



بورصة الكويت
BOURSA KUWAIT

A Journey of Resilience

2023
Annual Report

Bursa Kuwait

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His Highness
Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah
The Amir of the State of Kuwait

BL
OL
UR
RS
A
K
W
W
NT

A large, three-dimensional sculpture of gold-colored letters is mounted on a dark, textured wall. The letters are arranged in a vertical column, reading from top to bottom: 'BL', 'OL', 'UR', 'RS', 'A', 'K', 'W', 'W', and 'NT'. The letters are highly stylized and have a metallic sheen. To the right of the main column, there is a large, circular, gold-colored graphic element that resembles a stylized 'S' or a similar abstract shape. The background wall is dark and has a rough, mottled texture. The lighting is bright, creating strong highlights and shadows on the letters.

Table of Contents

01 OVERVIEW

General Market Statistics	8
At a Glance	10
Our History	12
Year in Review	16
Theme of the Year	18
Statistics of Shareholdings	20

02 STRATEGIC REVIEW

Statement from the Chairman	26
Statement from the Chief Executive Officer	28
Our Business Model	30
Our Strategy	32
Our People	34
Corporate Sustainability	38
Stakeholder Engagement	50

03 FINANCIAL REVIEW

Financial Overview	60
Our Market in 2023	66

04 CORPORATE GOVERNANCE

Board of Directors	76
Corporate Governance Report	80

05 CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report	107
Consolidated Statement of Profit or Loss	111
Consolidated Statement of Comprehensive Income	112
Consolidated Statement of Financial Position	113
Consolidated Statement of Changes in Equity	114
Consolidated Statement of Cash Flows	115
Notes to the Consolidated Financial Statements	116

01 Overview

General Market Statistics	8
At a Glance	10
Our History	12
Year in Review	16
Theme of the Year	18
Statistics of Shareholdings	20

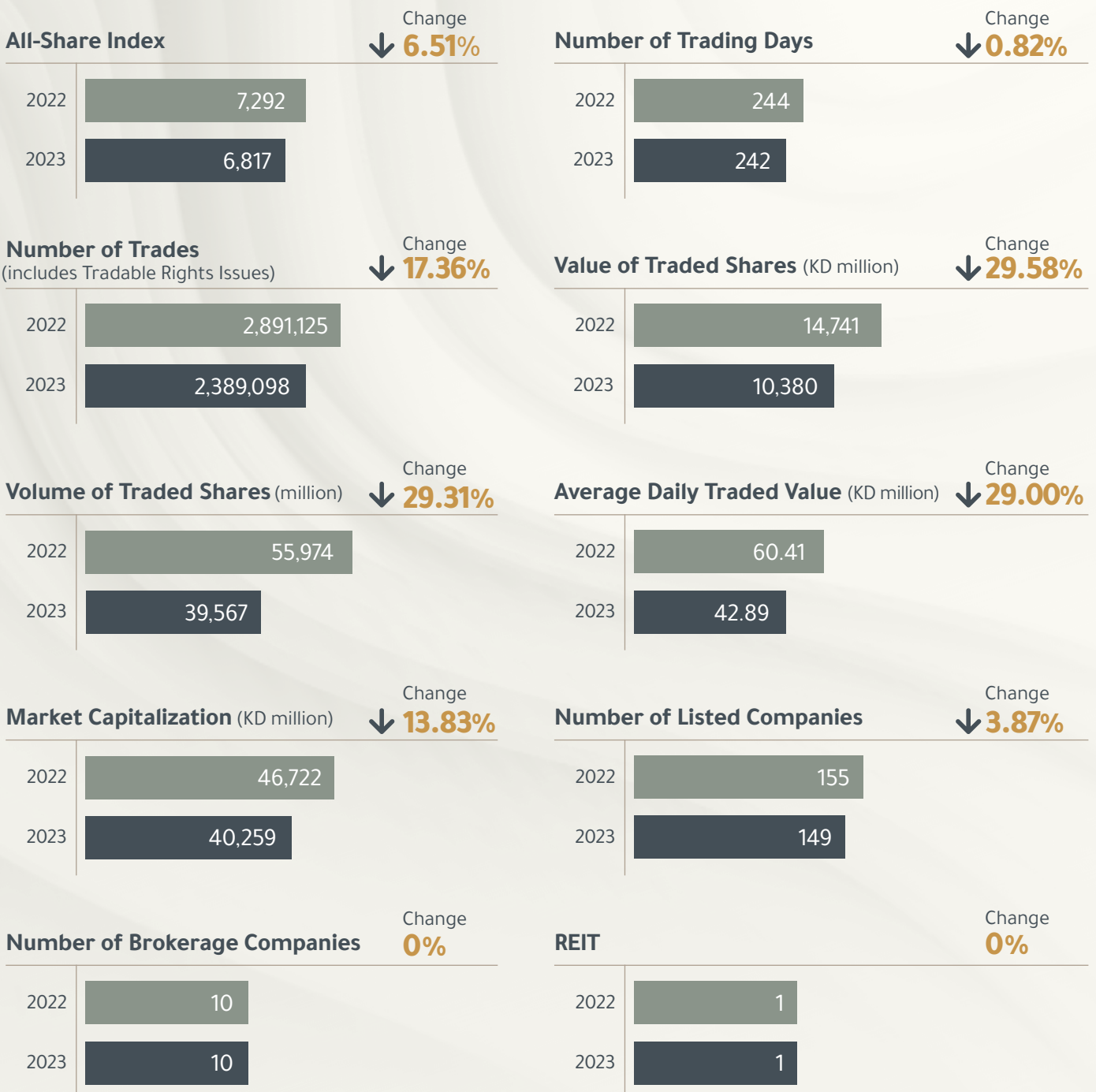




General Market Statistics

Unlocking Sustainable Performance

Boursa Kuwait displayed notable resilience in 2023, a year characterized by stock market volatility and challenging economic conditions all around the world. We continued to engage with all our stakeholders, existing and new, unlocking new opportunities for sustainable growth.





At a Glance

Shaping the Future of the Kuwaiti Capital Market

Boursa Kuwait is the national stock market of the State of Kuwait. The company has been a key driver in the development of the Kuwaiti capital market and the diversification of the national economy in line with the goals of the country's vision to transform into a cultural, financial and investment hub in the region.

Vision



To develop a strong and efficient financial market with liquidity and transparency that can effectively put issuers and investors in touch with one another for investment opportunities and high returns on investment in creating a developed capital market that is a pioneer in the region.

Mission



To develop an effective and fair platform for trading with high transparency, one that is able to provide financial and investment services efficiently for all, with a focus on excellence in each service we provide.

Core values



Professionalism

We adhere to widely accepted, proven international standards in our work. We deal with our customers, colleagues and all stakeholders in an utmost professional manner.

Accountability

We take responsibility for our performance in the eyes of all, ready to be held accountable for our individual actions and to receive commensurate rewards for our hard work and achievements.

Client impact

We are results-oriented and strive to make a difference. We create sustainable impact with our work in our industry and communities, while delivering on our sustainability commitments.

Prudence

We continuously strive to achieve sustainable profits and returns for everyone and are committed to taking prudent steps, stemming from our understanding of the risk factors that our organization and our clients are exposed to. Our diligence in managing these factors mitigates risks.

Since its establishment, Boursa Kuwait has succeeded in delivering significant progress to the Kuwaiti capital market through engagement, growth and innovation while continually supporting regulators, issuers, investors and various key stakeholders. It has successfully guided the reclassification of the Kuwaiti capital market to “Emerging Market” status in the world’s top three indices, strengthening the country’s position as a leading financial center in the region.

The company acts with strategic purpose and focus to develop the market in line with international standards and has earned a reputation for continuous improvement by introducing investment tools and products, reinforcing transparency and restructuring the market to increase its competitiveness and liquidity.

Boursa Kuwait also serves as a catalyst and trailblazer for Kuwait’s privatization drive. The company was among the first Kuwaiti government entities to successfully undergo privatization, which it accomplished in 2019 over two phases.

In the first phase, a consortium of Kuwaiti investment companies and an international exchange won the bidding to purchase 44% of the company’s shares in February, while the second phase took place in October of the same year when 50% of the company’s shares were offered to Kuwaiti citizens in an initial public offering, which saw an oversubscription rate of 850%. The remaining 6% is owned by the Public Institute for Social Security (PIFSS).

Boursa Kuwait is also one of the first stock exchanges in the Middle East to go public, self-listing on the “Premier” Market in September 2020.

Financial Highlights

Total Operating Revenues (KD)

30.68 million

↓ 12.84%

Total Assets (KD)

118.89 million

↓ 0.56%

Total Operating Expenses (KD)

12.41 million

↓ 1.38%

Total Liabilities (KD)

10.48 million

↓ 8.44%

Net Profit (Attributable to Equity Holders of the Parent Company) (KD)

15.80 million

↓ 12.25%

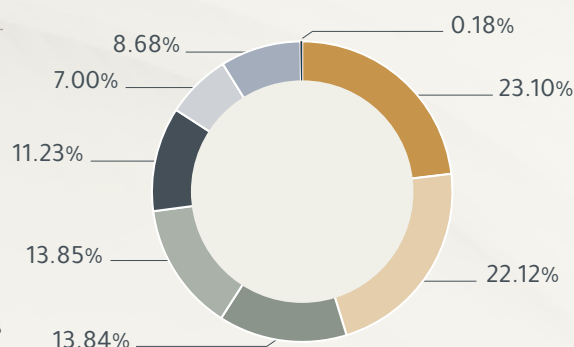
Total Equity (Attributable to Equity Holders of the Parent Company) (KD)

64.23 million

↓ 1.94%

Total Operating Revenues (KD), % Breakdown

7,088,435	Subscription Fees
6,787,463	Share in Trading Commission
4,247,039	Clearing Operations
4,248,964	Central Depository Services
3,446,720	Shareholders Register Services
2,148,095	Settlement Operations
2,661,539	Miscellaneous Fees
53,741	Reversal of Provision for Expected Credit Losses
30,681,996	Total Operating Revenues



Our History

Kuwait boasts a rich trade history that dates back to the 18th century, establishing itself as a pivotal route from the Arabian Gulf to Aleppo and a key hub for Indian trade routes. The nation's shipbuilding prowess in the Indian Ocean became renowned, with Kuwaiti merchants even venturing to Mumbai to source materials for boat construction.

In 1911, this maritime legacy led to the founding of Arab Steamers Limited, the region's first company to issue shares. Stock trading then gained traction in the 1950s, with significant developments occurring in the early 21st century, including the establishment of the Capital Markets Authority in 2010, which focused on regulating securities activities and promoting transparency, efficiency and fair trade.

One of the key decisions made by the Capital Markets Authority (CMA) in its nascent years was the formation of Boursa Kuwait in 2014 as a private company tasked with assuming the responsibility for Kuwait's stock exchange operations from the Kuwait Stock Exchange, in an effort to develop and enhance the Kuwaiti capital market to international standards. The company was able to initiate reforms, adopt best-in-class practices and entice investors from all over the world to invest in the market.

Boursa Kuwait was established with a clear mandate to streamline processes and develop products and services, restructure the market to increase its competitiveness and ensure that the Kuwaiti capital market is able to attract international institutional investors, in line with the State of Kuwait's vision and the National Development Plan and as part of the nation's efforts to transform into a cultural, financial and investment hub in the region.

The company was also able to transform itself from a government entity into a private organization quite seamlessly. In a groundbreaking move, a consortium acquired 44% of the CMA's shares in 2019, and subsequently, an IPO in October of the same year witnessed a remarkable 850% oversubscription, making it one of the region's most successful IPOs. Boursa Kuwait then triumphantly listed its shares on the "Premier" Market in September 2020.

Boursa Kuwait's efforts with the CMA and Kuwait Clearing Company (KCC) led to Kuwait's reclassification as an "Emerging Market" by the world's leading index providers, a journey that reflects a compelling narrative of transformation, innovation and success in Kuwait's financial landscape.





Our History (continued)

Kuwait's Capital Market History 1950s to 2010

Establishment of public shareholding companies in Kuwait:

1952

IPO of National Bank of Kuwait

1954

IPO of Kuwait National Cinema Co.

