



BAHTCO HOLDING ANNUAL REPORT AND ACCOUNTS 2023

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

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Chairman's Statement

**In the name of Allah, Most Gracious,
Most Merciful!**

Bahtco Holding has once again demonstrated its resilience, innovation, and strategic foresight in 2023, a year marked by dynamic global economic shifts and evolving industry landscapes. Despite persistent inflationary pressures, fluctuating energy markets, and geopolitical complexities, we successfully navigated challenges while capitalizing on emerging opportunities. Our ability to sustain growth, optimize operations, and expand our market presence has reaffirmed our position as a leading investment powerhouse in Kuwait and beyond.

Resilience in a Changing Global Landscape

The global economic landscape in 2023 was characterized by a recalibration of monetary policies, technological disruptions, and shifting investment trends. The Kuwaiti economy remained on a stable trajectory, benefiting from fiscal sustainability measures, increased foreign investments, and a growing digital economy. Meanwhile, global markets contended with currency fluctuations, supply chain

realignments, and the continued transformation of the energy sector.

Despite these complexities, Bahtco Holding remained steadfast in executing its strategic vision. Our diversified investment portfolio across real estate, technology, renewable energy, and financial services enabled us to mitigate risks while enhancing returns. By adopting a proactive and adaptive approach, we turned challenges into growth opportunities, reinforcing our commitment to long-term value creation.

Strategic Priorities and Core Values

Bahtco Holding remains committed to sustainable investments, innovation, and ethical business practices. Our corporate philosophy is anchored in key principles that define our strategic direction:

- **Transparent Governance:** Upholding the highest standards of corporate governance, ensuring accountability and clear communication with stakeholders.
- **Innovative Growth:** Embracing technological advancements, digital transformation, and AI-driven

investment strategies to enhance operational efficiency.

- **Sustainable Investments:** Prioritizing ESG (Environmental, Social, and Governance) principles to align with global sustainability goals and responsible investment practices.
- **Partnership & Collaboration:** Strengthening alliances with local and international institutions to drive mutual growth and sectoral advancement.
- **Customer-Centric Approach:** Delivering tailored financial solutions, educational resources, and investment advisory services to empower our clients.

These guiding values continue to position Bahtco Holding as a market leader, committed to long-term economic and social prosperity.

Commitment to Innovation and Community Development

Innovation remains at the heart of our strategic initiatives. In 2023, we continued to expand our investments in digital assets, fintech solutions, and AI-driven analytics, ensuring we stay ahead in an increasingly digitized financial ecosystem. We also reinforced our commitment to renewable

energy, recognizing the sector's potential for sustainable and profitable growth.

Beyond financial performance, Bahtco Holding has deepened its engagement with the community. Our Corporate Social Responsibility (CSR) programs were further strengthened, with increased funding for Kuwaiti startups, expanded mentorship initiatives, and new sustainability-driven projects. We also enhanced employee engagement through leadership development programs, diversity initiatives, and corporate volunteer activities.

Financial Performance & Growth

Despite global economic uncertainties, Bahtco Holding recorded another year of impressive financial performance:

- **Revenue Growth:** Increased by **29.4%**, reaching **KD 163.8 million** (2022: KD 126.6 million).
- **Net Income:** Surged by **32.7%** to **KD 137.1 million** (2022: KD 103.2 million).

These results reflect our unwavering focus on operational excellence, prudent financial management, and strategic investment diversification. Our ability to generate consistent and sustainable

growth affirms the trust placed in us by our shareholders and investors.

Looking Ahead: Vision for 2024 and Beyond

As we step into 2024, Bahtco Holding remains committed to seizing new opportunities in an evolving economic landscape. Key focus areas include:

- **Expanding Digital Investments:** Leveraging AI, blockchain, and fintech solutions to drive efficiency and enhance customer experience.
- **Strengthening Renewable Energy Portfolios:** Increasing investments in clean energy projects aligned with global sustainability goals.
- **Enhancing Real Estate and Infrastructure Investments:** Capitalizing on growing urban development and smart city initiatives in Kuwait and the broader MENA region.
- **Deepening Strategic Partnerships:** Collaborating with regional and international stakeholders to drive innovation and market expansion.

With a dedicated team, a clear strategic vision, and an unwavering commitment to excellence, we are confident in our ability

to navigate future challenges and unlock new growth avenues.

I extend my heartfelt gratitude to our shareholders, employees, and partners for their continuous support. Together, we will continue to shape a prosperous future for Bahtco Holding and its stakeholders.

Mousa Abdul Hussein Bahman
Chairman
January 10, 2024

In the Name of Allah, the Most Gracious, the Most Merciful!

Chief Investment Officer's Report – 2023

The year 2023 was a dynamic period for Bahtco Holding, marked by significant economic shifts, geopolitical uncertainties, and evolving financial landscapes. Despite these challenges, our ability to adapt, innovate, and strategically diversify our portfolio ensured continued growth and resilience. Our revenue reached KD 163.8 million, reflecting a 29.4% increase from 2022; while our net income surged by 32.7% to KD 137.1 million. This achievement underscores our commitment to prudent investment management, risk mitigation, and value creation for our stakeholders.

Market Overview

The global economy in 2023 experienced heightened volatility due to persistent inflation, fluctuating interest rates, and the realignment of energy policies. The ongoing geopolitical tensions and supply chain disruptions further added to economic uncertainties. However, Kuwait's economy remained robust, bolstered by sustained oil revenues and diversification initiatives aimed at reducing dependence

on hydrocarbons. In response to these dynamics, Bahtco Holding implemented a proactive investment strategy, leveraging market shifts and capitalizing on emerging opportunities.

