.
- **Transparency in Operations:** We maintain open communication with stakeholders, ensuring that all business dealings and financial reports are transparent and accessible.
- **Zero-Tolerance for Corruption:** We enforce rigorous anti-bribery policies and comply with global anti-corruption frameworks to maintain our reputation as an ethical corporate entity.

Commitment to Transparency and Reporting

At Bahtco Holding, we believe that accountability and transparency are essential for effective CSR. Our annual sustainability report provides detailed insights into our environmental, social, and governance (ESG) performance:

- **Environmental Impact Metrics:** Comprehensive reports on carbon emissions, energy consumption, and sustainability initiatives.

- **Social Impact Analysis:** Assessment of our contributions to education, healthcare, and economic empowerment programs.
- **Governance and Compliance:** Regular audits and updates on our adherence to ethical business practices and regulatory compliance.

By embedding CSR into every aspect of our operations, Bahtco Holding remains dedicated to driving meaningful, sustainable change that benefits Kuwait and beyond. Our commitment to environmental protection, social progress, and ethical governance positions us as a responsible corporate leader, paving the way for a more sustainable future.

Risk and Risk Management

Risk management remains central to Bahtco Holding's operations. As a global investment firm, we recognize that risk is inherent in portfolio management across diverse asset classes and geographic regions. While we accept the risks associated with our investment activities, we actively mitigate them through diversification, cutting-edge risk management practices, and a well-defined governance structure.

Our revenue model is built on long-term investments and strategic financing, which sustain operations, fund reinvestments, and drive growth. However, external and internal risks, including geopolitical instability, economic recessions, digital disruptions, and sector-specific volatility, could impact our profitability. To ensure business sustainability, we continuously refine our risk management strategies based on emerging trends and evolving market conditions.

Risk Management Framework

Our risk management framework is designed to consistently assess and control risks across the organization. This approach is driven by a clear risk appetite framework and reinforced by comprehensive oversight, monitoring, and governance processes.

Governance Structure

Bahtco Holding maintains a structured governance model that integrates advanced risk policies and the Risk, Governance, and Compliance Committee (RGCC). The RGCC plays a pivotal role in overseeing risk management, ensuring compliance with regulatory requirements, and aligning risk-taking with business objectives. Each department is accountable for managing its specific risks, while a three-line defense model ensures additional oversight through risk and internal audit teams.

Risk Management Process

Our risk management process includes identifying, assessing, mitigating, monitoring, and reporting risks using advanced analytics, scenario planning, and predictive modeling. Risk mitigation strategies are tailored to different categories, including credit, market, event, asset, and operational risks. Stress testing and simulation techniques are used to evaluate the potential impact of market fluctuations and systemic shocks.

Risk Appetite Framework

Our risk appetite framework is aligned with our strategic objectives, defining the level of risk we are willing to assume across various asset classes and regions. Exposure limits are determined using quantitative benchmarks, ensuring a balanced risk-return approach. This framework is dynamic and regularly reviewed to reflect shifting economic conditions and regulatory landscapes.

Key Risks and Mitigation Strategies

1. Credit Risk

Risk Preference: Credit risk is a fundamental aspect of investment activities but must be managed effectively. Bahtco Holding remains committed to maintaining a balanced approach, ensuring controlled exposure to credit risks associated with counterparties, borrowers, and market fluctuations.

Mitigation Strategies

- **Risk Appetite Limits:** Establishing thresholds for credit exposure to minimize potential defaults.
- **Risk-Based Pricing:** Adjusting pricing models to account for varying levels of credit risk.
- **AI-Powered Credit Assessment:** Leveraging artificial intelligence and machine learning to analyze creditworthiness and detect early warning signs of default.
- **Active Credit Monitoring:** Implementing real-time tracking systems for continuous assessment of credit risk exposure.
- **Collateral and Repossession Strategies:** Strengthening security mechanisms for high-risk assets, including real estate and alternative investments.

2. Market Risk

Risk Preference: Market risks, including interest rate fluctuations, currency volatility, and inflationary pressures, have intensified due to global economic shifts. While Bahtco Holding remains exposed to market movements, we strategically manage risks through hedging and diversification.