1970

Law No. 32/1970 issued to regulate stock trading for shareholding companies

1972

Integration of securities trading section

1976

Ministerial Resolution No. 61 issued to organize dealing in Kuwaiti joint stock company shares

1977

First stock exchange was inaugurated and referred to as the Kuwait Stock Exchange (KSE)

1990

Trading at the KSE was interrupted for 28 months due to the Iraqi invasion of Kuwait, which reduced the number of listed companies from 54 to 28

1950s

1960s

1970s

1980s

1990s

2000s

1962

Law No. 27/1962 issued to organize the stock market in Kuwait for companies established abroad

1982

"Black Monday" saw record losses in unofficial Souk Al-Manakh, an Over the Counter (OTC) exchange crash due to failures in settlement

1983

Amiri Decree issued for the reorganization of the exchange as an independent financial institution, establishing the first stock market in the GCC

1987

KSE assigned KCC to act as a clearing chamber for transactions made among traders

2008

Global financial crisis heavily affected the KSE and the capital market collapsed

2010

Law No. 7 of 2010 issued regarding the establishment of the CMA and Regulating Securities Activities

Boursa Kuwait's History From Establishment to 2022

2014

Establishment of Boursa Kuwait, marking the first step in privatizing Kuwait's stock exchange

2015

Boursa Kuwait's Board of Directors approved the transitional strategy

2016

- Boursa Kuwait formally assumed responsibility for Kuwait's stock exchange operations
- CMA awarded the exchange license to Boursa Kuwait, enabling independent operation of the exchange
- Web-based Company Information Portal (CIP) was launched for timely disclosures in a streamlined manner
- Boursa Kuwait, KCC and the CMA created the Tri-Lateral Taskforce for the development of Kuwait's capital market

2017

- Trading efficiency's MD 1 launched, covering:
 - Tick size
 - T+3 settlement cycle
 - Corporate actions
 - Static price limit
- Full trading rulebook published
- FTSE Russell announced the reclassification of Kuwait to "Emerging Market"

2018

- Updated rulebook published
- MD 2 launched, covering:
 - Market segmentation
 - Listing rules
 - Analyst conferences
 - Bilingual disclosures
 - Market cap indices
 - Dynamic circuit breakers
 - Index circuit breakers
- Boursa Academy launched to promote financial literacy
- OTC platform established
- S&P DJI announced reclassification of Kuwait to "Emerging Market"

2019

- Updated rulebook published
- MD 3.1 launched, covering:
 - Trade-at-last
 - Closing auction order
 - Off-market trades automation
 - Short selling and SLB
 - Intentional crossing
 - Tender offers
 - Security swaps
 - REITs
- MSCI announced conditional reclassification of Kuwait to "Emerging Market"
- Partial privatization (Consortium won a tender to acquire 44% and PIFSS 6%)
- 50% IPO subscription

2010s

2020s

2020

- BK Main 50 launched
- Acquisition of additional 16.67% of KCC
- Boursa Kuwait listed on the "Premier" Market
- Kuwait's inclusion into MSCI Emerging Markets Indices
- First REIT listed on Boursa Kuwait
- New Boursa Kuwait website and apps launched

2021

- Introduction of Tradable Rights Issues
- "Main" Market listings of:
 - Land United Real Estate Company
 - Al-Safat Investment Co.
 - Jassim Transport & Stevedoring Company
- Launch of ESG Disclosure Guide

2022

- Inauguration of new Nasser Al-Kharafi/Jassim Al-Bahar Trading Hall
- Listing of Ali Al-Ghanim Sons Automotive Company

Year in Review

Boursa Kuwait maintained strategic focus to navigate market volatility during 2023, engaging with key stakeholders, building capabilities and raising standards for our investors, issuers and other stakeholders.

9 January

Boursa Kuwait and the GCC Exchanges Committee announce unified ESG metrics
The new ESG metrics include 29 standards, covering GHG emissions, energy usage, water usage, gender pay, employee turnover, gender diversity, data privacy, ethics and more, which are aligned with the World Federation of Exchanges (WFE) and United Nations' Sustainable Stock Exchanges Initiative (SSEI).

18 January

Boursa Kuwait Rulebook updated
The latest update includes a new chapter related to the Procedures For Selling Shares Of The Delinquent Shareholder.



17 April

Boursa Kuwait publishes its second standalone Sustainability Report
The Sustainability Report demonstrates Boursa Kuwait's ongoing commitment to transparent reporting on Environmental, Social and Governance (ESG) principles and their adoption across its operations and within the wider Kuwaiti capital market.



12-13 June

Boursa Kuwait presents investment opportunities in Kuwait to international investors
Boursa Kuwait successfully organized its 10th Corporate Day in London, which coincided with the London GCC Conference organized by HSBC, focusing on financial performance and business strategies employed by the companies publicly traded in the Kuwaiti capital market.

6 March

Boursa Kuwait discusses achievements and milestones at the 17th Annual EFG Hermes One-on-One Conference in Dubai
In line with its ongoing engagement efforts with local and international investors, Boursa Kuwait held multiple meetings with financial asset management firms, investment banks and other companies from across the region and globe.



7 June

Boursa Kuwait holds an Investor Relations strategic communication workshop
Organized in partnership with the Middle East Investor Relations Association (MEIRA) and its Kuwait chapter, the workshop centered around the challenges and opportunities for listed companies with a focus on building transparency.



28 June

Boursa Kuwait wins two prestigious awards from Global Finance
Boursa Kuwait was awarded "Outstanding Financial Leadership in Sustaining Communities" and "Outstanding Leadership in Sustainability Transparency," in recognition of its unwavering commitment to promoting sustainable initiatives and cultivating awareness regarding climate change within the community.





2 October

Bursa Kuwait organizes ESG workshop for capital market participants

The well-attended ESG workshop, which was organized in collaboration with Sustainable Square, shed light on the latest trends and practices in the fields of ESG and corporate sustainability.



25 October

Bursa Kuwait and KCC hold a non-deal roadshow in London

As part of its efforts to support the Kuwaiti capital market and in a strategic initiative to improve its standing in the international investment community, Bursa Kuwait and KCC collaborated with Jefferies Financial Group to organize a non-deal roadshow held in the UK capital.



22-23 November

Bursa Kuwait organizes its 11th Corporate Day in Dubai, in collaboration with Jefferies Financial Group

The event showcased attractive investment opportunities in the Kuwaiti capital market to international investors.

18 October

Bursa Kuwait organizes a session on sustainable finance

Bursa Kuwait organized an awareness session in collaboration with the Chartered Financial Analyst (CFA) Society and its chapters in Kuwait and Bahrain, focused on educating and safeguarding investors.

23 October

Bursa Kuwait Rulebook updated

The latest update includes amendments to the Listing rules, amendments to Off-market trades and Transfer of Ownership as well as exempting Market Makers from Article 9-32 of the Rulebook.

26 October

Bursa Kuwait wins "Best Sustainable Corporate Governance - Kuwait" by The European Magazine

Bursa Kuwait has been recognized for "Best Sustainable Corporate Governance - Kuwait" by the European Magazine. This reflects the company's exceptional achievements in corporate governance, which have been implemented in line with its mission, vision and strategic goals.



3 December

Bursa Kuwait obtains LEED Gold certification for its iconic building

Bursa Kuwait obtained LEED Gold certification for its building, a distinguished award that makes the iconic structure one of only a few buildings in Kuwait to achieve this honor. LEED is the world's most widely used green building rating system for buildings, homes and communities that are designed, constructed, maintained and operated for improved environmental and human health performance.



Theme of The Year

A Journey of Resilience

Despite geopolitical tensions and the general slowdown of the global economy, Boursa Kuwait continued to adapt to the fluctuations of the capital market during 2023. The company was resilient in adapting to the year's challenges, steadily moving forward and implementing its strategy to enhance the efficiency and effectiveness of the Kuwaiti capital market and adopting the best-in-class standards and practices of capital markets worldwide.

Boursa Kuwait continued to raise Kuwait's profile as a leading regional investment destination, strengthening its partnerships and avenues of collaboration with world-renowned financial institutions to promote the Kuwaiti capital market and its participants. The company effectively communicates with international institutional investors to ease their access to the market and highlight the investment opportunities that reside within it. The bourse is committed to developing a strong and efficient financial market with liquidity and transparency, one that is a vital cog in the diversification of the national economy.

We continued to engage with our stakeholders in the Corporate Sustainability and Environmental, Social and Governance (ESG) fields, cementing old partnerships and forging new ones in our strategic pillars of Community and the Environment. The company sponsored and implemented initiatives aimed at making a positive impact on the community in which we operate and signaling our dedication to being a socially and environmentally responsible institution, committed to the sustainable growth of our company and the Kuwaiti capital market.

Boursa Kuwait is committed to the development of the company and the Kuwaiti capital market and will continue to work on its ambition to become a pioneer among stock exchanges in the region, contributing to the transformation of Kuwait into a financial and investment hub in the region.



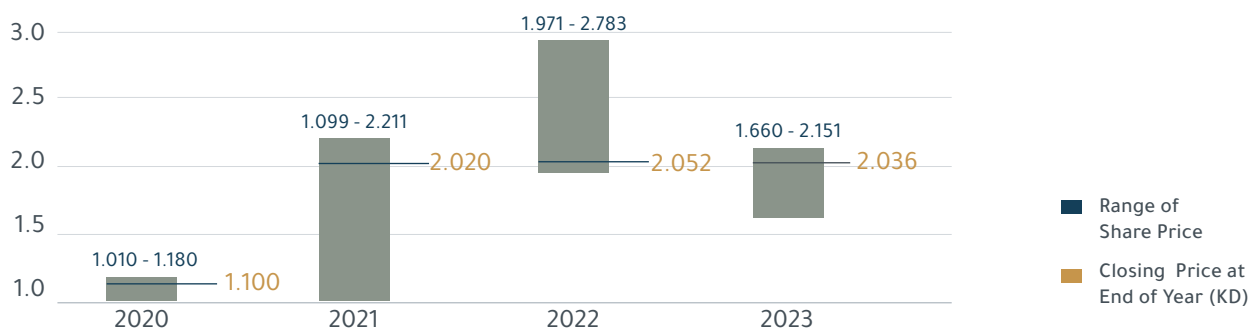


Statistics of Shareholdings

Share Information

Legal Name	Boursa Kuwait Securities Company K.P.S.C
Date of Incorporation	21 April 2014
License Date	5 October 2016
Listing Date	14 September 2020
Exchange Ticker	BOURSA
Code	827
Bloomberg Ticker	BOURSA KK
Thomson Reuters Ticker	BOURSA.KW
ISIN	KW0EQ0607022
Sector	Financial Services
Paid-Up Share Capital	KD 20,077,575
Outstanding Number of Shares	200,775,750
Par-value per Share	KD 0.100
Fiscal Year	1 January to 31 December
Registrar	Kuwait Clearing Company

Stock Performance



Share Statistics (as of 31 December 2023)

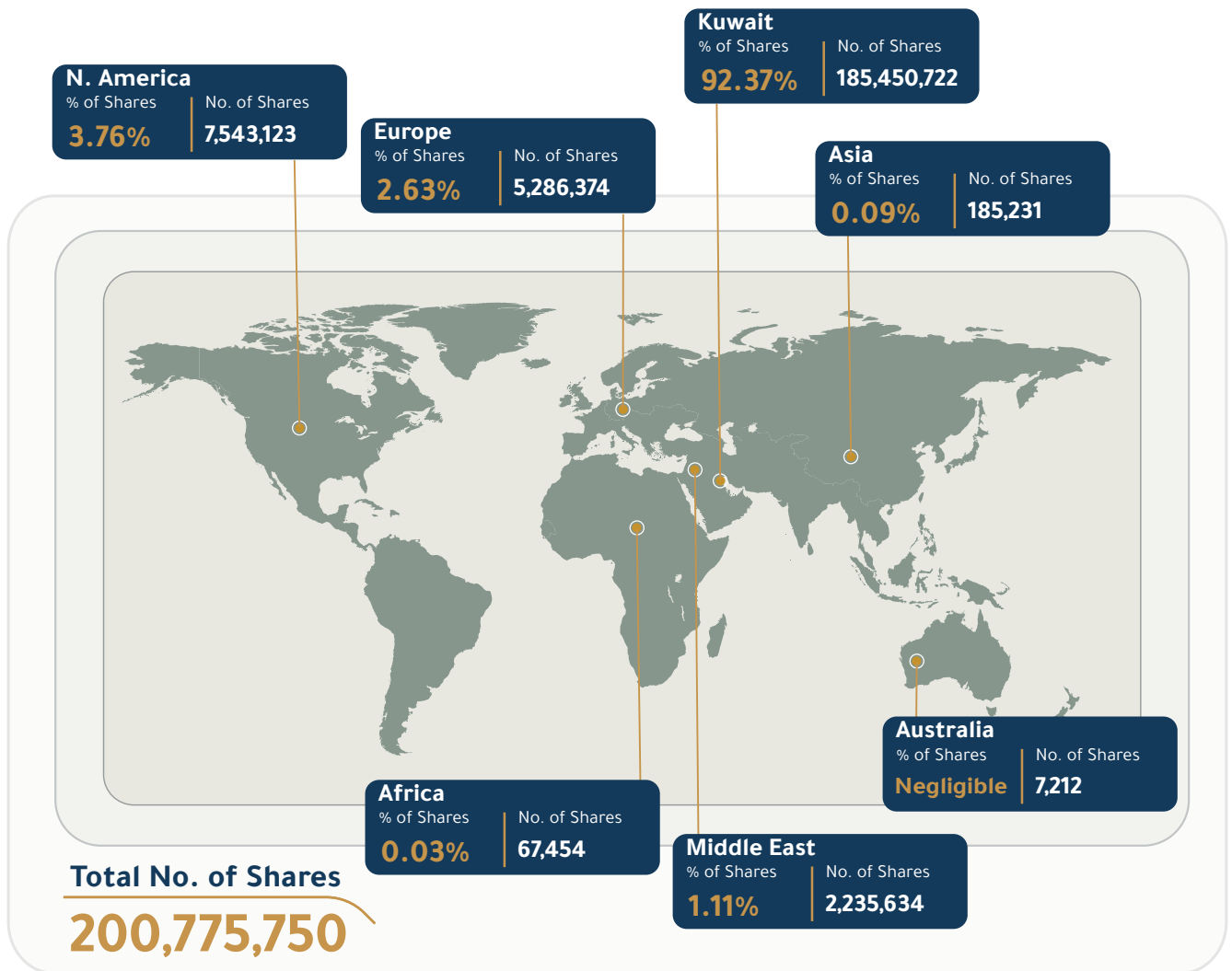
	Price (KD)	Market Cap (KD)	Day	Volume (shares)	Traded Value (KD)	Day
Low	1.660	333,287,745	29/11/2023	9,566	19,632	17/1/2023
Average	1.865	374,446,774	N/A	185,839	344,849	N/A
High	2.151	432,868,638	20/2/2023	767,204	1,367,925	30/5/2023