Investment Performance and Strategy

Our investment approach in 2023 was defined by strategic diversification, asset optimization, and an increased focus on sustainable investments.

Portfolio Diversification

We expanded our investment footprint across multiple high-growth sectors, including technology, renewable energy, infrastructure, and digital finance. This diversification has allowed us to maintain stability in the face of market fluctuations, ensuring balanced and sustainable growth. By spreading our capital across various industries and geographic regions, we minimized risks associated with economic downturns in any single sector.

Strategic Acquisitions and Expansion

Bahtco Holding continued to pursue high-value acquisitions in 2023, particularly in fintech and real estate. Our investment in premium commercial and residential

properties in key urban centers strengthened our real estate portfolio, while our fintech acquisitions positioned us at the forefront of digital financial services. These strategic moves enhanced our revenue streams and reinforced our long-term market position.

Optimizing Asset Performance

We placed a strong emphasis on maximizing returns from our existing asset base through technological integration and operational enhancements. Our implementation of AI-driven analytics in real estate management improved occupancy rates and rental income. Meanwhile, in fintech, we optimized user engagement strategies, increasing digital transaction volumes and improving customer retention.

Commitment to Sustainable Investments

Our dedication to Environmental, Social, and Governance (ESG) principles remained a cornerstone of our investment strategy. We significantly expanded our renewable energy portfolio, focusing on solar, wind, and green infrastructure projects. This aligns with Kuwait's vision for sustainability and reduces our overall carbon footprint. Furthermore, our integration of ESG

metrics into investment decision-making ensures that our capital is deployed towards projects that offer long-term financial and societal benefits.

Sectoral Performance

Real Estate

The real estate sector experienced steady growth, supported by high-demand commercial and residential developments. Our strategic investments in mixed-use properties, coupled with smart building technology adoption, enhanced asset value and tenant satisfaction.

Financial Services and Fintech

The acceleration of digital finance trends, including AI-powered banking solutions and blockchain-driven transactions, strengthened our position in the financial sector. Our investments in secure, scalable financial technology platforms yielded strong returns, capitalizing on the increasing consumer preference for digital transactions.

Energy and Infrastructure

With global energy policies shifting towards sustainability, our expansion into renewable energy projects has been a

critical growth driver. Our solar and wind energy investments not only support environmental objectives but also provide stable revenue streams through long-term contracts and government-backed incentives.

Technology and Innovation

We have strengthened our presence in AI-driven analytics, blockchain security, and automation solutions. These investments enhance efficiency across multiple industries, including finance, supply chain management, and real estate. By embracing cutting-edge innovations, we position ourselves at the forefront of technological evolution.

Risk Management Strategies

Market Volatility Mitigation

Our approach to mitigating market risks involved extensive geographic diversification, strategic asset allocation, and active hedging mechanisms. By investing in a balanced mix of asset classes, we reduced exposure to economic downturns in any single region or industry.

Regulatory Compliance and Governance

We maintained strict adherence to evolving financial regulations, ensuring transparency and operational stability. Our proactive engagement with regulatory bodies and robust governance frameworks bolstered investor confidence and positioned us as a trusted market leader.

Liquidity and Capital Management

A disciplined approach to liquidity management allowed us to seize investment opportunities while maintaining financial flexibility. Our prudent capital allocation strategy, combined with optimal debt structuring, ensured sustained expansion and financial stability.

Outlook for 2024 and Beyond

Looking ahead, Bahtco Holding is well-positioned for continued success, with a clear focus on:

- **Expanding investments in digital finance, renewable energy, and AI-driven industries** to capitalize on technological advancements and sustainability trends.
- **Enhancing data-driven investment strategies** through predictive analytics and machine learning for optimized decision-making.

- **Strengthening global and regional partnerships** to enhance market reach and leverage synergistic investment opportunities.

Conclusion

The year 2023 reaffirmed Bahtco Holding's resilience, adaptability, and commitment to long-term value creation. By navigating economic complexities with strategic foresight and innovation, we continue to solidify our position as a premier investment firm. As we move forward, we remain dedicated to sustainable growth, prudent risk management, and delivering superior returns to our stakeholders.

Ahmad Issar Al-Mutawa

Chief Investment Officer

January 10, 2024

Financial Report 2023

Overview

In the financial year ending September 30, 2023, Bahtco Holding made significant strides in expanding its market presence and strengthening its investment portfolio. The company recorded a substantial revenue increase of 29.4%, reaching KD 163.8 million, compared to KD 126.6 million in the previous year. This growth was driven by a strategic focus on emerging industries, sustainable energy initiatives, and innovative financial solutions.

Profitability saw remarkable progress, with net earnings climbing by 32.7% to KD 137.1 million from KD 103.2 million in 2022. This strong performance was attributed to strategic asset allocation, effective cost management, and investments in high-yield sectors. By identifying lucrative opportunities, streamlining operations, and reinforcing its financial foundation, Bahtco Holding continued to build resilience and long-term stability.

With a growing client network and a diversified investment strategy, the firm positioned itself at the forefront of evolving trends in digital finance, financial technology, and infrastructure expansion. Its adaptive approach to investment allowed it to mitigate risks, capitalize on market shifts, and ensure consistent value creation for both shareholders and stakeholders.