Mitigation Strategies

- **Dynamic Risk Limits:** Continuously adjusting exposure thresholds to accommodate macroeconomic changes.
- **Hedging and Derivative Strategies:** Utilizing financial instruments such as options, futures, and swaps to offset potential losses.
- **Digital Market Analytics:** Employing AI-driven predictive models to forecast market trends and adjust portfolio allocations accordingly.
- **Inflation-Protected Investments:** Diversifying into inflation-resistant asset classes, including real estate and commodities.
- **Sustainable Investing:** Integrating ESG (Environmental, Social, and Governance) principles to mitigate long-term systemic risks.

3. Event Risk

Risk Preference: Event risks, including geopolitical conflicts, pandemics, and cyber threats, pose significant uncertainties. While these risks are difficult to predict, Bahtco Holding prioritizes resilience planning and strategic agility.

Mitigation Strategies

- **Geopolitical Risk Monitoring:** Investing in geopolitical intelligence tools to assess potential conflicts and disruptions.
- **Cybersecurity Frameworks:** Enhancing cybersecurity protocols to mitigate cyberattack risks, including ransomware and data breaches.
- **Crisis Response Planning:** Developing rapid-response strategies for unforeseen global events.
- **Portfolio Diversification:** Expanding investment exposure across multiple regions and industries to reduce event-driven vulnerabilities.
- **Supply Chain Risk Management:** Strengthening supplier networks and mitigating dependency on high-risk regions.

4. Asset Risk

Risk Preference: Bahtco Holding assumes asset risk in a controlled manner, ensuring alignment with expertise in valuation, pricing, and management.

Mitigation Strategies

- **Diversified Asset Allocation:** Investing across multiple asset classes to minimize concentration risks.
- **Technology-Driven Asset Valuation:** Leveraging AI-based valuation tools to assess real-time asset performance and risks.
- **Maintenance Reserves:** Allocating funds for asset upkeep to maintain long-term value.
- **Robust Lease Agreements:** Structuring agreements with clear asset management clauses to mitigate risks.

- **ESG Compliance:** Adopting sustainable asset management practices to ensure regulatory alignment and long-term asset appreciation.

5. Operational Risk

Risk Preference: Operational risks, including regulatory changes, technology failures, and human errors, are proactively minimized to maintain business continuity.

Mitigation Strategies

- **Regulatory Compliance Systems:** Implementing AI-powered compliance tools to monitor regulatory changes and ensure adherence.
- **Robotic Process Automation (RPA):** Enhancing operational efficiency by automating routine tasks.
- **Blockchain for Secure Transactions:** Utilizing blockchain technology to improve transparency and security in investment transactions.
- **Workforce Upskilling:** Investing in continuous employee training to mitigate human errors and enhance decision-making.
- **Third-Party Risk Management:** Strengthening due diligence and monitoring of third-party vendors and partners.

Bahtco Holding's risk management framework is continuously refined to reflect global trends and emerging risks. By leveraging advanced technologies, diversified investment strategies, and proactive governance structures, we ensure resilience in a volatile market landscape. Our commitment to risk intelligence allows us to safeguard assets, optimize returns, and drive long-term growth while maintaining a sustainable and responsible investment approach.

Independent Auditors' Report

To the Shareholders of Bahtco Holding, Kuwait

Opinion

We have audited the financial statements of Bahtco Holding for the year ended September 30, 2022, which include the statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flows, along with the accompanying notes and a summary of significant accounting policies.

In our opinion, the financial statements fairly and accurately reflect, in all material aspects, the financial position of Bahtco Holding as of September 30, 2022, as well as its financial performance and cash flows for the year, in accordance with International Financial Reporting Standards (IFRS) and relevant regulations in Kuwait.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and the applicable auditing standards in Kuwait. The responsibilities associated with these standards are further detailed in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We remain independent of Bahtco Holding in accordance with the ethical standards set by the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and relevant Kuwaiti regulations. We have adhered to our ethical responsibilities in line with these requirements. We believe the audit evidence gathered is adequate and appropriate to support our opinion.



Key Audit Matters

Key audit matters represent the areas of most significance in our audit of Bahtco Holding's financial statements. These matters were evaluated in the context of our audit procedures and formulation of our opinion. The key areas of focus include:

1. Revenue Recognition

- With revenue increasing by 27.7%, from KD 79.3 million in 2021 to KD 103.2 million in 2022, we examined whether revenue recognition policies complied with IFRS 15 (Revenue from Contracts with Customers) and if revenue was accurately recorded in the appropriate period.
- We analyzed journal entries, performed substantive analytical procedures, and verified supporting documentation for major revenue transactions.