Share Performance Since the IPO

Share Price (KD)		All Share Index Price Return		Net Distributions to Shareholders (year paid)	Total Return (%) (incl. dividends)	
Year	Start	End	Price return (%)	Dividend	Annual	Cumulative
2020*	1.055	1.100	4.27%	3.43%*	40 fils	8.06%
2021	1.100	2.020	83.64%	26.99%	65 fils	89.55%
2022	2.020	2.052	1.58%	3.53%	85 fils	5.79%
2023	2.052	1.724	-15.98%	-6.51%	74 fils	-12.38%

*Listing date: 14 September 2020

Shareholders by Geography (as of 31 December 2023)



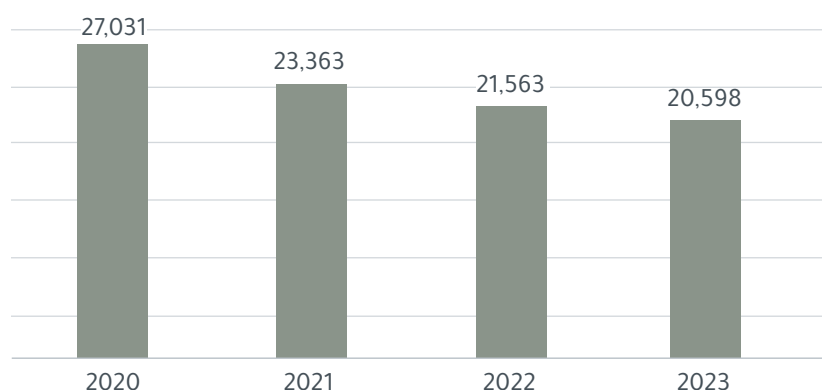
Statistics of Shareholdings (continued)

Shareholder Structure by Investor Type (as of 31 December 2023)

Analysis of Shareholdings									
Date	31 December 2023								
No. of Shareholders	20,598								
Total Shares	200,775,750								
5% of Total Shares	10,038,788								
	No. of Shareholders				No. of Shares Held				
	Kuwait		Foreigner		Kuwaiti		Foreigner		
	No.	%	No.	%	No.	%	No.	%	
Count of Shares <= 100	3,387	16.44%	12	0.06%	226,046	0.11%	418	0.00%	
Count of Shares 101 - 1,000	12,569	61.02%	29	0.14%	3,979,509	1.98%	11,662	0.01%	
Count of Shares 1,001 - 10,000	3,938	19.12%	38	0.18%	9,380,359	4.67%	172,083	0.09%	
Count of Shares 10,001 - 100,000	466	2.26%	41	0.20%	11,064,196	5.51%	1,761,355	0.88%	
Count of Shares 100,001 - less than 5% of issued shares	87	0.42%	25	0.12%	38,274,812	19.06%	13,379,510	6.66%	
Count of Shares 10,038,788 (5% of issued shares and above)	6*	0.03%	0	0.00%	122,525,800	61.03%	-	0.00%	
Total	20,453	99.30%	145	0.70%	185,450,722	92.37%	15,325,028	7.63%	
Grand Total	20,598	99.30%		0.70%	200,775,750	92.37%		7.63%	

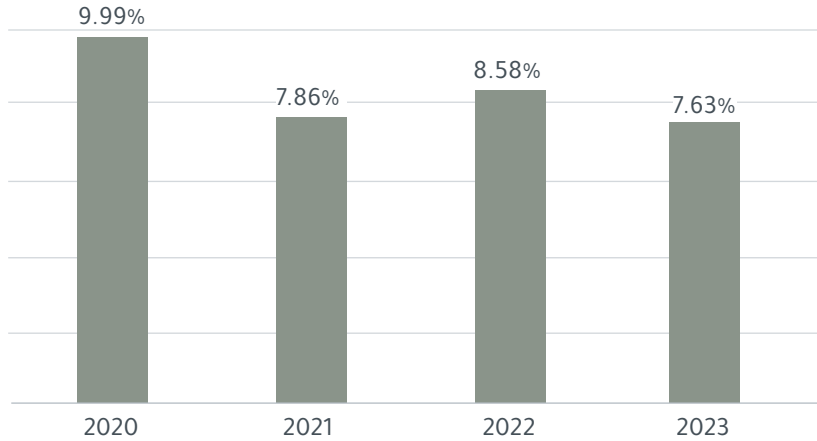
*Includes accounts of portfolio management companies comprising multiple clients. Each of the account is considered as a shareholder.

Number of Shareholders (as of 31 December 2023)

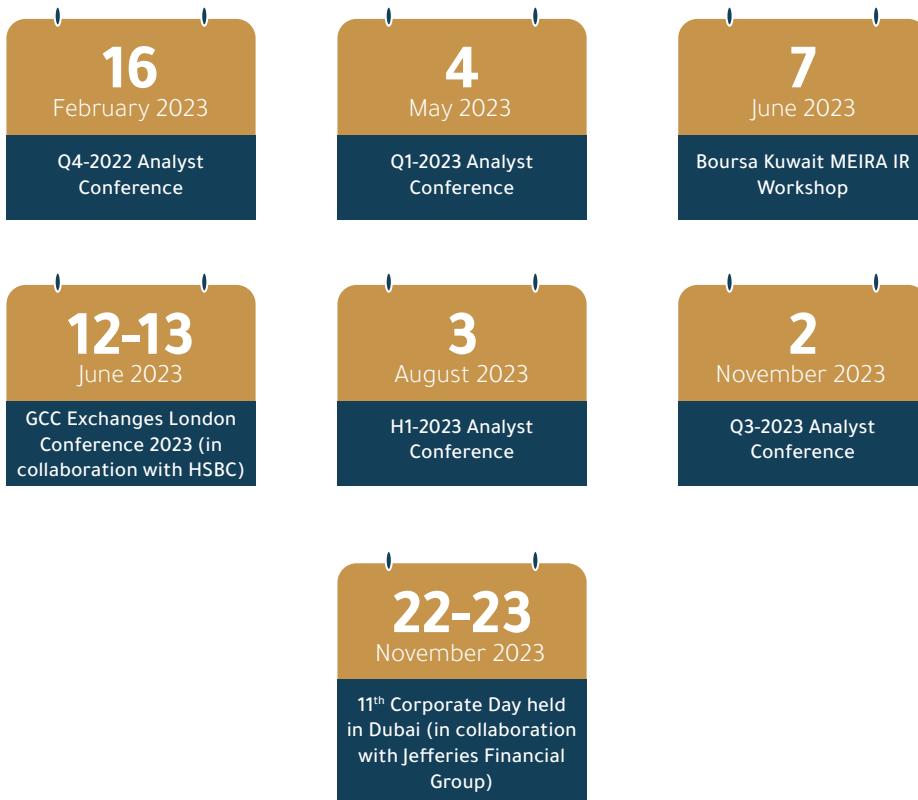


Participation of International Investors in BOURSA - % of Share Capital

(as of 31 December 2023)

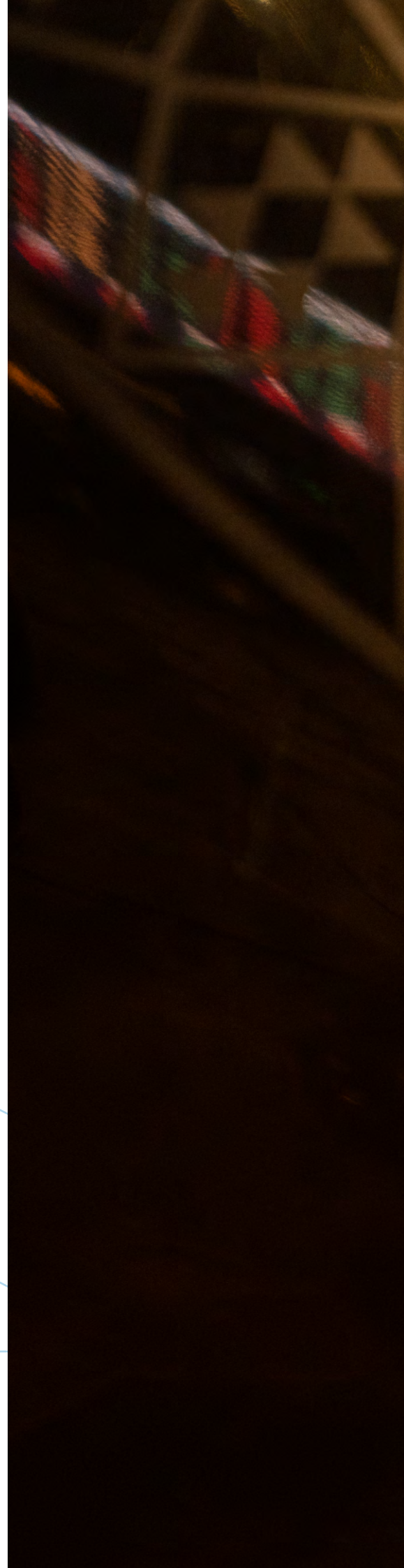
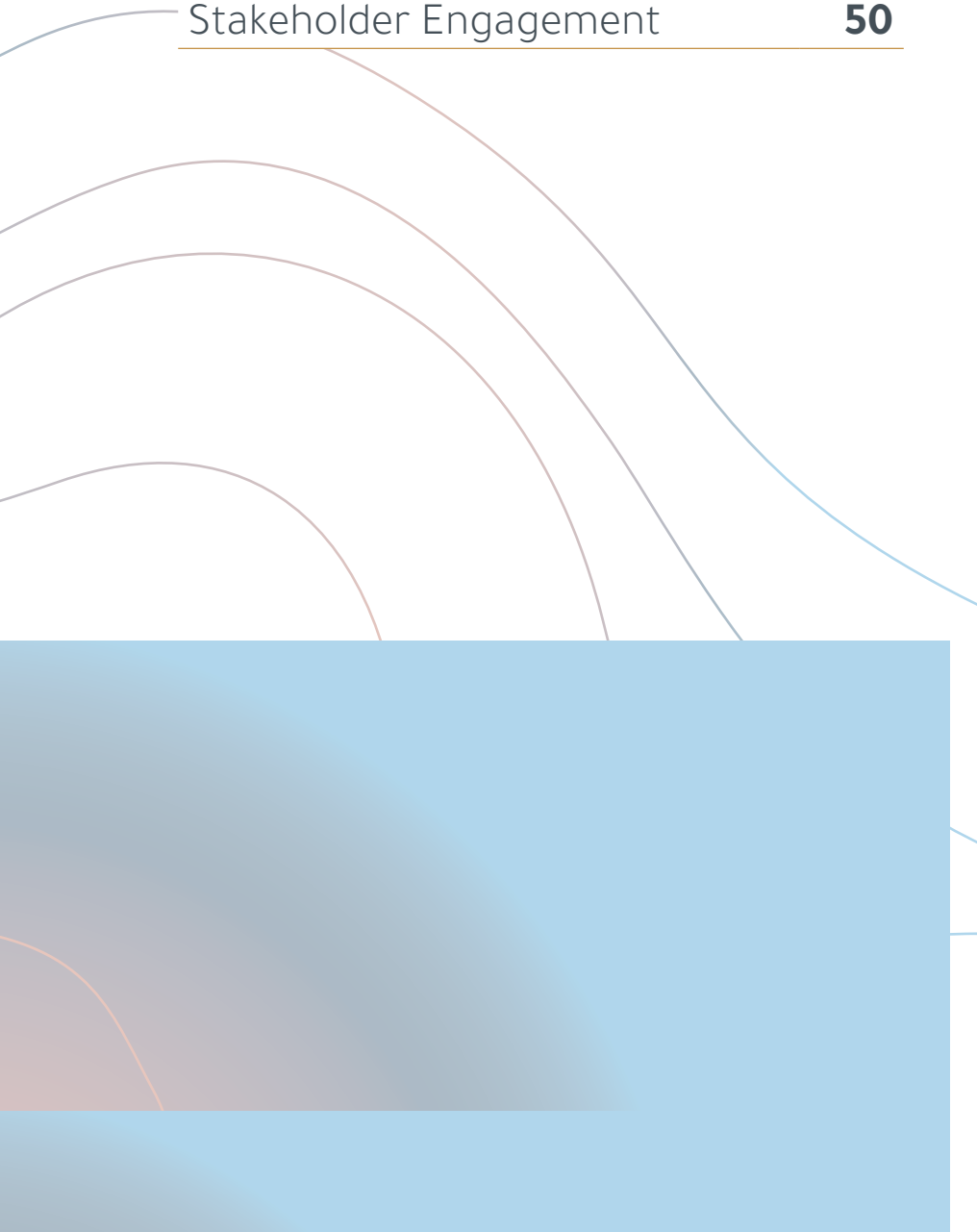


Investor Relations Events Calendar 2023



02 Strategic Review

Statement from the Chairman	26
Statement from the Chief Executive Officer	28
Our Business Model	30
Our Strategy	32
Our People	34
Corporate Sustainability	38
Stakeholder Engagement	50





SECURITIES COMPANY

U.S.D.