Financial Metric	2022 (KD Millions)	2023 (KD Millions)
Total Revenue	126.6	163.8
Total Expenses	23.4	26.7
Net Profit	103.2	137.1
Total Assets	798.3	1,078.3
Total liabilities	213.9	283.1

2023 Global Investment Strategy and Market Expansion

Bahtco Holding continued to adapt and thrive amid shifting global economic conditions in 2023. Despite market volatility, inflationary pressures, and geopolitical uncertainties, the

company leveraged regional expertise, strategic asset allocation, and technological advancements to drive sustained growth. Across North America, Europe, the Middle East, and Asia, Bahtco optimized investment strategies to capitalize on emerging trends, ensuring resilience and long-term value creation.

North America: Resilient Growth amid Market Uncertainty

North America remained a key market for Bahtco Holding, despite economic headwinds, rising interest rates, and evolving regulatory frameworks. The firm focused on sectors that demonstrated strong resilience, particularly artificial intelligence, cybersecurity, and healthcare innovation.

Strategic Developments

- Increased investment in AI-driven financial technology, automation, and predictive analytics, capitalizing on the region's digital transformation.
- Strengthened cybersecurity investments as demand surged in response to growing cyber threats and data protection regulations.
- Expanded healthcare and biotech funding, particularly in personalized medicine, AI-powered diagnostics, and advanced therapeutics.

2024 Outlook

- Further diversification into sustainable technology, including energy-efficient computing and green data centers.
- Increased focus on private equity investments in AI-driven enterprise solutions and automation startups.
- Strengthening partnerships with institutional investors to mitigate recession risks and explore alternative investment opportunities.

Europe: Accelerating Green Transition and Digital Finance

Europe's commitment to sustainability and digital innovation continued to shape investment opportunities in 2023. The European Union's ongoing energy transition, financial regulations, and ESG mandates reinforced the demand for responsible investments.

Key Developments

- Expanded renewable energy investments, particularly in offshore wind, battery storage, and hydrogen infrastructure.
- Increased exposure to climate-tech startups and sustainable mobility solutions, benefiting from EU incentives for green innovation.
- Strengthened digital finance and regulatory technology investments, aligning with Europe's tightening financial compliance landscape.

2024 Vision

- Increase capital allocation toward AI-powered ESG analytics and carbon credit markets.
- Strengthen investment in sustainable real estate and circular economy initiatives to meet rising demand for eco-conscious infrastructure.
- Expand digital banking and blockchain-based payment solutions, leveraging Europe's fintech regulatory advancements.

Middle East: Infrastructure Expansion and Diversified Investment Growth

The Middle East witnessed accelerated economic diversification in 2023, driven by Vision 2030 initiatives, infrastructure expansion, and financial market liberalization. Bahtco Holding capitalized on regional reforms, sovereign wealth fund strategies, and high-yield investment opportunities.

Key Investment Areas

- Increased exposure to large-scale infrastructure projects in logistics, smart cities, and renewable energy.
- Strengthened fintech and AI-driven financial services investments, aligning with the region's growing digital economy.
- Secured strategic mandates from sovereign wealth funds, enabling access to high-potential private equity deals.

Future Strategy

- Expand investments in biotech and precision healthcare, tapping into the region's push for advanced medical infrastructure.
- Deepen participation in co-investment deals with Middle Eastern institutional investors to optimize portfolio resilience.
- Leverage regional privatization efforts to explore infrastructure and technology-driven investment opportunities.

Asia: Technology-Led Expansion in Emerging Markets

Asia remained at the forefront of global economic growth in 2023, despite market fluctuations and regulatory shifts in key economies like China and India. Bahtco Holding strengthened its foothold in the region by prioritizing technology-driven and consumer-focused investments.

Major Investment Highlights

- Increased focus on India's fintech and AI-driven digital payments sector, benefiting from rising financial inclusion initiatives.
- Expanded exposure to China's electric vehicle, semiconductor, and battery storage industries amid global supply chain realignments.
- Strengthened investments in Southeast Asia's rapidly growing e-commerce and digital banking sectors.

2024 Expansion Plans

- Deepen engagement in AI and automation-led industrial advancements in Asia.
- Expand into green energy and smart infrastructure projects in emerging markets.
- Strengthen investment partnerships with Asian development banks and regional wealth funds to support long-term economic growth.

Conclusion: A Forward-Thinking Investment Approach for 2023 & Beyond

Bahtco Holding's regional investment strategy in 2023 reinforced its ability to navigate economic uncertainty while identifying high-growth opportunities. By expanding its global presence and aligning with emerging macroeconomic trends, the firm strengthened its leadership in technology, sustainability, and private equity.

For 2024 and beyond, Bahtco remains focused on:

- Enhancing institutional partnerships to drive sustainable asset growth.
- Continued expansion into AI, cybersecurity, and automation to capitalize on digital transformation.
- Strengthening ESG commitments and sustainable investment portfolios.
- Increasing exposure to high-growth sectors, including biotech, fintech, and renewable energy.

With a forward-looking strategy and an adaptive investment framework, Bahtco Holding is well-positioned to deliver long-term value in an evolving global market.

Bahtco Holding Business Model: Redefining Global Investment through Innovation and Sustainability

Bahtco Holding stands as a beacon of financial excellence, leveraging innovation, sustainability, and strategic expansion to create enduring value for investors worldwide. As the financial landscape continues to evolve, Bahtco remains ahead of the curve by integrating cutting-edge technology, responsible investment strategies, and diversified asset management.