2. Investment Valuation and Fair Value Measurement

- Bahtco Holding maintains a diversified investment portfolio spanning real estate, financial services, technology, and energy. We assessed whether these investments were classified and measured in accordance with IFRS 9 (Financial Instruments) and IFRS 13 (Fair Value Measurement).
- We evaluated valuation methodologies, consulted independent valuation experts, and tested assumptions used in fair value calculations.

3. Risk Management and Liquidity Position

- We assessed the company's risk management strategies to determine their effectiveness in mitigating market risks and ensuring adequate liquidity for future investments.
- Cash flow forecasts, debt obligations, and capital adequacy ratios were examined to ensure the company's financial stability.

Other Information in the Group's 2022 Annual Report

Management is responsible for the additional information included in the Group's 2022 Annual Report, excluding the consolidated financial statements and our audit report.

We obtained the Board of Directors' report before issuing our audit opinion and expect to review the remaining sections of the Group's 2022 Annual Report afterward.

Our audit opinion does not cover the additional information in the annual report, nor do we provide any assurance on it. However, we review the other information to determine whether it is materially inconsistent with the consolidated financial statements or our audit knowledge, or if it appears materially misstated. If we identify any material inconsistencies, we are required to report them. However, we have no such findings to disclose.

Responsibilities of Management and Those Charged with Governance

Management is responsible for preparing and presenting the consolidated financial statements fairly and in compliance with IFRS, as well as implementing necessary internal controls to ensure the statements are free from material misstatement due to fraud or error.

Management must assess the Group's ability to continue as a going concern, disclose relevant matters, and apply the going concern basis of accounting unless liquidation or ceasing operations is the intended course of action with no feasible alternative. Those charged with governance are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance that the consolidated financial statements are free from material misstatements, whether due to fraud or error, and to issue an audit opinion. While reasonable assurance represents a high level of confidence, it does not guarantee the detection of all material misstatements. Fraud-related misstatements may be more difficult to detect due to collusion, forgery, intentional omissions, misrepresentation, or internal control overrides.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism. Our key responsibilities include:

- Identifying and assessing risks of material misstatements, designing appropriate audit procedures, and gathering sufficient audit evidence to support our opinion.
- Understanding internal controls relevant to the audit to design appropriate procedures, but not to express an opinion on their effectiveness.
- Evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates and disclosures made by management.
- Assessing the appropriateness of the going concern assumption. If material uncertainties exist regarding the Group's ability to continue as a going concern, we highlight them in our audit report unless disclosures are inadequate, in which case we modify our opinion.
- Reviewing the overall presentation, structure, and content of the financial statements to ensure they accurately represent underlying transactions and events.
- Obtaining sufficient and appropriate audit evidence regarding financial information from the Group's entities or business activities to form an opinion on the consolidated financial statements. We are responsible for directing, supervising, and conducting the Group audit and remain solely responsible for our opinion.

We communicate with those charged with governance regarding key aspects of the audit, including planned scope, timing, and significant audit findings, particularly any deficiencies in internal control. We also confirm compliance with ethical independence requirements and disclose any relationships that may affect our independence, along with applicable safeguards.

From these discussions, we determine the most significant matters in the audit of the current year's consolidated financial statements—referred to as key audit matters—which we include in our auditor's report unless prohibited by law or regulation or if disclosure would cause greater harm than benefit.

Report on Other Legal and Regulatory Requirements

In addition, in our opinion, the Parent Company has maintained proper accounting records, and the consolidated financial statements, along with the Board of Directors' report, are consistent with these records.

We confirm that we obtained all necessary information and explanations for our audit, and that the consolidated financial statements include all required disclosures under Companies Law No. 1 of 2018 (as amended), its executive regulations, and the Company's Memorandum and Articles of Association. Additionally, we verify that an inventory was conducted and, to the best of our knowledge, no violations of the law, regulations, or the Company's founding documents occurred during the year ended September 30, 2022, that could have materially affected its business or financial position.