Statement from the Chairman



Overcoming obstacles with agility and efficiency

Mr. Hamad Mishari Al-Humaidhi
Chairman

Dear Esteemed Boursa Kuwait Shareholders,

On behalf of myself and the members of the Board of Directors and Executive Management, I am pleased to present the Annual Report for Boursa Kuwait Securities Company (K.P.S.C.), detailing the company's most important developments during 2023, as well as the Consolidated Financial Statements for the year ended December 31, 2023.

Guided by the company's progressive strategy, Boursa Kuwait showed remarkable agility and resilience to overcome the obstacles of 2023, a year characterized by challenging economic conditions that affected capital markets throughout the region and around the world, including the Kuwaiti capital market. Markets had to deal with a tight monetary policy as central banks raised interest rates to offset the effects of inflation, while geopolitical tensions marred the region and the world, and oil prices were in constant flux.

Despite these factors, Boursa Kuwait continued to collaborate with its partners to achieve its strategic goals to develop a strong and efficient financial market with liquidity and transparency, adopting best-in-class standards and practices and solidifying our role as

a leading contributor to the diversification of the Kuwaiti economy and a key cog in the state's plans to transform the country into a cultural, financial and investment pioneer in the region.

The company was successful in navigating this turbulent year, working on developing the infrastructure of the market and facilitating access to it by cultivating connections between issuers and institutional investors and entrenching regional and international partnerships throughout 2023.

Resilient Financial Performance

Boursa Kuwait's financial results for the year indicate that the company is operating effectively and efficiently, as it recorded a net profit of KD 15.80 million for the financial year ended December 31. The company also recorded total operating revenues of KD 30.68 million over the same period while operating profit for the 2023 financial year came in at KD 18.27 million. Additionally, the company's earnings per share were recorded at 78.68 fils for the financial year ended December 31, with the consolidated assets coming in at approximately KD 118.89 million as of December 31, 2023. Meanwhile, shareholder equity attributable to equity holders of the parent company was recorded at KD 64.23 million as of December 31, 2023.

Given these results, the Board has recommended a cash dividend for 2023 of 74 fils per share equivalent to approximately 94% of the company's net profit, subject to approval at the Annual General Meeting and by the relevant regulatory authorities.

Corporate Governance and Sustainability

Corporate governance implementation at Boursa Kuwait has been consistent with the strategic vision of the company, which aims to develop the Kuwaiti capital market and protect the interests of relevant parties, particularly investors, shareholders and listed and licensed companies.

Boursa Kuwait believes that compliance with the highest standards of corporate governance is essential to sustain business at any establishment. This belief has been deeply rooted since the company was founded to ensure fair, objective and transparent implementation of works to protect the interests of shareholders and investors.

The company continued to implement its societal and environmental initiatives, aligned with its Corporate Sustainability (CS) pillars and the United Nations' Sustainable Development Goals (SDGs). Throughout the past year, Boursa Kuwait leveraged its extensive network and resources to support its various stakeholders.

Additionally, Boursa Kuwait maintained its illustrious record of honors and accolades in the field of sustainability, as the company is proud to receive the Leadership in Energy and Environmental Design (LEED) Gold certification for its iconic building, which was awarded by the United States Green Building Council (USGBC). The company was also recognized by Global Finance for its Outstanding Financial Leadership in Sustaining Communities - Middle East 2023 and Outstanding Leadership in Sustainability Transparency - Middle East 2023 as well as winning the award for Best Sustainable Corporate Governance 2023 - Kuwait from The European.

Our Corporate Sustainability program serves as the cornerstone of Boursa Kuwait's enduring success and is meticulously crafted and executed to attain business objectives, uphold company stakeholders and actively contribute to the development of the Kuwaiti economy, reflecting Boursa Kuwait's dedication to a prosperous and sustainable future.

A Promising Future

As we look ahead to 2024, we remain committed to continuing our remarkable journey of growth, buoyed by our operational model and strategic partnerships on the local, regional and international levels, as well as our standing as the gateway to Kuwait's economy and all the opportunities it has to offer.

The Bedrock of Boursa Kuwait

On behalf of myself and my fellow Board members, I would like to express our profound gratitude and appreciation to His Highness the Amir of the State of Kuwait, Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah, for his unwavering support in ensuring the stability and prosperity of the Kuwaiti economy.

I would also like to extend my deepest gratitude to our Board of Directors and members of the Executive Management team, whose invaluable contributions have been integral to the implementation of Boursa Kuwait's strategy. A heartfelt thank you is also due to Boursa Kuwait's dedicated employees, whose hard work and commitment enabled the company to navigate the turbulent financial landscape of 2023 and accomplish its goals.

Appreciation is also extended to our partners within the Kuwaiti capital market, with special mention to the Capital Markets Authority, KCC, issuers, investors, brokers and market participants, for their role in elevating the Kuwaiti capital market.

Lastly, I would like to express my thanks to our esteemed shareholders for their unwavering trust and support in the company and its strategic goals. I look forward to collaborating with the Board of Directors and Executive Management to fulfill the company's strategic objectives, blazing a path toward growth and prosperity for Boursa Kuwait and establishing the company as a prominent stock exchange in the region.

Statement from the Chief Executive Officer



A robust and adaptable operational model to overcome obstacles

Mr. Mohammad Saud Al-Osaimi
Chief Executive Officer

Boursa Kuwait showcased remarkable agility in dealing with the volatility of the financial scene in 2023, thanks to its robust operational model which allowed Boursa Kuwait to gain prominence as one of the best stock exchanges in the region and the Kuwaiti capital market to cement itself as an attractive investment destination for the world.

Despite the volatility experienced by capital markets around the world, which were exacerbated because of the rising interest rates to combat inflation and the geopolitical tension experienced in the region and worldwide, Boursa Kuwait was able to chart a successful course for the Kuwaiti capital market and its participants due to its progressive and clear strategy.

The company remained steadfast in adapting to the changes and challenges of the year by ensuring that its products and services adhere to the best-in-class standards and practices of capital markets globally, cementing its collaborative partnerships with the Kuwaiti capital market apparatus and building bridges between itself and the investment community locally, regionally and internationally. Additionally, the company was also successful in instilling confidence in its diverse issuer base, its investors and its key stakeholders.

Like most stock exchanges in the region, the company saw a decrease in traded value in 2023, which inevitably

impacted its operating revenues. However, Boursa Kuwait was able to weather the storm thanks to its diversified operating revenue streams as well as the company's non-operating revenues segment, which saw an 81.90% increase from KD 2.44 million in 2022 to KD 4.43 million in 2023 thanks to improvements to enhance Boursa Kuwait's overall operational efficiency.

Fruitful cooperation with the capital market apparatus

Throughout 2023, Boursa Kuwait continued to work on building a more resilient infrastructure to enhance investor access to the Kuwaiti capital market in close coordination with its subsidiary Kuwait Clearing Company (KCC). To prepare for the launch of the central counterparty clearing (CCP) system, which will pave the way for the introduction of several products and services, a series of stress tests to the system was conducted to ensure that financial brokerage firms can fulfill settlement requirements with the Central Bank of Kuwait and local banks.

Boursa Kuwait also organized a non-deal roadshow in London with KCC and Jefferies Financial Group, a world-renowned global investment banking and capital markets institution, which presented a unique opportunity for Boursa Kuwait and KCC to engage in one-on-one discussions with prominent investment management firms and

advisories to shed light on the latest updates of the Kuwaiti capital market, its investment opportunities and the latest products and services it has to offer to institutional investors. The roadshow also allowed the companies to exchange ideas and viewpoints and receive feedback about their perception of the Kuwaiti capital market and what they require from it.

These interactions with the international investment community have led us to identify many of the requirements of institutional investors to entice them to invest in our market. Based on their comments, the capital market apparatus introduced features like same-day NIN account opening for foreign clients, an updated design for custodian migration and movement and a partial rejection facility to give investors more control over their obligations.

We have also launched an updated eAGM system which provides international investors several options to participate and have made that system a mandatory requirement for companies listed in the “Premier” Market. Boursa Kuwait has also collaborated with KCC on various enhancements to settlement and clearing, which took into consideration comments received from the international investment community.

Connecting issuers with institutional investors

Boursa Kuwait is committed to the promotion of the Kuwaiti capital market and its standout listed companies, connecting issuers and institutional investors through the exchange’s series of Corporate Days, organized in collaboration with some of the world’s biggest and most well-renowned investment institutions. In 2023, Boursa Kuwait organized its 10th Corporate Day in London and 11th Corporate Day in Dubai, which saw the participation of over 20 listed companies, including the exchange, in over 200 meetings with over 80 representatives from world-renowned financial asset management firms, investment companies and advisories, to highlight their financial performance and business outlook, resulting in institutional investors gaining an in-depth understanding of the benefits and opportunities of investing in Kuwaiti companies.

The “Financial Asset Managers Day” initiative

Boursa Kuwait believes that Kuwaiti investment companies and asset management firms play a pivotal role in the development of the Kuwaiti capital market and has launched an initiative to entrench this belief and empower licensed Kuwaiti investment companies to build relationships and exchange knowledge and expertise with world-renowned financial institutions. This initiative also allows companies to utilize new products and services to develop their business strategies and operations.

As part of this initiative, the exchange organized its first “Financial Asset Managers Day” in collaboration with HSBC, the British-based multinational investment bank and one of the largest banks in Europe, which was held at the bank’s regional headquarters in Dubai, the United Arab Emirates. The event brought together representatives from eight licensed Kuwaiti investment companies with the Markets and Securities Services Desk at HSBC (HSBC MSS), allowing the exploration of areas of interest, business opportunities and potential collaborations that benefits investors from both parties.

The Bedrock of Boursa Kuwait

I would like to extend my deepest thanks and gratitude to the Chairman and the Board of Directors for their steadfast support of the company’s strategy and operations as well as their invaluable guidance and advice. I would also like to thank my fellow Executive Management team members and my colleagues at Boursa Kuwait for their hard work and efficacy, which has allowed the company to overcome the year’s obstacles and accomplish its goals.

I would also like to show my appreciation to the Capital Markets Authority, Kuwait Clearing Company, issuers, investors, brokerage firms and data vendors for their role in enhancing the Kuwaiti capital market.

Lastly, I want to reassure our shareholders that our commitment remains unwavering and that the company will persist in expanding its products and services, optimizing market efficiency and facilitating access to it as well as enhancing transparency, governance and liquidity. This commitment is integral to solidifying investor confidence and represents our ongoing dedication to the constant enhancement and development of the Kuwaiti capital market across all its asset classes.

Our Business Model

Boursa Kuwait receives fees from issuers, information vendors and other market users in exchange for providing a fair, secure and reliable market infrastructure and data commodity. Our main revenue streams are from trading-related services, subscriptions, central depository services and shareholders register services.