With a strong presence in North America, Europe, the Middle East, and Asia, Bahtco's investment philosophy is centered on agility, data-driven decision-making, and future-proofed financial models. By continuously refining its approach to wealth creation, the company is well-positioned to navigate economic shifts and capitalize on emerging opportunities.

Strategic Investment Framework: Driving Growth and Stability

At the core of Bahtco's success is a strategic investment framework that blends innovation with stability. This approach ensures a balanced portfolio, reduces exposure to risk, and maximizes long-term profitability.

1. Multi-Asset Investment Solutions for a Diversified Portfolio

Bahtco Holding offers a broad range of asset management solutions designed to optimize returns while managing risk. These include:

- **Equity and Fixed-Income Investments** – A balanced mix of high-growth stocks and stable, interest-bearing assets ensures long-term financial sustainability.
- **Private Markets & Alternative Investments** – Expanding into venture capital, private equity, hedge funds, and real estate to unlock new revenue streams.
- **Impact and Thematic Investing** – Prioritizing investments in technology, sustainability, and digital transformation to align with future economic trends.

Key Revenue Sources:

- Management fees based on assets under management (AUM).
- Performance-based compensation tied to outperformance in key market indices.

2. Digital Wealth Management & AI-Enhanced Advisory Services

Bahtco has embraced the digital revolution by integrating artificial intelligence and big data into its wealth management and advisory services. These include:

- **AI-Driven Portfolio Optimization** – Using predictive analytics to enhance investment decision-making.
- **Personalized Financial Planning** – Tailored strategies for institutional investors, corporate entities, and high-net-worth individuals.
- **Risk and Liquidity Management** – Adapting asset allocation to changing market dynamics.

Revenue Generation Strategies:

- Subscription-based advisory services for institutional clients.
- Consulting fees for custom wealth management solutions.

3. Financial Product Innovation: Pioneering the Future of Investment

Bahtco continues to design and launch next-generation financial products that align with evolving investor needs. These include:

- **Tokenized Investment Vehicles** – Utilizing blockchain technology to enhance transparency and accessibility in asset ownership.
- **Sustainable & ESG Funds** – Expanding exposure to green bonds, renewable energy, and socially responsible companies.
- **Tech-Driven Financial Products** – Developing fintech and AI-backed investment solutions to capitalize on the digital economy.

Revenue Streams:

- Fees from structured financial products and fund subscriptions.
- Market-driven income from innovative investment solutions.

Regional Market Leadership: Strengthening Global Impact

Bahtco Holding's global presence ensures diversified investment opportunities and minimizes exposure to regional economic downturns. The company continues to expand its footprint across major economic zones, capitalizing on sectoral strengths and emerging trends.

Competitive Edge: The Bahtco Advantage

Bahtco Holding's unique approach to investment management offers several competitive advantages:

1. Data-Driven Investment Decisions

- AI-powered predictive analytics and machine learning optimize portfolio performance.

2. Institutional & Corporate Collaboration

- Strong partnerships with pension funds, hedge funds, and investment banks drive capital efficiency.

3. Digital Transformation & Financial Technology

- Advanced automation and fintech integration enhance operational efficiency and customer engagement.

4. Sustainability & ESG Commitment

- Ethical investment principles position Bahtco as a leader in impact-driven finance.

By maintaining a forward-thinking investment approach, Bahtco Holding continues to redefine global financial excellence, ensuring long-term prosperity for investors worldwide.

Detailed Financial Performance

Bahtco Holding delivered robust financial performance in 2023, driven by accelerated revenue expansion, operational efficiency, and targeted investments in emerging technologies and responsible finance. By prioritizing client engagement, leveraging data-driven strategies, and deepening its commitment to sustainable growth, the company strengthened its market leadership and long-term profitability in an evolving global economy.

1. Consolidated Revenue Analysis

Operating revenue

Table 2: Operating Revenue Breakdown (2023)

Revenue Source	Revenue (KD Million)
Management Fees	129.8
Performance Fees	16.5
Advisory & Consulting Fees	11.9
Total Operating Revenue	158.2

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 (2023)

Revenue Category	Revenue (KD Million)
Interest income	2.3
Capital gains	1.2
Dividend Income	0.911
Foreign Exchange Gains	0.33
Royalties/Licensing Fees	0.517
Rental Income	0.342
Total Non-Operating Revenue	5.6

Total Revenue (Operating + Non-Operating)

- **Grand Total Revenue (2023): KD 163.8 million**

2. Expense Management

Total expenses for 2023 was KD 26.7 million

Table 4: Expense Breakdown (2023)

Expense Category	Cost (KD Million)
Operational Costs	11.3
Technology Investment	7.9
ESG & Compliance	3.2
Talent Acquisition	2.9
Marketing & Outreach	1.4
Total Expenses	26.7

3. Profitability Metrics

Bahtco Holding achieved high profitability, maintaining strong margins and steady financial expansion.

Table 5: Key Profitability Indicators (2023)

Metric	2022 (KD million)	2023 (KD million)
Net Income	103.2	137.1
Operating Margin	81.5%	83.7%
Return on AUM	39.34%	47.68%

4. AUM Growth and Client Acquisition

Table 6: AUM & Client Metrics (2023)

Metric	2022 (KD million)	2023 (KD million)
Total AUM	986.9	1332.6
Client Retention	96.7%	97.9%
New Clients Added	1,856	1,941

5. Strategic Vision & Transformative Investments

Bahtco Holding remained at the forefront of the investment sector in 2023 by embracing disruptive innovation, expanding into high-growth markets, and reinforcing its commitment to sustainable wealth creation. The firm's proactive approach to capital deployment ensured resilience in shifting economic conditions while optimizing returns for stakeholders.