Jassim Al-Nabhan
License No. 74A
By
Al-Nabhan & Partners
Member of SFAI Kuwait



Abdallah Al Rowaished
License No. 92A
By
Rowaished & Partners
Member of BDO Kuwait

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

Assets (KD Million)

| Assets | (KD Million) |
|--------------------------------------------|--------------------|
| Non-Current Assets | |
| Property, Plant & Equipment | 27,135,236 |
| Intangible Assets (Goodwill, etc.) | 11,136,541 |
| Investments in Associates & Joint Ventures | 106,507,513 |
| Financial Investments (Long-term) | 199,703,219 |
| Total Non-Current Assets | 344,482,509 |
| Current Assets | |
| Cash & Cash Equivalents | 109,985,366 |
| Short-term Investments | 182,067,531 |
| Trade & Other Receivables | 128,858,613 |
| Prepaid Expenses | 32,957,342 |
| Total Current Assets | 453,868,852 |
| Total Assets | 798,351,361 |

Equity and Liabilities

| Liabilities | 2022 (KD Million) |
|--------------------------------------|-------------------|
| Non-Current Liabilities | |
| Long-term Borrowings | 73,306,683 |
| Deferred Tax Liabilities | 8,635,472 |
| Total Non-Current Liabilities | 81,942,155 |
| Current Liabilities | |
| Trade & Other Payables | 85,432,323 |
| Short-term Borrowings | 29,951,468 |

| Liabilities | 2022 (KD Million) |
|------------------------------------------------------|--------------------|
| Provisions | 7,855,731 |
| Current Tax Liabilities | 9,231,987 |
| Total Current Liabilities | 132,471,509 |
| Total Liabilities | 213,963,664 |
| Total Equity (Total Assets-Total Liabilities) | 584,387,697 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

| Description | (KD Million) |
|-------------------------------------------|--------------------|
| Revenue | |
| Investment Management Fees | 107,633,579 |
| Performance Fees | 7,867,339 |
| Consulting & Advisory Income | 5,311,342 |
| Non-operating revenue | 5,872,193 |
| Total Revenue | 126,684,453 |
| Operating cost | |
| Salaries & Employee Benefits | 5,354,087 |
| General & Administrative Expenses | 1,674,320 |
| Technology & Infrastructure Costs | 1,356,382 |
| Marketing & Business Development | 1,506,532 |
| Total Operating Costs | 9,891,321 |
| Total Expenses | 23,474,563 |
| Interest & Finance Costs | |
| Interest on Borrowings | 3,642,532 |
| Total Interest & Finance Costs | 3,642,532 |
| Earnings Before Tax (EBT) | 126,684,453 |

| Description | (KD Million) |
|--------------------|--------------|
| Income Tax Expense | 19,002,668 |
| Earnings After Tax | 107,681,785 |

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year, as follows:

| | 2022 | 2021 |
|---------------------------------------------------|------------|------------|
| Profit for the Year (KD million) | 21,971,667 | 16,875,321 |
| Weighted Average Number of Ordinary Shares | 1,373,689 | 1,226,548 |
| Basic and Diluted Earnings per Share (KD million) | 15.99 | 13.8 |

STATUTORY RESERVE

In compliance with the Companies Law and Bahtco Holding's Articles of Association, 10% of the profit for the year before directors' fees and contributions to KFAS, and NLST is transferred to the statutory reserve. Bahtco Holding may decide to cease annual transfers once the reserve reaches 50% of the paid-up share capital. The statutory reserve can only be distributed to the extent necessary to pay a 5% dividend of the paid-up share capital during years when retained earnings are insufficient for the dividend.

SECURITY DEPOSITS

Security deposits represent amounts paid by lessees as security under lease agreements. These deposits are refundable to lessees upon the expiration of the lease agreements, provided the lessees have complied with the terms of the agreements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include financial assets and financial liabilities. Financial assets consist of receivables and cash and cash equivalents, while financial liabilities

consist of amounts due to financial institutions, security deposits, and other liabilities. The fair values of these financial instruments are not materially different from their carrying values.

Incorporation and Principal Activities

Bathco Holding is a private shareholding company established in Kuwait in 2006. As a global investment firm, we manage a diverse portfolio spanning sectors such as real estate, renewable energy, agriculture, manufacturing, IT, construction, and oil and gas. Our operations extend across Kuwait, the Middle East, North Africa, Asia, Europe, and other emerging markets.

We provide a wide range of innovative and unmatched financial services, specializing in both advisory and asset management. Our expertise is reflected in a portfolio that includes direct capital market investments, real estate, and alternative investments. We also manage a proprietary equity portfolio consisting of local, GCC, and international stocks. Our Marketable Securities Unit effectively deploys funds in the GCC and international equity markets, consistently delivering strong returns.