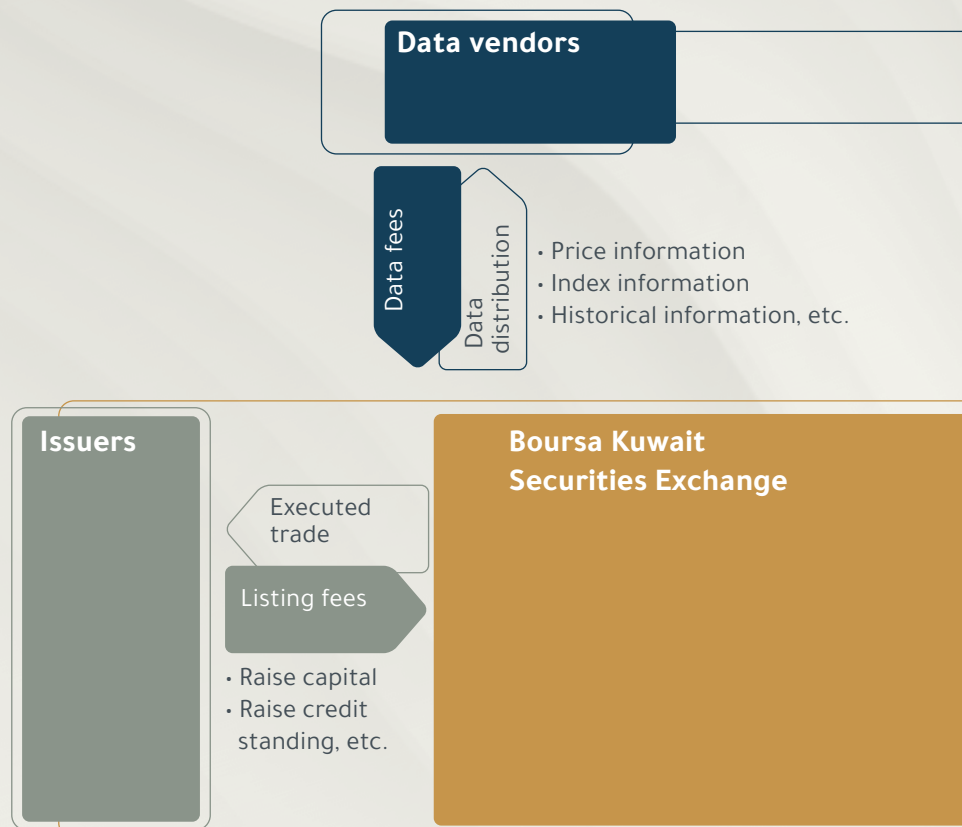
Inputs

- Financial capital
- Human capital
- Intellectual capital
- Social capital

Identified Trends and Needs

01 Macroeconomic environment and changing fiscal policy

02 Developments in global financial markets



Strategic Priorities

01 Equities market and asset class diversification

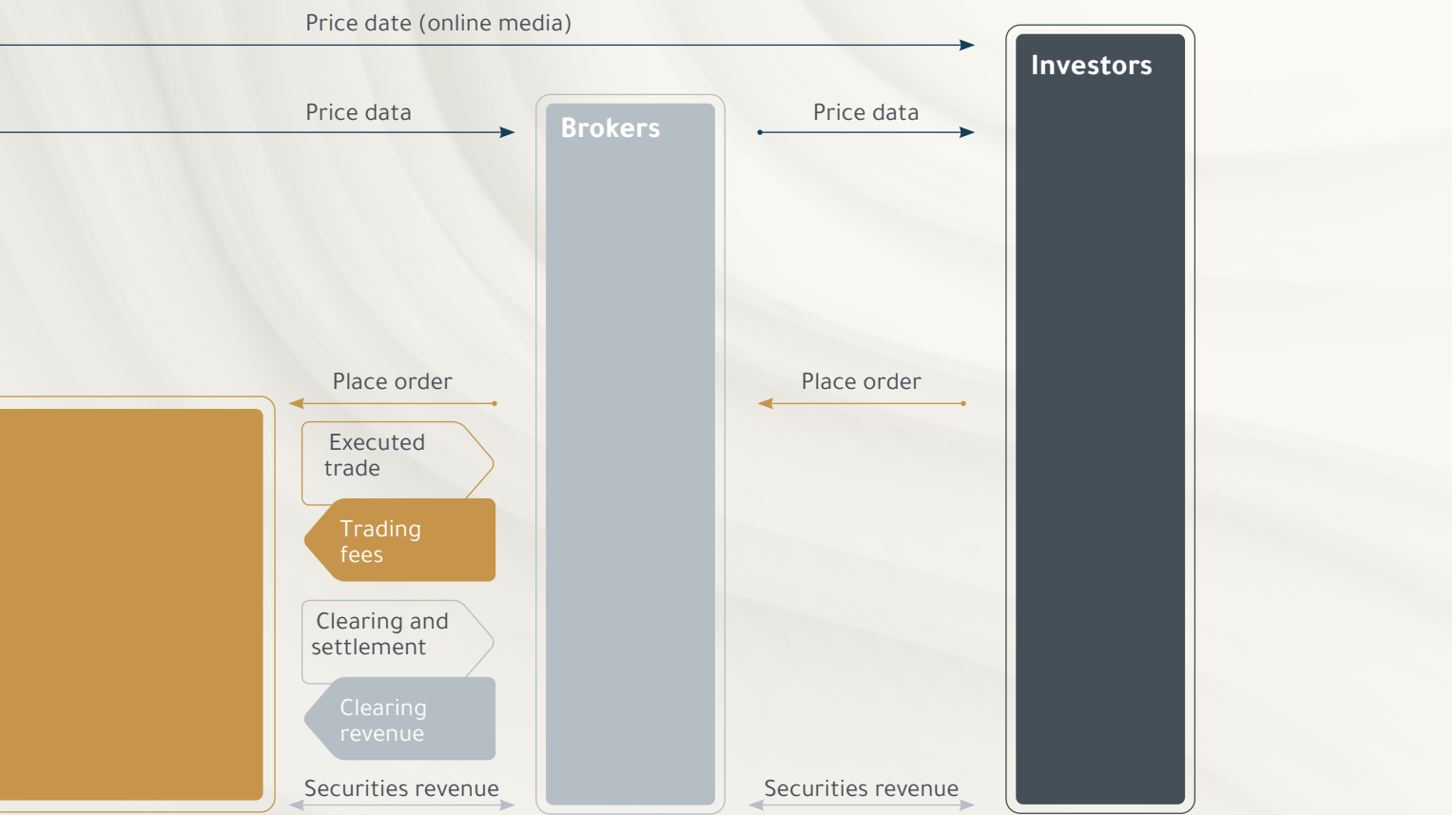
02 Issuer services and corporate access

03 Regional competition

04 Technological developments

Outcomes for Stakeholders

- Attractive issuer base
- Broaden investor base
- Increase depth and breadth of products
- Upgrade infrastructure and business environment



03 Data services and market access

04 Education and knowledge

- Key**
- Trading services revenue
 - Listing services revenue
 - Clearing services revenue (from subsidiary)
 - Date services revenue

Our Strategy

Boursa Kuwait’s corporate strategy continues to evolve to align with Kuwait’s National Development Plan, the vision of our company and the needs of our diverse stakeholder community given the rapidly shifting technological and economic landscapes.

What We Do

Trading Venues

- Regulated market
- OTC platform
- Off-market trades
- Stock swaps

Data Services

- Live data
- Indices and benchmarking
- Historical data

Education

- Boursa Academy

Issuer Services

- Roadshows
- Investor Relations



Enabling Our Success

Create an attractive issuer base

We have achieved this through market segmentation and new listing rules to help increase liquidity and attract companies to list on the stock exchange, as well as creating alternative investment opportunities, such as the Over the Counter (OTC) platform.

Increase depth and breadth of products

We have achieved this through the implementation and enhancement of products and their regulations, offering investors more opportunities to make a profit.

Broaden the investor base

We have achieved this through the adoption of international best-in-class practices and standards, as well as launching campaigns and creating new investment opportunities by sponsoring conferences and organizing roadshows and corporate days all over the world.

Upgrade infrastructure and business environment to international standards

We have achieved this by implementing new listing procedures and streamlining the relationships with the Capital Markets Authority and other market participants, as well as creating increased transparency by developing the disclosure procedures and making quarterly analyst conferences mandatory for “Premier” Market companies.

Our People

Our people have been at the heart of Boursa Kuwait’s continued progress and achievements in 2023. By embracing innovation, fostering a culture of continuous development and upholding our core values, we have navigated a year of dynamic change and achieved meaningful milestones. Our efforts this year have been guided by a vision to empower our workforce, enhance operational efficiency and strengthen our commitment to sustainable practices, shaping a vibrant and forward-looking workplace at Boursa Kuwait.

Enhanced Engagement and Development

2023 saw the implementation of various initiatives that reflect our core values - a focus on work-life balance, enhancements to our rewards system and employee discounts.

Biennial Employee Engagement Surveys (EES) and interim Pulse Checks ensure continuous alignment of employees’ needs with the company’s strategy and direction.

Pillars	2022 EES	2023 Pulse Check
Performance Management	83.90%	86.25%
Training and Development	85.50%	86.25%
Culture	82.10%	82.10%
Compensation and Benefits	40.70%	51.25%

The year witnessed a shift in our training approach. Employees were given the option to undertake training and development programs, emphasizing on the application of skills learned in previous years. Select employees participated in programs at renowned universities, such as Harvard, preparing them for future leadership roles.

Innovative Systems, Processes and Practices

2023 marked as a pivotal year for Boursa Kuwait, characterized by the successful launch of a new Enterprise Resource Planning (ERP) system. This advanced platform revolutionized our operations, streamlining data processes, enhancing data security and significantly reducing paper usage. The real-time reporting capabilities have notably improved operational efficiency.

Building on the foundation laid in 2022, we also continued to refine our rewards system. A comprehensive market comparison led to significant enhancements, ensuring Boursa Kuwait remains as a competitive and attractive employer in the market.

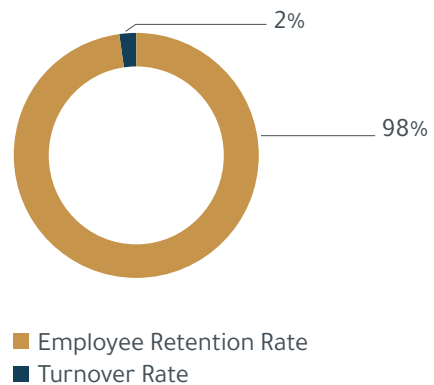
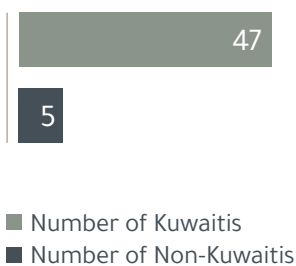
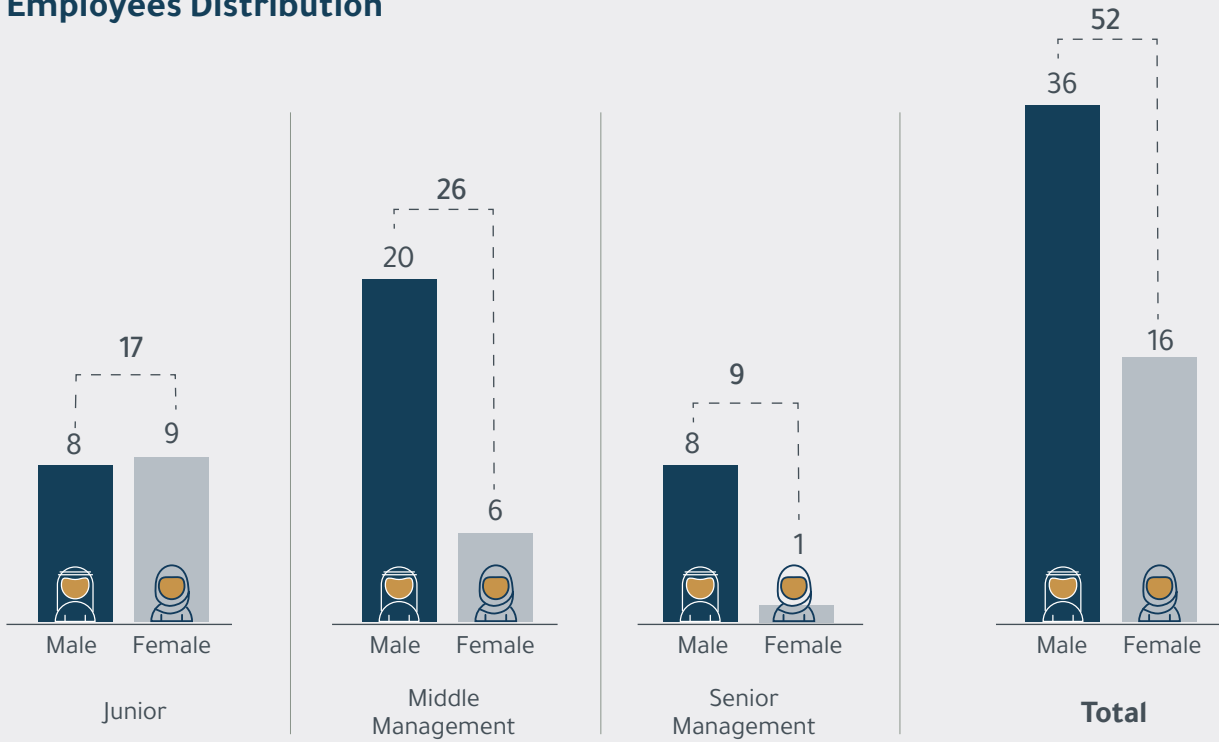
In our continuing efforts to foster an inclusive, equitable and sustainable workplace, notable accomplishments include the bilingual translation of HR policies, publication of an employee handbook and offering exclusive employee discounts.

Driving Diversity and Kuwaitization

We proudly maintained Kuwaitization above the regulatory Kuwaitization threshold, with 90.40% of our workforce and 66.70% of our senior management being Kuwaiti nationals. Our recruitment strategy and efforts prioritize sourcing and hiring talented Kuwaiti professionals, followed by GCC and other nationalities, which have yielded positive results.

This year also saw a renewed focus on gender balance efforts, aiming to attract and retain female talent across key positions in the organization.

Employees Distribution



Our People (continued)

Annual Leave Days Utilized

1,818 days

Paid Sick Leave Days

90 days



Age Diversity for 2023



Learning and Development 2023

Total Training Hours

829.5

Average Training Hours

18.9

Number of Employees

44

Number of Males

22

Number of Training Topics

26

Number of Females

22

Amount Invested in Training (KD)

30,176

Corporate Sustainability

Driving Sustainable Progress

Boursa Kuwait maintained its focus and proactive approach to drive strategic sustainability progress in line with the United Nations' Sustainable Development Goals (SDGs) and our corporate sustainability pillars - Community and Environment - while leveraging our resources, reputation and relationships to support all our valued stakeholders throughout the year.