Key Strategic Focus Areas:

- **Sustainable & Impact Investing** – With global emphasis on responsible finance, Bahtco scaled investments in carbon-neutral projects, renewable infrastructure, and sustainability-linked bonds, meeting growing demand for ESG-aligned portfolios.
- **AI-Driven Investment Strategies** – Leveraging artificial intelligence and predictive analytics, the firm enhanced asset allocation, improved risk assessment models, and developed automated portfolio rebalancing tools for institutional and retail investors.
- **Private Equity & Venture Capital Expansion** – Increased allocation to high-potential private companies, focusing on fintech, clean technology, and next-generation healthcare, strengthening long-term growth opportunities.
- **Infrastructure & Real Assets** – Expanded holdings in smart cities, transportation networks, and digital infrastructure, capitalizing on rising global investment in urban development and connectivity solutions.
- **Alternative Investments & Tokenized Assets** – Explored blockchain-powered asset tokenization, broadening access to private markets and enhancing liquidity for traditionally illiquid investment classes.

- **Diversified Wealth Solutions** – Strengthened advisory services through AI-driven financial planning tools, behavioral finance models, and hyper-personalized investment strategies to cater to evolving client expectations.

By integrating innovation with strategic capital allocation, Bahtco Holding positioned itself for sustained success, unlocking new investment frontiers while prioritizing stability and long-term value creation.

6. Market Position and Competitive Landscape

Bahtco exceeded industry standards by harnessing innovation and prioritizing sustainable investment strategies.

Table 7: Competitive Performance Metrics (2023)

Category	Bahtco Performance	Industry Benchmark	Outperformance (%)
Return on AUM	47.68%	18.5%	+29.18
Client Retention Rate	97.9%	87.5%	+10.4
ESG Investment Growth	41.1%	15.3%	+25.8

7. Future Outlook: Strategic Growth in a Transforming Global Economy

Bahtco Holding is poised for continued expansion in 2024, adapting to a rapidly evolving financial landscape. The firm's forward-looking investment strategies are designed to harness new opportunities in technology, private markets, and sustainable finance while mitigating risks from macroeconomic uncertainties.

Key Strategic Priorities for 2024:

- **Global Market Diversification** – Strengthening international presence by expanding into high-growth regions, including Africa and Latin America, to capture untapped investment opportunities.

- **AI-Powered Asset Management** – Deploying generative AI and deep learning models to enhance investment decision-making, optimize trading strategies, and automate portfolio adjustments in real-time.
- **Green Energy Transition & Sustainable Infrastructure** – Scaling investments in hydrogen energy, battery storage technologies, and carbon capture solutions to support the global transition to a low-carbon economy.
- **Digital Asset Integration & Tokenized Securities** – Exploring blockchain-powered financial instruments, such as tokenized real estate and fractionalized private equity, to improve market accessibility and liquidity.
- **Resilient Fixed-Income & Alternative Credit Strategies** – Expanding exposure to private debt, infrastructure financing, and structured credit solutions to hedge against interest rate volatility and inflationary pressures.
- **Healthcare & Biotech Innovations** – Increasing investment in precision medicine, AI-driven drug discovery, and next-generation healthcare infrastructure to align with global demographic shifts and medical advancements.
- **Operational Excellence & Cybersecurity Enhancement** – Strengthening risk management frameworks, deploying AI-driven compliance monitoring, and reinforcing cybersecurity protocols to protect investor assets in a digital-first economy.

Bahtco Holding's 2023 success has laid a strong foundation for navigating an increasingly complex global financial environment. By embracing technological disruption, diversifying investment streams, and reinforcing its commitment to responsible finance, the firm is well-equipped for sustained profitability and long-term value creation in 2024 and beyond.

Economic Environment - 2023 Annual Report

In 2023, the global economy experienced a notable deceleration, with growth slowing from 3.5% in 2022 to 3.0%. This downturn was influenced by several factors, including persistent inflationary pressures, ongoing geopolitical tensions, and the cumulative effects of monetary policy tightening by central banks worldwide.

Global Economic Challenges

The year was marked by continued geopolitical instability, particularly the enduring Russia-Ukraine conflict, which sustained disruptions in energy and commodity markets. These disruptions perpetuated supply chain challenges and contributed to elevated energy prices, thereby sustaining inflationary trends across various economies. In 2023, investment firms in Kuwait faced several global economic challenges that influenced their strategic decisions and financial performance:

1. Declining Oil Prices and Production Cuts

Kuwait's economy, heavily reliant on the oil sector, was significantly impacted by declining oil prices and production cuts. The oil sector contracted by 4.3% in 2023 due to OPEC+ production cuts, leading to a 3.6% decline in real GDP. This downturn affected government revenues and, consequently, public spending, which in turn influenced investment activities within the country.

2. Global Inflation and Monetary Policy Tightening

Persistent global inflation prompted central banks worldwide to implement tighter monetary policies, including raising interest rates. While Kuwait's inflation rate eased to 3.6% in 2023 from 3.9% in 2022, the global trend of higher interest rates increased borrowing costs and heightened market volatility. These factors posed challenges for investment firms in managing portfolios and assessing risk-adjusted returns.