As pioneers in the financial services sector, Bathco Holding sets itself apart by offering cutting-edge investment products and services to both regional and international clients. Our services include investment management, venture capital, development capital opportunities, and regional brokerage operations.

At Bathco Holding, our focus is on maximizing long-term returns for our equity partners by identifying investment opportunities that offer significant risk-adjusted returns. We collaborate with leading operators and teams to discover promising prospects and off-market transactions. Our deep sector knowledge provides us with early access to unique opportunities.

With a strong history of successful investments, Bathco Holding has become a leading regional provider of non-banking financial services. We are committed to the highest standards of quality, accountability, and transparency, ensuring our clients have access to

carefully curated investment opportunities that balance risk and return. We maintain ethical practices, robust internal controls, and adhere to corporate governance standards.

We aim to optimize business opportunities and build enduring partnerships with like-minded companies and entrepreneurs both in the Middle East and globally. Our goal is to foster long-term business relationships, leveraging our expertise, professionalism, and extensive network.

Mission & Vision

We are dedicated to achieving sustainable excellence in business performance by focusing on the following key principles:

- Being a quality-driven and socially responsible conglomerate, committed to the long-term benefit of Kuwait and its people.
- Continuously providing financial tools across all sectors of the economy.
- Maintaining a strong financial management system.
- Protecting the integrity of assets.
- Aspiring to become a major global company, generating business success, sustainable growth, and wealth for our shareholders while consistently achieving operational excellence.
- Conducting business in a safe, environmentally sustainable, and economically optimal manner.
- Expanding our investment portfolio through sound corporate citizenship, financial engineering, a strong network, and financial resources.
- Utilizing long-term strategic planning to develop companies and businesses, aiming for increasing profitability and sustainability, and striving to consistently exceed client expectations.

Company Objectives

- **Accelerated Portfolio Expansion and Value Creation:** Propel strategic growth by expanding our investment portfolio through targeted acquisitions and sound financial management.

- **Client-First Approach and Relationship Building:** Strengthen relationships with clients by offering customized investment solutions, clear communication, and dependable results.
- **Technology Integration and Process Optimization:** Improve operational efficiency and investment capabilities through the integration of advanced technology and innovative strategies.
- **Commitment to ESG and Responsible Investment:** Leverage industry insights to seize new market opportunities, consistently enhancing value for clients and stakeholders while focusing on responsible and ethical business practices aligned with sustainable and socially responsible projects.
- **Talent Acquisition, Development, and Diversity:** Attract, develop, and retain top talent through inclusive recruitment and comprehensive professional development programs.
- **Market Penetration and Risk-Adjusted Diversification:** Diversify our portfolio across sectors and regions to balance risks and capitalize on growth opportunities globally.

Services

- **Basis of Preparation and Presentation of Consolidated Financial Statements**

The consolidated financial statements are prepared based on the historical cost convention and presented in Kuwaiti Dinars ("KD").

- **Statement of Compliance**

The group's consolidated financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

- **Changes in Accounting Policies**

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous period, except for amendments to IAS 7 Statement of Cash Flows, which require the disclosure of

changes in liabilities arising from financing activities, including both cash and non-cash changes (such as foreign exchange gains or losses). The group has included this disclosure in Note 9.

- **Basis of Consolidation**

The consolidated financial statements include the financial statements of Bahtco Holding and its subsidiaries as of 1st December 2024. Control is achieved when the group has the power to direct the relevant activities of an investee and can affect its returns through this power. Control is presumed when the group has a majority of voting rights, but other facts and circumstances, such as contractual arrangements or potential voting rights, are considered in assessing control.

- **Summary of Significant Accounting Policies**

Vehicles and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated based on the cost, less residual value, over the following estimated useful lives:

- Vehicles: 4 years
- Furniture and fixtures: 5 years
- Office equipment: 5 years

The group derecognizes vehicles and equipment when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of an asset is recognized in the consolidated statement of income. The group reviews and adjusts the residual values, useful lives, and depreciation methods of assets when necessary.

Receivables

Receivables are recorded at the original invoice value, with an allowance made for any uncollectible amounts. If the collection of the full amount becomes uncertain, an estimate for doubtful debts is created, and bad debts are written off as they occur.

Cash and Cash Equivalents

Cash and cash equivalents include cash, balances with financial institutions, and short-term murabahas (with financial institutions) having original maturities of three months or less from the placement date.