Corporate sustainability is engrained in our corporate culture and in the foundation of Boursa Kuwait's long-term success. Our corporate sustainability program is designed and faithfully implemented to achieve our business objectives, support our stakeholders and contribute to the development of the Kuwaiti economy. Aligned with the United Nations' SDGs, the 2030 Agenda for Sustainable Development and the "New Kuwait" vision's goals to elevate Kuwait's global positioning, creative human capital, effective civil service and sustainable diversified economy, our commitment to corporate sustainability ensures that we continue to make important contributions across our two core pillars of Community and Environment to position our business and our nation for strong and sustainable growth.

At every level of our organization - from our Board of Directors and Executive Management to each of our dedicated employees - we remain committed to fulfilling our promises by building momentum across our diverse efforts and achievements in order to fulfill our corporate sustainability objectives and achieve our shared vision.

In 2017, Boursa Kuwait made a formal commitment to drive corporate sustainability in financial markets by becoming a member of the United Nations-led Sustainable Stock Exchanges Initiative (SSEI), which is a platform for the exchange of experience and knowledge that helps broaden the collaborations between exchanges and all market participants. This step helped increase transparency among companies and improved performance in ESG endeavors, as well as encouraged sustainable investments.

Corporate Sustainability Vision

"To be responsible and committed to the sustainable development of Boursa Kuwait and the communities in which we operate, by ensuring a positive contribution in the areas of Community and Environment, and to promote the adoption of socially impactful and accountable practices throughout our stakeholder community."



Corporate Sustainability Objectives

- Raise the profile of Boursa Kuwait as a socially responsible organization that works to create sustainable operations and supports the surrounding community
- Strengthen Boursa Kuwait's presence and position on local and regional fronts through strategic collaborations that support sustainability
- Generate positive media exposure across local, regional and international media



Corporate Sustainability Strategy

To ensure that all our corporate sustainability initiatives and actions are designed and delivered in alignment with the exchange's business and sustainability objectives, we have a three-phased "Align, Create and Integrate" approach to corporate sustainability that is measured and tracked to allow for continuous improvement and measurable Return on Investment (ROI) for our company and stakeholders.



Align our corporate sustainability efforts and initiatives with our business strategy and purpose, ensuring coordination with corporate governance, industry best practices and investors' expectations, to support sustainable success on all levels.

Create strong and sustainable partnerships that allow us to leverage the valuable capabilities, strengths and experience of other companies and organizations, in order to help deliver long-term impact.

Integrate our corporate sustainability programs and activities with our corporate culture to create sustained engagement with our workforce and instill a sustainability focus across our day-to-day operations.



Corporate Sustainability (continued)

Our Strategic Pillars

The two core pillars of Boursa Kuwait's corporate sustainability strategy - Community and Environment - focus our initiatives and activities to have short-term impact while seeking to ensure long-term value creation for our diverse stakeholder community.

Community

Supporting and serving the communities and people across Kuwait is a responsibility that Boursa Kuwait takes very seriously. We seek to be a force for good for all our stakeholders, both external and internal, by actively giving back and driving positive impact through an ongoing and diverse range of community and social impact initiatives.

Many of these initiatives will be in the field of education and financial literacy, which play an essential role in delivering economic and social prosperity and development. As such, they have been a key focus of Boursa Kuwait's journey since establishment, and catalysts to elevate the overall status and positioning of the exchange on the local, regional and international stage.

The company aims to ensure that all our stakeholders are fully equipped with the knowledge and skills to contribute to and benefit from the nation's exchange, and

is committed to enhancing financial literacy, promoting best practices and driving positive behavioral change through a diverse range of in-person and virtual training and knowledge development programs and initiatives.

Additionally, Boursa Kuwait works to deeply engage our stakeholders by championing initiatives and campaigns through the "Boursa Kuwait Cares" program which helps foster a true sense of belonging and care. The company also supports long-term community initiatives through strategic partnerships, promoting employee volunteering and applying our resources, in support of worthy causes.

Environment

Safeguarding our natural environment is a priority for Boursa Kuwait and our employees. Although we do not operate in an environmentally sensitive business, we recognize that our operations have an impact on the environment and acknowledge that addressing environmental issues is a collective responsibility shared by every member of the community.

We are committed to minimizing our environmental footprint and continually improving our environmental management practices to reduce our consumption of energy and other resources, while also promoting recycling across our operations and encouraging our employees to adopt environmentally responsible behaviors.

Corporate Sustainability Highlights and Achievements

Boursa Kuwait maintained its focus and commitment in 2023, leveraging its expertise, capabilities and resources to take positive steps across our corporate sustainability pillars. The company continued to seek meaningful collaborations and partnerships across its integrated stakeholder ecosystem, working with various local and international institutions and organizations on carefully selected initiatives to educate stakeholders, support the community and safeguard the environment.

The company was successful in achieving prominent awards and accolades from several prestigious organizations and publications. Boursa Kuwait established strategic partnerships with local and international

organizations to organize more than 30 programs and initiatives within the pillars of its corporate sustainability strategy of community and the environment throughout 2023, as part of its commitment to supporting corporate sustainability standards and practices as well as instilling concepts of socially and environmentally responsible operations.

The company is dedicated to continuing its mission to give back to the community and contribute to a brighter future, creating an ever-lasting legacy of corporate social responsibility and sustainable development and making an impact that is positive and supportive of a more sustainable tomorrow.

Boursa Kuwait continues to support initiatives to combat pressing social issues, such as education, healthcare and the preservation of the environment to ensure the well-being of the community where it operates. These efforts are part of the company's comprehensive and diverse approach to engraining its responsibility towards society and its dedication to its service.

Boursa Kuwait Awarded for its Corporate Sustainability Efforts

Global Finance

Boursa Kuwait received two esteemed awards at the third annual Sustainable Finance Awards ceremony hosted by Global Finance. The company has been acknowledged for its exceptional achievements in "Outstanding Financial Leadership in Sustaining Communities" and "Outstanding Leadership in Sustainability Transparency" in the category of Middle East regional awards.

These distinguished awards serve as a testament to Boursa Kuwait's unwavering commitment to promoting sustainability initiatives and cultivating awareness regarding climate change within the community. The company recognizes the significance of assuming a pivotal role in achieving Kuwait's ambitious roadmap by advancing corporate sustainability practices within the capital market and aims to foster an investment climate in the State of Kuwait that attracts and nurtures sustainable investments from a diverse range of participants.

Global Finance's Sustainable Finance Awards are designed to honor remarkable accomplishments in sustainable finance worldwide, spanning global, regional and national

levels. Furthermore, they commend financial institutions for their endeavors in mitigating the adverse impacts of climate change. The awards and recognition programs presented by Global Finance boast an impressive legacy of 35 years, characterized by editorial accuracy and integrity. Over time, they have become a trusted and revered standard of excellence within the global financial community.

The European

Boursa Kuwait has been honored with the prestigious "Best Sustainable Corporate Governance - Kuwait" award for 2023 by The European magazine, a renowned business publication catering to decision-makers worldwide, covering various business affairs such as energy, banking and finance, as well as foreign direct investment (FDI). Its awards program acknowledges businesses that have shown resilience and contributed to the economy in different sectors despite global challenges like climate change and social responsibility.

Boursa Kuwait's exceptional achievements in corporate governance have been recognized, with the company implementing governance practices consistent with its strategic goals, mission and vision. The exchange firmly believes that adhering to the highest governance standards is crucial for sustainable business operations, and has emphasized fair, objective and transparent implementation of activities to safeguard the interests of shareholders, investors, listed and licensed companies since its establishment.



Corporate Sustainability (continued)

Community Impact

In service of our community

Boursa Kuwait is dedicated to continuing its mission of giving back to the community and contributing to a brighter future. The company aims to create an ever-lasting legacy of corporate social responsibility and sustainable development and make an impact that is positive and supportive of a more sustainable tomorrow. The company continues to support initiatives that address pressing social issues, such as education, healthcare and environmental preservation, to ensure the well-being of the community where it operates. These efforts are part of the company's comprehensive and diverse approach to engraining its responsibility towards society and its dedication to its service.

Engaging the investor community

Boursa Kuwait constantly engages with the international investment community to ensure that their requirements from the Kuwaiti capital market are met and that they are constantly updated with the latest news and developments of the market and its listed companies.

The bourse has also ensured that the Kuwaiti capital market meets international standards and practices, placing a high premium on transparency and ease of access, specifically in its flagship "Premier" Market, which is home to some of the standout companies in Kuwait and across the region.

"Premier" Market members are required to hold quarterly analyst conferences, publish those conferences' scripts in both English and Arabic as well as publish all disclosures in both languages. Companies listed on the "Premier" Market are also required to have an Investor Relations department to ensure consistent and constant communication with prospective and current investors, making those companies some of the more attractive entities in the Kuwaiti capital market.

Additionally, through its series of Roadshows and Corporate Days, Boursa Kuwait continues to showcase some of the standout listed companies and the investment opportunities that reside in the Kuwaiti capital market. Putting these companies in touch with some of the world's leading investment firms and financial institutions, the events aim to highlight these companies' financial health, business strategies and outlooks.

Accordingly, Boursa Kuwait organized two Corporate Days with HSBC and Jefferies Financial Group, which saw the participation of over 20 listed companies including the exchange. A total of over 200 meetings between

the listed companies and over 80 representatives from world-renowned financial asset management firms, investment companies and advisories resulted in these institutional investors gaining an in-depth understanding of the benefits and opportunities of investing in Kuwaiti companies.

Boursa Kuwait also participated in the London GCC Exchanges Conference, which brought together CEOs and senior executives from the GCC stock exchanges, as representatives from Kuwait, Saudi Arabia, Oman, Qatar and the United Arab Emirates showcased the benefits and prospects of investing in their respective countries.

As part of its ongoing and dedicated efforts to engage with local and international investors and raise awareness of the opportunities in the Kuwaiti capital market, Boursa Kuwait participated in the 17th Annual EFG Hermes One-on-One Conference in Dubai, meeting with representatives from financial asset management firms, investment banks and companies from across the region and the globe, shedding light on its performance and track record and providing the latest development on its market development plans.

In addition, Boursa Kuwait and its subsidiary, KCC collaborated with Jefferies Financial Group to organize a non-deal roadshow in London, engaging in one-on-one discussions with prominent investment management firms and advisories to spotlight the latest updates of the Kuwaiti capital market, its investment opportunities and the latest products and services it has to offer to institutional investors. The roadshow also allowed the companies to exchange ideas and viewpoints and share feedback about their perception of the Kuwaiti capital market and what they require from it.

Boursa Kuwait and KCC also made a presentation about their achievements in the past few months, which included a series of stress tests to the CCP system to ensure both the ability to adapt to the system, and that brokerage firms can fulfil its settlement requirements with the Central Bank of Kuwait and local banks.

Boursa Kuwait continuously seeks to engage with the international investment community and facilitate the transfer of knowledge and expertise between Kuwaiti capital market participants and international investors. To that end, the company began an initiative that empowers prominent and licensed Kuwaiti investment companies, and their international counterparts, to transfer knowledge and expertise and utilize new products and services to develop their business practices and strategies. The initiative also helped companies explore opportunities to collaborate and contribute to the enhancement of the Kuwaiti capital market.

As part of this initiative, Boursa Kuwait organized a "Financial Asset Managers Day" in collaboration with

HSBC, the British-based multinational investment bank and one of the largest banks at Europe. Held at the bank's regional headquarters in Dubai, the United Arab Emirates, the initiative brought together representatives from eight licensed Kuwaiti investment companies with the Markets and Securities Services Desk at HSBC (HSBC MSS).

Organizing these initiatives forms part of Bursa Kuwait's efforts to positively impact the capital market apparatus. The exchange launched several initiatives with investment institutions from around the world to develop the Kuwaiti capital market and highlight the opportunities it offers to the international investment community, as part of its mandate to enhance cooperation with investors worldwide, facilitate the transfer of knowledge and expertise, and support listed companies in their quest to develop their business strategies and practices for the enhancement of the national economy and its ability to attract foreign investments.

Fostering a sustainable environment and raising financial literacy

Throughout 2023, Bursa Kuwait has strived to raise the awareness of the Kuwaiti capital market's participants of the latest trends, standards and practices followed by the international investment community, including those in the field of ESG reporting and corporate sustainability.

To that end, the company has organized a series of workshops in collaboration with several organizations, including the CFA Society and its associates in Kuwait and Bahrain as well as Sustainable Square, a consultancy firm based in the UAE.

The workshops shed light on the latest trends and practices in the fields of ESG and corporate sustainability and highlighted the growing importance of these two factors to investors across the international community in their decision-making. The informative sessions also delved into an examination of bonds and sukuk, which are forms of fixed income instruments, and detailed the different types of bonds, including green and social bonds. The workshops gave a pragmatic and informative overview of sustainable finance, including region-specific insights and actionable guidance for sustainable bond investments.

The workshops were held in commemoration of World Investor Week, an annual celebration that promotes investor education and protection.

This year's campaign, the seventh annual edition, focused on the main themes of Investor Resilience and Sustainable Finance, complemented by other themes such as Fraud and Scams Prevention, Basics of Investing and Technology and Digital Finance.

Organizing workshops and developing informative content for its Bursa Academy online platform and social media channels come as part of Bursa Kuwait's corporate sustainability strategy, which aims to meaningfully impact the communities where it operates.