3. Geopolitical Tensions and Market Uncertainty

Ongoing geopolitical tensions, particularly the prolonged Russia-Ukraine conflict, continued to disrupt global supply chains and energy markets. These disruptions contributed to market uncertainty and volatility, complicating investment strategies for firms in Kuwait that are integrated into the global economy.

4. Emphasis on Economic Diversification

The economic stagnation resulting from declining oil revenues underscored the urgency for Kuwait to diversify its economy. Investment firms were encouraged to explore opportunities beyond the oil sector, focusing on industries such as technology, healthcare, and renewable energy to mitigate risks associated with oil market dependence.

5. Regulatory Challenges and Compliance

In October 2024, the Financial Action Task Force (FATF) highlighted significant deficiencies in Kuwait's efforts to combat money laundering and terrorist financing. While this report was published in 2024, the issues identified likely stemmed from practices in previous years, including 2023. Investment firms had to navigate these regulatory challenges, enhancing compliance measures to align with international standards and maintain investor confidence.

Kuwait's Economic Landscape

Kuwait's economy remained heavily influenced by fluctuations in the oil sector. In 2023, the nation faced economic stagnation amid declining oil prices, leading to a fiscal deficit estimated at -4.3% for the 2023/24 period. The country's reliance on oil revenues underscored the critical need for economic diversification to mitigate vulnerabilities associated with oil market volatility.

Bahtco Holding's Strategic Response

Amid these global and regional economic challenges, Bahtco Holding implemented a proactive investment strategy to navigate the complex landscape:

- **Diversification Efforts:** Recognizing the risks associated with oil dependency, Bahtco intensified its investments in non-oil sectors, including technology, healthcare, and renewable energy, aligning with Kuwait's Vision 2035 objectives.
- **Sustainable Investments:** The firm expanded its focus on Environmental, Social, and Governance (ESG) criteria, investing in sustainable projects that promise long-term value and resilience against market fluctuations.

- **Technological Integration:** Embracing digital transformation, Bahtco invested in advanced data analytics and fintech solutions to enhance decision-making processes and operational efficiency.

Outlook

Looking ahead, Bahtco Holding remains committed to strategic diversification and responsible investing. By focusing on high-growth sectors, sustainability initiatives, and leveraging technological advancements, the firm aims to reinforce its position as a leading investment entity in Kuwait, ensuring continued value creation for stakeholders in an evolving global economic environment.

Bahtco Holding's Strategic Resilience: Overcoming 2023 Economic Challenges to Achieve Revenue Growth

Despite the global and local economic headwinds of 2023, Bahtco Holding demonstrated remarkable financial resilience, achieving a 29.4% increase in revenue. This success was driven by a proactive investment strategy, rigorous risk management, and strategic diversification. Below are the key approaches Bahtco Holding employed to mitigate economic challenges and sustain profitability.

1. Diversified Investment Portfolio beyond Oil-Dependent Sectors

Kuwait's economy experienced a slowdown in 2023 due to OPEC+ production cuts, reducing oil revenues and impacting government spending. Bahtco Holding minimized exposure to oil volatility by expanding investments into:

- **Technology & Fintech** – Increased stake in AI-driven financial services, blockchain solutions, and digital banking, which saw strong demand globally.
- **Renewable Energy** – Capitalized on Middle Eastern governments' push for clean energy by investing in green bonds and solar infrastructure projects.
- **Healthcare & Biotech** – Focused on private equity investments in innovative healthcare startups, benefiting from global health sector growth.

- **Infrastructure & Real Estate** – Allocated capital to resilient commercial real estate, logistics hubs, and smart city developments across the Gulf.

2. Adaptive Interest Rate & Inflation Strategies

Rising global interest rates in 2023 increased borrowing costs, threatening leveraged investment portfolios. Bahtco countered these risks by:

- **Shifting Towards Fixed-Income Securities** – Increased allocation to high-yield government bonds and corporate debt instruments, benefiting from rising interest rates.
- **Reducing Leverage & Strengthening Liquidity** – Lowered reliance on debt-financed acquisitions, improving liquidity to seize high-value opportunities.
- **Inflation-Resistant Asset Allocation** – Invested in inflation-hedged sectors, including commodities, infrastructure, and inflation-protected bonds.

3. Expansion into High-Growth International Markets

With global markets experiencing volatility, Bahtco pursued regional diversification by expanding its investment footprint in:

- **Southeast Asia** – Strengthened investments in digital banking and e-commerce startups, tapping into emerging market consumer trends.
- **North America & Europe** – Focused on technology and healthcare equities, leveraging long-term growth potential.
- **Middle East** – Expanded infrastructure and private equity investments in fast-growing economies.

4. Strategic ESG & Sustainable Investment Initiatives

As investors globally prioritized Environmental, Social, and Governance (ESG) principles, Bahtco Holding positioned itself as a leader in sustainable finance by:

- **Launching Green Investment Funds** – Established ESG-compliant funds targeting solar, wind, and sustainable real estate projects.
- **Integrating ESG Metrics into Asset Management** – Implemented AI-driven sustainability analysis to identify high-impact investments.
- **Aligning with Kuwait Vision 2035** – Invested in government-backed economic diversification initiatives, securing incentives and strategic partnerships.

5. Advanced Technology & AI-Powered Investment Strategies

Bahtco Holding leveraged cutting-edge AI and data analytics to enhance investment decision-making and portfolio management:

- **AI-Powered Risk Management** – Implemented predictive analytics to assess market trends, enabling proactive adjustments to asset allocations.
- **Blockchain-Based Investment Platforms** – Developed decentralized finance (DeFi) solutions for institutional investors, boosting transactional efficiency.
- **Automation & Cost Efficiency** – Adopted AI-driven automation in trading and reporting, reducing operational expenses.

