

Shaza

Good afternoon, everyone. Welcome to Al-Tijaria's 1H2025 earnings call. This is Shaza from EFG Hermes on behalf of Mia Attia. We have from the management Engineer Abdulmutaleb Marafie, CEO; Mr. Ahmed Abbas Shakib, Investment Department Manager, Mr. Walid Wizani, Finance and Strategic Planning Department Manager; Mr. Fuad Hassan, Accounting Department Manager; and Mrs. Hagar Abdelbaki, Investor Relations Unit Head.

I will hand it over now to Hager for the presentation, and then we will move to the Q&A part of the session.

Hager

Thank you, Shaza. Good afternoon, ladies and gentlemen. And thank you, everyone, for joining today's webcast. In this conference we will discuss the results of the first half 2025, and we will gladly answer all your questions at the end of the presentation.

Today's presentation will provide an overview of our business for the first half 2025, and a summary of the financial performance. Following this presentation, we will have a Q&A session to answer any questions we received throughout the platform. The presentation will be available on our website for our investors.

I'd like to commence our call today by reading out our usual brief disclaimer. The information set out in this presentation and in the frequent discussion doesn't constitute an offer, an agreement or a solicitation of an offer to buy or sell securities. It's solely for use as an investor presentation and is provided as information only

Now we'll start the presentation with slide 5, with an overall update on our milestones, strategy and projects

The first half of 2025 has been tempered with global economic landscape and geopolitical tension in the GCC. Nevertheless, our business continued to perform well, and we are currently exploring number of opportunities inside and outside Kuwait.

We have achieved several key milestones during the first half of 2025.

We have entered into strategic investment in the GCC region and USA, such as Domus Fund and Trails at Dominion Park.

In May 2025, we signed a strategic partnership agreement with GFH Capital. Our role will be a technical advisor in the logistic fund, located in Saudi Arabia and GCC.

During June 2025 we completed Symphony Hotel and Mall Car Parking Project. The parking accommodate 185 vehicles, with the latest electric car charging technologies.

As well, in June 2025 we have signed a MOU with the China State Construction Engineering Corporation company to jointly explore and collaborate on a range of strategically selected development projects tendered by the governmental authorities in Kuwait.

In July 2025, we have signed the investment partnership agreement between the Public Authority for Housing Welfare with one of our subsidiaries to develop a commercial complex,

a health club and public parking to serve the project in Qairwan area. The contract term is 22 years.

Now moving to slide 6 for our strategy. We are committed to our existing strategy, and with regards to the BBB and developing projects, we are advancing and following up with various governmental authorities, along with our strategic alliances for evaluating several potential projects. We are conducting a careful assessment for all financial, operational and market implications to ensure delivering long term value to our shareholders. These initiatives are closely aligned with the objectives of Kuwait Vision 2040, supporting the country's long term development goals.

Now slide 7, which shows our presence in the GCC, Europe and USA.

Now I will move to our business overview and financial performance for the first half 2025. The chart on the top left side shows our rental & hospitality income. Our rental income reported KWD 13.5 mn and KWD2.31 mn for the first half of 2025, respectively. This represents growth of 0.78% and 10.53% compared to the same period last year. The growth is mainly due to the improved occupancy rate from the hotel revenue, which are shown on the top right side of the slide, as it reached 92% in the first half of 2024, compared to 94% in the first half of 2025.

In the bottom left of the slide, our share of profit from associate grew by 1.47% at KWD4.09 million during the first half of 2025, up from KWD 4.04 million for the first half of 2024.

Lastly, our net gain on investment in the bottom right of the slide, which showed a seasonal decline of 23.2% for the same period last year, reaching KWD3.19 mn, compared to KWD4.16 mn for the 1H2024. This is mainly attributed to revaluation of some investments, and we expect further potential profits during the investment period.

Slide 10 shows the highlights on our financial performance for the 1H25. Our net profit reported KWD9.06 mn, compared to KWD 9.57 mn for the 1H24. This is a decline of 5.3%. It's mainly driven by two things. The increase in the operating expense by 7.46%, and a 23.22% decline in net gain on investment from KWD 4.16 mn during 1H24 to KWD 3.19 mn for 1H25.

Our rental income and hospitality income have shown growth. This is leading to a total revenue growth of 1.48%, reaching 15.82 million for the first half of 2025. And our total operating income reached 16.42 during 1H25 compared to 17.52 million for the first half of 2024.