Through these initiatives, the bourse seeks to equip all market participants with an in-depth understanding of the functioning of capital markets and various tools and techniques required to make informed investment decisions and effectively meet investors' needs. It is also in line with Goal 4 - Quality Education and Goal 17 - Partnership for the Goals - of the United Nations' SDGs.

Continuing collaboration with the Middle East Investor Relations Association (MEIRA)

In line with our mandate to promote Investor Relations (IR), best practices and international standards in corporate governance in our markets, Bursa Kuwait continued to create value through our ongoing partnership with the Middle East Investor Relations Association (MEIRA) - an independent organization that seeks to enhance the reputation, efficiency and attractiveness of the Middle East's capital markets.

Bursa Kuwait collaborated with MEIRA and its Kuwait chapter to organize an IR seminar entitled "Strategic Communications: Challenges and Opportunities for Listed Companies", which aimed to increase transparency - considered the backbone of the IR industry - in communications with current and prospective investors, locally and around the world.

The workshop discussed key trends and put these into the context of the local market, inviting the participation of expert guest speakers from Kuwait, the region and the UK. A discussion featuring keynote speakers and a workshop providing practical takeaways for IR professionals were also provided, allowing experts and practitioners to network and explore the latest developments and trends in the field.

The collaboration between Bursa Kuwait and MEIRA is part of Bursa Kuwait's corporate sustainability strategy and is an example of its endeavors to raise financial literacy and capital market awareness among current and prospective investors.

The company has launched several initiatives to empower and equip businesses and investors with the ability to capture market opportunities as well as transform the Kuwaiti capital market into a robust capital market ecosystem and Kuwait into an attractive investment destination.

Corporate Sustainability (continued)

The initiative also forms part of the company's efforts to create a lasting meaningful impact on the communities where it operates and is in line with Goal 4 - Quality Education and Goal 17 - Partnership for the Goals - of the United Nations' SDGs.

Boursa Kuwait continues to raise awareness of financial literacy

The CFA Society Kuwait hosted Mr. Mohammad Saud Al-Osaimi, Boursa Kuwait's Chief Executive Officer, as its guest of honor and chief keynote speaker during its 2023 graduation ceremony. In his speech, Mr. Al-Osaimi highlighted the importance of developing human capital, specifically in the financial industry and capital markets, a key tenet of Boursa Kuwait's strategy and its commitment to sponsoring financial literacy programs.

Boursa Kuwait's CEO also participated in the Kuwait Financial Center's annual seminar entitled "Markaz 2024 Outlook: Investment Trends and Opportunities". Mr. Al-Osaimi was the guest of a special one-on-one interview, themed "Sharing takes on learnings, success stories and future vision" and conducted by Mr. Ali Khalil, CEO of Markaz. During the interview, Mr. Al-Osaimi shed light on his professional career in both the private and public sectors, the phases that Boursa Kuwait went through before and after privatization as well as how this experience can be implemented in other institutions, in addition to his aspirations for the Kuwaiti capital market. He concluded by providing advice to the youth encouraging them to follow their aspirations to achieve career success.

In addition, Boursa Kuwait continued to improve financial literacy and raise its awareness to all sectors of market participants, from seasoned industry professionals to those just starting their investment journeys. The company's representatives participated in a discussion with the Finance Department at Kuwait University about the future of trading in Kuwait, highlighting the history of trading in Kuwait and the evolution of the Kuwaiti capital market, as well as Boursa Kuwait's role in developing the capital market to get it reclassified into an "Emerging Market" in some of the world's leading index providers. Some of the other topics discussed were the use of technology in Kuwait's capital market and where the market is headed.

Furthermore, Boursa Kuwait actively engaged in the "Driving Sustainable Finance" event, a collaboration between Refinitiv and the Kuwait Financial Market Association. The event brought together industry leaders to discuss Environmental, Social and Governance (ESG) reporting and implementation best practices. The company's delegation contributed insights during a panel discussion, focusing on the GCC Exchanges Committee's release of unified ESG disclosure metrics in January.

Boursa Kuwait also participated in the BDO Kuwait organized seminar entitled "Navigating ESG in Business", by joining a panel discussion about the challenges and opportunities in ESG. The discussion delved into the topics of sustainability, ESG implementation and reporting as well as climate change.

Boursa Kuwait's participation in these panel discussions and seminars stems from the exchange's belief that the foundation of a robust and sustainable market lies in the knowledge and financial literacy of its participants. The company recognizes the profound impact that education and awareness have on empowering investors to make informed investment decisions.

The bourse also sponsored the Kuwait Times' Summer program for 2023 with a focus on Economic and Financial Journalism, aiming to nurture the next generation of journalists and content creators. The four-week initiative exposed 20 interns to various aspects of journalism, including news production, reporting, photography and social media.

As part of the program, participants visited Boursa Kuwait, gaining valuable insights into stock trading and investment strategies. This experience not only deepened their understanding of Kuwait's financial landscape but also emphasized the crucial role of the stock market in fostering economic growth and prosperity.

Finally, and as part of its commitment to nurturing a new generation of well-informed retail investors and securities professionals, Boursa Kuwait continued to host universities, schools and professional organizations, including the American University of Kuwait, Kuwait Technical College, the American United School, and representatives from Bloomberg and the Young Professionals Organization (YPO), for a tour of the stock exchange, providing them with a deep understanding of the capital market operations.

Visitors were able to get an inside look at the recent developments made at Boursa Kuwait, and how their efforts have significantly improved their international ratings and allowed Kuwait to become more attractive to local and international investors. The company's representatives also gave visitors a presentation that shed light on the various aspects of the company's activities and operations, which included major milestones in Boursa Kuwait's journey to becoming a leading stock exchange, as well as it being the crown jewel of the market's development and one of the key cogs in the reclassification of Kuwait from a "Frontier" to an "Emerging Market" in three of the world's top index providers.

By fostering an environment where market participants are equipped with the necessary know-how, the company contributes to the overall improvement of the market and is committed to cultivating a community of knowledgeable and discerning investors through

continuous efforts to enhance financial literacy and education initiatives. This dedication not only strengthens the integrity of the market but also ensures that participants are well-prepared to navigate the dynamic investment landscape, ultimately fostering a healthier and more resilient financial ecosystem.

Social Partnerships

Boursa Kuwait's commitment to making a positive, long-lasting impact in the community reflects its dedication to corporate social responsibility (CSR) and sustainable business practices. The company actively champions a series of initiatives and programs to benefit and contribute to the well-being of the community in which it operates, including philanthropic projects, community development programs, financial literacy outreach and partnerships with non-profit organizations.

Boursa Kuwait understands its role as a responsible corporate entity. It supports various local and international organizations in their efforts related to healthcare, social welfare and other areas which may directly impact the quality of life for community members.

Boursa Kuwait humanitarian partner with the Kuwait Red Crescent Society

Continuing its obligations towards corporate social responsibility, Boursa Kuwait continued its partnership with the Kuwait Red Crescent Society (KRCS) as a humanitarian partner for the third consecutive year, sponsoring the society's Humanitarian Aid initiative, which has helped carry over tons of medical supplies and food to the occupied territories in the Middle East. The campaign, which set out to provide hospitals with the necessities to treat the wounded, is driven by KRCS's humanitarian sense of duty to provide the necessary relief and medical provisions to those in need.

The KRCS is a voluntary organization that offers aid and assistance to the most vulnerable cases, whether because of a social situation, an outbreak of war or a natural disaster. KRCS is self-independent and operates as the humanitarian support arm of the official authorities in the country.

Supporting refugees and internally displaced persons (IDPs)

In line with its efforts to support and shed light on life-changing humanitarian causes, Boursa Kuwait lit up

its office premises in blue in commemoration of World Refugee Day 2023, an initiative initiated by the United Nations High Commission for Refugees (UNHCR).

World Refugee Day is an international day designated by the United Nations to honor refugees around the globe, celebrating the strength and courage of people who have been forced to flee their home country to escape conflict or persecution. Taking place on 20 June every year, it is an occasion to build empathy and understanding for the plight of refugees and recognize their resilience in rebuilding their lives. In 2023, World Refugee Day focused on the power of inclusion and solutions for refugees, with the theme of "Hope away from home".

On the occasion, the company announced that it would continue to support initiatives launched by the UNHCR. The company has been an advocate of the UNHCR and has supported the agency's efforts to make a difference in the lives of refugees and the internally displaced. Over the past few years, Boursa Kuwait has contributed to the annual Winterization Assistance program as well as the agency's many humanitarian aid initiatives, particularly in the Middle East and North Africa regions.

In 2023, Boursa Kuwait supported the emergency efforts in Sudan, where large numbers of civilians have been forced to flee following the outbreak of armed conflict, including people who were already internally displaced because of previous conflicts in Sudan and refugees from other countries who had sought safety in Sudan. In addition to new internal displacement, over 450,000 people, including Sudanese refugees and refugees of other nationalities hosted by Sudan have fled Sudan to neighboring countries or returned home in adverse circumstances - notably to Chad, South Sudan, the Central African Republic, Egypt and Ethiopia.

The bourse also sponsored the Winterization Assistance program for the third consecutive year, and its efforts have helped over 450 individuals in the MENA region. In addition, Boursa Kuwait supported the UNHCR's emergency humanitarian aid efforts in the Middle East.

Boursa Kuwait's partnership with the UNHCR is the embodiment of the company's sincere desire to raise awareness of the importance of helping those who are in need and have been deprived of their right to live with dignity. This initiative will contribute to greater awareness of the importance of helping the victims of wars, conflicts and persecution, to build better futures for themselves.

The initiative forms part of Boursa Kuwait's efforts to create a lasting meaningful impact on the community as part of its corporate sustainability strategy and is in line with Goal 1 - No Poverty, Goal 2 - Zero Hunger, Goal 3 - Good Health and Well-Being, Goal 4 - Quality Education, Goal 6 - Clean Water and Sanitation, Goal 10 - Reduced Inequalities and Goal 17 - Partnership for the Goals - of the United Nations' SDGs.

Corporate Sustainability (continued)

Women empowerment

Boursa Kuwait is committed to maintaining its discrimination-free environment and supporting equal opportunities for women. We act to empower women through our ongoing support of the Women's Empowerment Principles (WEPIs) and follow a strict anti-harassment and/or non-discrimination policy, with all employees enjoying equal work freedom and career-development opportunities.

In 2023, Boursa Kuwait rang the bell for the sixth consecutive year on International Women's Day in commemoration of gender equality and women's empowerment and with the participation of KCC, recognizing the significant role women play in the development of the Kuwaiti capital market and the private sector. The event brought together female staff members from both companies to highlight the power of diversity, equity and inclusion (DEI) as well as celebrating the contribution of women in capital markets and the wider community.

Held annually on 8 March, the global "Ring the Bell for Gender Equality" initiative is supported by the International Finance Corporation (IFC), the Sustainable Stock Exchanges Initiative (SSEI), the United Nations Global Compact (UNGC), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the World Federation of Exchanges (WFE).

The "Ring the Bell for Women's Empowerment" event underscored the two companies' commitment to gender equality and women's empowerment and their efforts to create an inclusive workplace. Both companies recognize the importance of diversity and its contribution to a more sustainable future for the financial industry in Kuwait and are keen on promoting equality among their employees and preventing gender discrimination. This year's theme was "Innovation and Technology for Gender Equality" and is aligned with the company's corporate sustainability strategy as well as the United Nations' SDGs.

Boursa Kuwait also organized an extensive day-long tour for participants in the National Investment Company's Shift program. Company representatives led the candidates on the tour, offering insightful and educational sessions to enhance their understanding of capital markets. Boursa Kuwait's team also provided their services in managing the graduation ceremony.

Shift is a program designed exclusively for women to jumpstart their careers in investment. The program is a collaboration between Creative Confidence and the National Investment Company (NIC). Shift is designed to give insights into the investment sector.

Promoting public health

Boursa Kuwait has extended its support to the Kuwait Association for the Care of Children in Hospital & Bayt Abdullah Children's Hospice (KACCH & BACCH) for the fourth consecutive year, supporting the association with the renovation of KACCH & BACCH playrooms in Al-Sabah Hospital.

KACCH & BACCH currently operate child life programs in eight hospitals: Al Amiri, Al Farwaniya, Al Jahra, Jaber Al Ahmed, Al Adan, Ibn Sina, Al Razi and NBK Specialized Children's Hospital, providing specialized child life and therapeutic play programs for children and their families in hospital wards, playrooms, at their bedside and in other hospital departments where children are treated. They work closely with doctors, nurses and other healthcare professionals to support children undergoing difficult procedures anywhere in the hospital.

Additionally, Boursa Kuwait and KCC organized a blood drive in partnership with the Central Blood Bank in commemoration of World Blood Donor Day.

Started in 2004 by the International Federation of Red Cross and Red Crescent Societies, the World Health Organization and other international partners, the annual event is held on 14 June, coinciding with the birthday of Austrian biologist and physician Karl Landsteiner, considered to be the founder of modern blood transfusion.

The theme for the 2023 campaign was "Give blood, give plasma: share life, share often", shedding light on the patients requiring life-long transfusion support, as well as underlining the role every single person can play by giving blood or plasma. It also highlighted the importance of giving blood or plasma regularly to create a safe and sustainable supply of blood and blood products that can always be available for patients to receive timely treatment.