6. Strengthened Regulatory Compliance & Corporate Governance

With Kuwait facing FATF scrutiny on anti-money laundering (AML) policies, Bahtco Holding took a proactive approach to compliance by:

- **Enhancing AML & KYC Measures** – Strengthened internal compliance frameworks to align with global financial regulations.
- **Transparency & Investor Confidence** – Implemented blockchain-based reporting to ensure full transparency in financial operations.
- **Strategic Partnerships with Regulators** – Engaged with Kuwait's Capital Markets Authority to uphold best practices.

These measures enabled a 29.4% revenue increase, reinforcing Bahtco's position as a leading investment firm in Kuwait with a future-proof strategy for sustainable growth.

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

As a leading investment firm in Kuwait, Bahtco Holding integrates Corporate Social Responsibility (CSR) into its core business strategy, reinforcing its commitment to economic growth, environmental stewardship, and social development. Recognizing the evolving role of businesses in society, Bahtco prioritizes ethical investment practices, sustainable development, and community engagement to create a lasting positive impact beyond financial returns.

Bahtco's CSR initiatives are structured around four key pillars: Sustainable Investing, Environmental Stewardship, Community Development, and Ethical Governance.

1. Sustainable Investing & Economic Development

Bahtco Holding believes that responsible investments should not only generate returns but also contribute to long-term economic stability. The firm champions Environmental, Social, and Governance (ESG) principles in all its investment decisions, aligning financial growth with sustainable progress.

Key Initiatives:

ESG-Driven Investment Funds:

- Bahtco launched sustainable investment portfolios, directing capital towards green infrastructure, renewable energy, and ethically responsible enterprises.
- Special focus on solar and wind energy projects, supporting Kuwait's Vision 2035 for economic diversification.

Supporting SMEs & Startups:

- Partnering with entrepreneurial incubators, Bahtco provides funding and mentorship for Kuwaiti startups in technology, fintech, and clean energy sectors.
- Encourages women-led businesses, fostering economic inclusion and gender equality.

Financial Literacy Programs:

- Conducts free financial literacy workshops for young professionals, students, and low-income individuals.
- Focus on investment education, personal finance management, and retirement planning.

Impact: Bahtco's sustainable investment strategy has helped mobilize capital into sectors that drive long-term economic progress, ensuring that financial growth benefits not just investors but the wider community.

2. Environmental Stewardship & Climate Responsibility

Recognizing the urgent need for climate action, Bahtco Holding actively integrates eco-friendly initiatives into its corporate operations and investment strategies.

Key Initiatives:

Carbon-Neutral Investment Practices:

- Offsets the carbon footprint of its offices and investment activities by funding reforestation and carbon credit programs.
- Supports low-carbon technology projects in Kuwait and the MENA region.

Sustainable Real Estate Development:

- Invests in **green building projects**, prioritizing **energy-efficient construction, smart city initiatives, and LEED-certified commercial spaces**.
- Encourages **corporate clients** to adopt environmentally responsible real estate development.

Waste Reduction & Office Sustainability:

- Implements paperless operations, energy-efficient office policies, and waste recycling programs.
- Partners with Kuwaiti environmental NGOs to promote eco-friendly business practices.

Impact: Bahtco's environmental initiatives contribute to reducing Kuwait's carbon footprint, promoting green finance, and fostering a sustainable corporate culture.

3. Community Development & Social Welfare

Bahtco Holding is deeply committed to empowering local communities, ensuring that its success translates into meaningful contributions to Kuwaiti society.

Key Initiatives:

Education & Scholarships:

- Funds scholarships for underprivileged students pursuing degrees in finance, economics, and technology.

- Partners with universities to provide internship opportunities for young professionals.

Charitable Giving & Humanitarian Aid:

- Regular donations to Kuwait's food security programs, orphanages, and disaster relief efforts.
- Emergency financial aid for communities affected by natural disasters or economic crises.

Employee Volunteer Programs:

- Encourages employees to volunteer in CSR projects, offering paid leave for community service activities.
- Supports corporate-led blood donation drives, charity runs, and mentorship programs.

Impact: Through these programs, Bahtco Holding strengthens education accessibility, social inclusion, and poverty alleviation, fostering a more equitable Kuwaiti society.

4. Ethical Governance & Corporate Transparency

As a responsible financial institution, Bahtco Holding upholds ethical business practices, transparency, and good governance in all its operations.

Key Initiatives:

Strict ESG Compliance:

- Adheres to global and local ESG regulations, ensuring ethical investment decisions.
- Works with regulatory authorities to promote best practices in corporate governance.

Anti-Corruption & Financial Integrity Measures:

- Implements robust anti-money laundering (AML) policies to combat financial fraud.
- Requires full disclosure of investment activities to maintain stakeholder trust.

Diversity, Equity & Inclusion (DEI):

- Maintains a diverse and inclusive workplace, with equal opportunities for all employees.
- Promotes women's leadership programs and inclusive hiring practices.

Impact: Bahtco fosters a culture of integrity, trust, and corporate responsibility, ensuring sustainable success built on ethical foundations.

Bahtco Holding's CSR initiatives reflect its commitment to more than just financial success—they demonstrate a dedication to sustainable development, environmental responsibility, and social progress. By integrating sustainable investing, community engagement, eco-conscious policies, and ethical governance, Bahtco is shaping a responsible and forward-thinking investment landscape in Kuwait.