As for finance cost, we can see that there is a decline of 5.87% from KWD 6.07 million in the first half of 2024 to 5.71 million in 1H2025. This is reflecting the recent decline that happened in the interest rates.

Now I'll move to slide 11. With regards to the balance sheet, our total assets increased to KWD 581.8 million as on June 2025, compared to KWD 574.19 mn as on December 2024. This is mainly driven by the increase in the investment from our associate and investments through profit and loss. This is offset by the decrease of the investments in the OCI by KWD2.48 mn,

however, this is translated to a total increase for our investments by KWD6.70 mn, from KWD155 mn as on December 2024, to KWD161 mn in June of 2025.

Other assets increased from KWD33.32 mn as on December 2024 to KWD33.62 mn as on June 2025, which is comprised of basically cash, PPE and receivables.

As for total liabilities, it increased from KWD253.8 mn in December 2024 to KWD258.37 mn in June 2025. This is mainly due to the increase in the term finance from KWD236 mn in December 2024 to KWD243.17 million in June 2025.

Regarding the total equity, it increased from KWD 320.39 mn in December 2024 to KWD 323.4 mn in June 2025.

The next slide shows our profitability indicators, key performance indicators and our return figures. Regarding the return figures, we have return on assets and return on equity reported 3.59% and 6.07% for the first half of 2025, this is on an annualized basis, compared to 3.73% and 6.56% during the first half of 2024. Our net profit margin has reached 57.28% for the year ended June 2025.

With regards to our key performance indicators and our return figures, as we mentioned in the previous slide, the aggregate occupancy has improved to 94% from 93% in FY2024 and 92% in the first half of 2024. Our leverage stayed almost at the same level at 1.8x for 1H25. And with regards to the total debt to total assets as well, it stayed almost at the same level at circa. 42%.

Moving to the next slide, we show the graphs of the earnings per share for the first half 2025, recorded 4.98 fils, our net income with the corresponding net profit margin, our total assets, with the return on assets and the total equity return on equity and the book value per share.

With regards to our projects on the pipeline. As we've mentioned in the previous slide, regarding the key milestone, we have Domus Fund, which is a strategic partnership for Al Tijaria Group, with a total investment commitment of AED88 mn. This investment aims to acquire, develop and operate investment properties to provide accommodation for hospitality sectors employees in the UAE.

The next slide is our Q1 Project, located in the Qairawan area, which one of our subsidiaries signed with the Public Authority for Housing Welfare.

Now I'll just show some of our key properties which are already existing in Kuwait and our key iconic properties, such as Al Tijaria Tower, Symphony Hotel and Mall, Dome Complex Boulevard and Rehab Complex.

Moving now to our key properties located on the regional level in Bahrain, which is Symphony Tower in Bahrain and Jawhara Plaza.

Next slides are about some of our regional investments, which are mainly Bayan, Goknur, and Al Wafer.

These are some of our global investments' portfolios. We have investments worth more than KWD 79 million primarily focused on the real estate sector in USA and GCC.

Lastly, I will talk about the ESG slide.

Our ESG efforts have proved itself within real estate sector in Kuwait with a score of 25.5 from Sustainalytics and a BBB score from Morgan Stanley Capital Index. Till date, Al Tijaria's Group has invested an amount of 25.5 million Kuwaiti dinars towards environmentally responsible properties or green investments as of 1H25, emphasizing our commitment to financial returns and environmental sustainability through investing in LEED platinum and good gap certified projects. As we have a 10.08% reduction in scope 1 emissions Y-O-Y, an increase in female employees by 18.12%, and 41,939 Kuwaiti dinars have been spent towards corporate social responsibility within 2024. Throughout 1H25, we also had no incidents of noncompliance with laws and regulations, no data breaches, no complaints regarding data privacy violations. Also, it is worth mentioning that the Symphony Style Hotel has been awarded the Green Key Certification, recognizing its commitment to sustainable and environmentally responsible hospitality. This certification highlights the hotel's adherence to strict eco-friendly standards set by the Foundation for Environmental Education (FEE).

That ends our presentation, and now I will open the floor for any questions.

Shaza

Thank you, Hager, for the presentation. If you would like to ask a question, you can type it in the chat box or use the raise hand function to speak directly.

We have no questions.

Hager

Thank you, ladies and gentlemen. Thank you all for your time. It's highly appreciated. I'd like to conclude this call by thanking you all for attending. If you have any questions relating to financials or any follow up, please don't hesitate to contact us through the investors email. Thank you. Have a great day.

Shaza

Thank you. Have a great day.