Leases

The classification of an arrangement as a lease is determined based on its substance at inception. An arrangement is considered a lease if it depends on the use of a specific asset and grants the right to use that asset, even if not explicitly stated.

- **Group as Lessor**

Leases where the group retains the majority of risks and benefits of asset ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term, following the same method as rental income recognition.

- **Group as Lessee**

Finance leases, which transfer substantially all risks and benefits of ownership, are capitalized at the lease's inception at the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower. Initial direct costs incurred by the lessee are included in the asset's recognized amount. Lease payments are split between finance charges and lease liability reduction to ensure a consistent rate of profit on the remaining liability balance. Finance charges are recognized as finance costs in the income statement.

Borrowing Costs

Borrowing costs are typically expensed as incurred. Financing activities include raising debt through loans or credit facilities for operational or strategic purposes. Cash inflows stem from new borrowings, while outflows reflect debt repayments, covering both principal and interest.

Foreign Currency Translation

Each entity in the group uses its own functional currency. Transactions in foreign currencies are initially recorded using the functional currency exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are retranslated at the reporting date's exchange rate, with differences reflected in the income statement. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rates on the transaction dates. Non-monetary items valued at fair value in a foreign currency are translated using the exchange rates at the fair value measurement date.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the group and can be reliably measured, regardless of the timing of payment. Revenue is recorded at the fair value of the consideration received or receivable, excluding taxes or duties. Specific recognition criteria include:

- Operating lease income is recognized on a straight-line basis according to the lease agreement.
- Consultancy and service income is recognized when services are provided.

Kuwait Foundation for the Advancement of Sciences (KFAS)

The group calculates its contribution to KFAS at 1% based on the modified calculation, excluding directors' fees and statutory reserves from the profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The NLST is calculated at 2.5% of taxable profit, in accordance with Law No. 19 of 2000 and Minister of Finance Resolutions No. 24 of 2006.

Impairment of Non-Financial Assets

At each reporting date, the group reviews its assets for impairment indicators. If there are indications of impairment, the recoverable amount is estimated to determine the extent of any impairment loss. If estimating the recoverable amount of an individual asset is

not possible, the group assesses the recoverable amount of the related cash-generating unit. Impairment loss is recognized in the income statement, and the carrying amount is reduced to the recoverable amount. Reversal of impairment losses is also recognized immediately in the income statement, ensuring that the carrying amount does not exceed the value it would have had if no impairment had been previously recorded.

Recognition and Derecognition of Financial Assets and Liabilities

A financial asset or liability is recognized when the group enters into the contract. Regular purchases and sales are recognized on the trade date. A financial asset is derecognized when:

- The rights to receive cash flows have expired,
- The group retains its right to receive cash flows but has transferred the obligation to pay to a third party, or
- The group transfers its rights to receive cash flows and has either transferred substantially all risks and rewards or transferred control of the asset.

A financial liability is derecognized when the obligation is discharged, canceled, or expires. If a financial liability is replaced with another on substantially different terms, the original liability is derecognized, and the new liability is recognized, with any differences recognized in the income statement.

Offsetting

Financial assets and liabilities are offset and reported as a net amount only when there is a legally enforceable right to do so and the group intends to settle on a net basis.

Impairment and Uncollectibility of Financial Assets

The group assesses financial assets for impairment at each reporting date. If evidence of impairment exists, the impairment loss is recognized in the income statement. Impairment is calculated based on fair value for assets carried at fair value, the difference between carrying value and future cash flows for assets carried at cost, and the difference between carrying amount and the present value of future cash flows for assets carried at amortized

cost. Reversal of impairment losses is recorded when the impairment no longer exists or has decreased.

Fair Values

Certain assets and liabilities are carried at fair value. These are primarily recurring fair value measurements. For non-recurring fair value adjustments, assets or liabilities are measured at fair value when impairment evidence exists. 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. The Bahtco Holding uses appropriate valuation techniques, maximizing observable inputs and minimizing unobservable ones.

Employees' End of Service Benefits

Bahtco Holding provides end-of-service benefits to all its employees, which are determined based on their final salary and length of service, provided they have completed the required minimum service period. The anticipated costs of these benefits are accrued over the course of employment. In addition, for its national employees, the group contributes to the Public Institution for Social Security, which is calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

Significant Judgments, Estimates, and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that influence the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the reporting date. These judgments and assumptions also affect the reported amounts of income and expenses for the reporting period.