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, 2023, 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 present a true and fair view of the financial position of Bahtco Holding as of September 30, 2023, as well as its financial performance and cash flows for the year in accordance with International Financial Reporting Standards (IFRS) and applicable regulatory requirements in Kuwait

Basis for Opinion

Our audit was conducted in accordance with International Standards on Auditing (ISA) and the relevant Kuwaiti auditing regulations. The responsibilities related to these standards are outlined in the Auditors' Responsibilities for the Audit of the Financial Statements section of this report.

We maintain independence from Bahtco Holding in compliance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the applicable ethical regulations in Kuwait. Our ethical obligations have been adhered to in line with these standards. We believe the audit evidence obtained is sufficient and appropriate to support our audit of Bahtco Holding.

Key Audit Matters

Key audit matters are areas of significant focus in our audit of Bahtco Holding's financial statements. These were identified based on risk assessment and the impact on financial reporting.

1. Revenue Recognition

Revenue grew by 29.4%, increasing from KD 103.2 million in 2022 to KD 163.8 million in 2023, reflecting the firm's strong investment performance and diversified asset base. We reviewed whether revenue recognition policies complied with IFRS 15 (Revenue from Contracts with Customers) and ensured revenue transactions were recorded in the correct reporting period. Our audit procedures included detailed testing of revenue streams, reviewing key contracts, transaction documentation, and journal entries to verify the accuracy of revenue recognition.

2. Investment Portfolio Valuation & Fair Value Measurement

Bahtco Holding's investment portfolio expanded, including new allocations in private equity, fixed-income securities, and technology-driven assets. We assessed whether these investments were classified and measured in compliance with IFRS 9 (Financial Instruments) and IFRS 13 (Fair Value Measurement). The audit involved evaluating valuation models, consulting independent valuation experts, and reviewing key assumptions used in fair value calculations.

3. Liquidity Management & Market Risk Exposure

Given 2023's financial market volatility, Bahtco Holding adjusted its risk strategies to sustain financial stability. We analyzed liquidity stress tests, cash flow forecasts, and capital adequacy ratios to assess the firm's financial health and ability to meet its obligations. Our procedures included reviewing risk management frameworks, debt positions, and hedging strategies to evaluate their effectiveness in mitigating financial risks

Other Information in Bahtco Holding's 2023 Annual Report

The Board of Directors is responsible for the additional non-audited information included in the Group's 2023 Annual Report, excluding the financial statements and our audit report. We obtained the Board of Directors' report prior to issuing our audit opinion and will review the remaining sections of the 2023 Annual Report upon finalization. Our audit opinion does not cover the additional information, nor do we provide assurance on its accuracy. However, we evaluate whether this information is materially inconsistent with the financial statements or our audit findings. If we identify any significant inconsistencies, we are required to report them. As of our review, no material misstatements have been noted.

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, 2023, that could have materially affected its business or financial position.

Signed by: Rajesh Shah

Designation: Manager, Audit & Assurance

Audit Firm: SFAI

License Number: 74A

Date: 4th December, 2023

Signature:  _____

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

Assets (KD)

Assets	(KD)
Non-Current Assets	
Property, Plant & Equipment	35,235,259
Intangible Assets (Goodwill, etc.)	21,336,557
Investments in Associates & Joint Ventures	116,437,543
Financial Investments (Long-term)	206,414,321
Total Non-Current Assets	379,423,680
Current Assets	
Cash & Cash Equivalents	207,677,952
Short-term Investments	235,471,431
Trade & Other Receivables	217,362,733
Prepaid Expenses	38,422,927
Total Current Assets	698,935,043
Total Assets	1,078,358,723

Equity and Liabilities

Liabilities	(KD)
Non-Current Liabilities	
Long-term Borrowings	101,102,352
Deferred Tax Liabilities	13,613,422
Total Non-Current Liabilities	114,715,774
Current Liabilities	
Trade & Other Payables	103,218,239
Short-term Borrowings	37,553,893

Liabilities	(KD)
Provisions	14,225,737
Current Tax Liabilities	13,418,892
Total Current Liabilities	168,416,761
Total Liabilities	283,132,535
Total Equity (Total Assets-Total Liabilities)	795,226,188

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

Description	(KD)
Revenue	
Investment Management Fees	129,803,634
Performance Fees	16,506,197
Consulting & Advisory Income	11,905,427
Non-operating revenue	5,636,285
Total Revenue	163,851,543
Operating cost	
Salaries & Employee Benefits	6,637,147
General & Administrative Expenses	2,479,858
Technology & Infrastructure Costs	1,356,382
Marketing & Business Development	2,421,006
Total Operating Costs	11,387,861
Total Expenses	26,783,672
Interest & Finance Costs	
Interest on Borrowings	4,922,838
Total Interest & Finance Costs	4,922,838
Earnings Before Tax (EBT)	163,851,543

Description	(KD)
Income Tax Expense	24,577,731
Earnings After Tax	139,273,812

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	2023
Profit for the Year (KD)	21,971,667,000	36,852,235,000
Weighted Average Number of Ordinary Shares	1,373,689,000	1,416,524,000
Basic and Diluted Earnings per Share (KD Million)	15.99	26.0

Earnings per share have been calculated based on profit attributable to shareholders and the weighted average number of ordinary shares outstanding during the year, in accordance with IFRS.

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

Bahtco 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, Bahtco 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 Bahtco 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, Bahtco 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 30th September 2023. 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.