The campaign aimed to celebrate the individuals who regularly donate blood, encourage more people to become new donors, highlight the critical roles of voluntary regular blood and plasma donations in achieving universal access to safe blood products for all populations, as well as mobilize support at the national, regional and global levels among governments and development partners to invest in, strengthen and sustain national blood programs.

Held in line with Goal 3 - Good Health and Well-Being and Goal 17 - Partnership for the Goals - of the United Nations' SDGs, Boursa Kuwait's blood drive leveraged sustainable partnerships to promote the important social cause.

Raising awareness of global health concerns

Supporting and serving the communities and people across Kuwait is a responsibility that Bursa Kuwait takes very seriously. The company seeks to be a force for good for both external and internal stakeholders, actively giving back and driving positive impact through an ongoing and diverse range of community and social impact endeavors.

In 2023, the company organized a Breast Cancer Awareness campaign with an awareness session presented by Dr. Mervat Saud Al-Saleh, a General and Breast Cancer Consultant, for its female employees as well as those of KCC and brokerage firms located in the Bursa Kuwait building.

The company's month-long campaign during October also included a series of informative posts about the disease and the benefits of early detection and downstaging on its social media platforms. Additionally, like many buildings across Kuwait and around the world, the Bursa Kuwait building was lit up in pink, the color associated with breast cancer since 1992, to commemorate this month.

Bursa Kuwait also lit up its building in blue in commemoration of Movember, the global awareness month for men's health and organized an awareness session for employees and building patrons given by Dr. Mohammad Abdulmohsen Al-Ghanem, Consultant Urologist at Jaber Al-Ahmad Armed Forces Hospital, which shed light on critical men's health issues including prostate cancer.

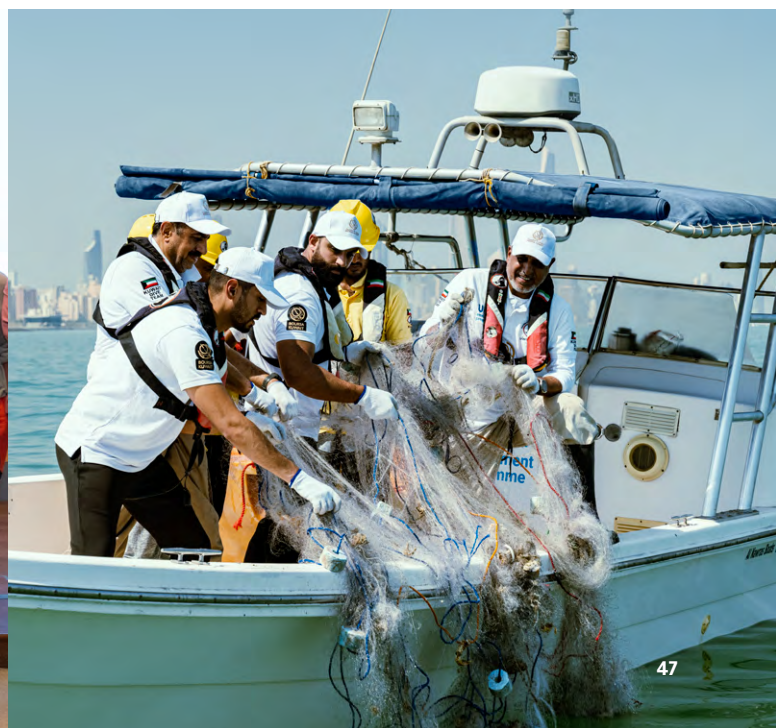
Commemorated around the world every November, the Movember campaign aims to promote physical and mental well-being among men, addressing issues such as prostate cancer and mental health challenges. The campaign provides a platform for open discussions on men's health, fostering support and encouraging proactive steps towards a healthier life.

As part of the initiatives, Bursa Kuwait also partnered with MedCell to offer a range of medical services, including lab tests, consultations and dermatology treatments, on the day of the sessions.

Bursa Kuwait's participation in this annual event underscores the company's commitment to the well-being of the community in which it operates and is part of the company's corporate social responsibility mandate as well as Goal 3 - Health and Well-Being and Goal 17 - Partnership for the Goals - of the United Nations' SDGs.

Environment

While the company's environmental footprint as a stock exchange is relatively limited when compared to the industrial and oil sectors, Bursa Kuwait is acutely aware of its responsibility to mitigate the environmental impact resulting from its operations. This consciousness stems from the exchange's recognition of the interconnectedness between financial markets and the broader global ecosystem as it understands that even small contributions to environmental preservation can collectively make a significant difference. As such, Bursa Kuwait remains steadfast in the commitment to environmental stewardship.



Corporate Sustainability (continued)

The company is fully cognizant of the consumption of natural resources in its operations and its impact, and it recognizes the effect that the infrastructure, technology and tools used to facilitate trading has on the planet. This is why Boursa Kuwait prioritizes the reduction of its environmental footprint, deeming it an essential tenet of company culture and a main driver of the company's business decisions.

Boursa Kuwait obtains LEED Gold Certification for its iconic building

Boursa Kuwait obtained the Leadership in Energy and Environmental Design (LEED) Gold certification for its building, a distinguished award that makes the iconic structure one of only a few buildings in Kuwait to achieve this honor. The certification is a testament to the bourse's efforts of sustainable and responsible development, signifying its operational excellence, efficacy and efficiency in its energy usage, water preservation, recycling efforts and enhancing its overall environmental performance.

Developed by the US Green Building Council (USGBC), LEED is the world's most widely used green building rating system for buildings, homes and communities that are designed, constructed, maintained and operated for improved environmental and human health performance. LEED-certified buildings have 34% lower CO2 emissions, consume 25% less energy and 11% less water, and have diverted more than 80 million tons of waste from landfills. A building can achieve LEED certification after undergoing a technically rigorous process, including the incorporation of green strategies to achieve efficiency and healthy indoor environments.

The LEED Gold certification is the culmination of numerous reforms and renovations over the past few years, including the complete renovation of the building's facilities and the main trading hall. Trading screens across the building have also been replaced with more technologically advanced ones that consume 50% less power, and the auditorium, training hall and many of the building's facilities have also been revamped. Additionally, many of the old resources have been recycled, either through reuse or by partnering with recycling companies, resulting in the recycling of over 2,300 devices weighing approximately 50.5 tons.

The project also includes upgrades to various facilities across the premises, such as elevators, escalators, heating ventilation and air conditioning systems (HVAC) and air diffusers. This upgrade helped reduce energy consumption by more than 20%, reinforcing the company's position as a socially responsible institution.

Demonstrating our support for environmental protection

Raising Awareness

Boursa Kuwait joined the fight to beat plastic pollution on World Environment Day 2023, reiterating its commitment to being a responsible and sustainable company that forms strategic partnerships to support initiatives and projects that contribute to the protection of the environment. The Kuwaiti stock exchange partnered with the United Nations Development Programme, the Regional Office for West Asia for the UN Environment Programme (UNEP), the Environmental Voluntary Foundation (EVF), and Omniya Collection System to serve as reminder to society about the importance of people's actions to curb plastic pollution.

The celebration of World Environment Day comes in line with Boursa Kuwait's Corporate Sustainability (CS) strategy and is in line with Goal 13 - Climate Action and Goal 17 - Partnership for the Goals - of the United Nations' SDGs. The company's CS strategy, a fundamental component of its overarching business strategy, aims at creating long-term economic, social, and environmental value for Boursa Kuwait's stakeholders as well as informing and inspiring the company's efforts to contribute to the sustainable development of the community in which it operates.

Preservation of Kuwait Bay

Boursa Kuwait has strengthened its collaboration with the Environmental Voluntary Foundation (EVF) and the Kuwait Dive Team, in association with the United Nations Environment Programme (UNEP), as part of its ongoing commitment to support the Kuwait Dive Team's initiatives aimed at preserving Kuwait's marine environment. The company has consistently backed the Dive Team's efforts, which have successfully removed over 2,000 tons of hazardous waste since 2009.

Established in 1986, the Kuwait Dive Team is a part of the Environmental Voluntary Foundation, boasting a rich 36-year legacy dedicated to environmental conservation. This dedicated group of compassionate volunteers has achieved numerous milestones in safeguarding Kuwait's marine environment, demonstrating a steadfast commitment to preserving the country's natural resources.

In 2023, the company sponsored the Kuwait Dive Team's initiative for the preservation of Kuwait Bay, with concerted efforts that have resulted in the successful removal of more than 111 tons of waste from Kuwait Bay through 91 missions. This included clearing 84 tons of

hazardous waste over 72 missions, removing 11 tons of fishing nets, and taking out five ships and boats weighing more than 16 tons.

Boursa Kuwait proudly supports the Kuwait Dive Team in its endeavors to preserve Kuwait Bay, a vital economic resource for drinking water and desalination plants. Recognizing its coastal, recreational, and ecological significance, the company is committed to conserving its diverse habitats, a collaboration that underscores its dedication to corporate social responsibility and sustainability. As the second largest fishpond in the world, Kuwait Bay serves as a crucial meeting point for marine and terrestrial ecosystems.

Recycle Plastic and Support Plastic Recycling Initiatives

Boursa Kuwait formed a strategic partnership with Omniya Collection System to actively engage in plastic recycling and support responsible initiatives for plastic waste management. Omniya Collection System, a non-profit organization in Kuwait, is dedicated to promoting environmental awareness and combating plastic pollution by encouraging the separation of plastic waste at its source and preventing its disposal in landfills or the sea.

Boursa Kuwait has been awarded the inaugural "Blue Bottle" certificate by Omniya in recognition of the company's dedication to sustainable practices. This certificate is a testament to companies demonstrating commitment to plastic recycling and fostering a circular economy.

To ensure all employees and cleaning staff understand the importance of recycling, Boursa Kuwait conducted comprehensive tutorials and provided practical guidance on utilizing the Omniya application. This application streamlines waste organization and disposal methods, ensuring efficient recycling practices throughout the company's operations.

To further acknowledge the crucial role of its janitorial staff, Boursa Kuwait implemented a rewards program that recognizes their efforts in collecting plastic waste, an ethical step that offers tangible benefits and acknowledgment for their contributions, particularly for those in low-income roles.

This initiative underscores Boursa Kuwait's commitment to sustainable practices and highlights its dedication to fostering an inclusive and responsible workplace. The company is steadfast in its pursuit of innovative, ethical solutions for environmental conservation and social

responsibility. Through this proactive approach, it aims to reduce our environmental footprint, playing a part in shaping a more sustainable future for Kuwait.

Green Darb Program for Practical Training in Agriculture

In 2023, Boursa Kuwait sponsored LOYAC's Green Darb program, which provides practical training in agriculture to equip trainees with advanced skills in the field, helping them secure employment opportunities in existing and upcoming agricultural projects. The program aims to train and educate Kuwaiti youth about agriculture, creating job opportunities, as well as promoting sustainable production and consumption practices.

The second edition of the program saw the graduation of 18 students, who have been empowered in the field of sustainable agriculture through immersive experiences and a comprehensive course in permaculture. The students successfully planted 400 trees, reducing the carbon footprint and enhancing biodiversity in the ecosystem.

The Green Darb program is aligned with the United Nations' SDGs, specifically Goal 8 - Decent Work and Economic Growth and Goal 12 - Responsible Consumption and Production.

Energy and water consumption

In line with our commitment to environmental protection, we have implemented various initiatives to reduce our environmental impact. This includes adopting energy-efficient technologies in our building, transitioning to renewable energy sources wherever possible, and actively promoting sustainable practices among our employees and stakeholders.

Following negotiations and collaboration with LEED consultants, Boursa Kuwait successfully modified the operating parameters of the building's HVAC system, a pivotal change that stands as the primary factor behind the reduction in our electrical consumption. The optimized HVAC operation has effectively minimized our energy usage, aligning seamlessly with our sustainability goals.

The company introduced innovative equipment designed to control visitors' water consumption while embracing eco-friendly solutions. These renovations not only promote a more sustainable approach but also signify Boursa Kuwait's commitment to responsible resource management.

Stakeholder Engagement

Boursa Kuwait acknowledges the significance of maintaining continuous engagement throughout the year as it adopts an inclusive approach that takes into account the needs and interests of the company’s material stakeholders. This dynamic method aligns with Boursa Kuwait’s overarching responsibility to serve the best interests of the company. Boursa Kuwait recognizes that transparent interaction with stakeholders builds trust and allows the company to meet their expectations regarding its operational trajectory.

The company employs various platforms and channels to actively involve its stakeholders and seek their feedback in order to ensure that their insights are carefully considered and that the company’s decisions ultimately serve their best interests.

Boursa Kuwait identified specific stakeholders who play integral roles in its business within the broader ecosystem. Boursa Kuwait naturally interacts with each of these stakeholders, and the table below outlines how the exchange has engaged with them and worked to understand their perspectives:

Employees

Key Stakeholders

Boursa Kuwait bases its approach to employee engagement on key objectives that cater to the diverse needs of its workforce, aiming to safeguard their well-being and satisfaction.

- Aligning the internal culture with the company’s core values
- Promoting transparent and open communication
- Fostering social connectivity and a feeling of belonging
- Fostering a culture of recognition



Engagement Methods

- One-on-one and group meetings
- Focus group discussions
- Employee surveys
- Employee recognition program
- Workshops, trainings and seminars
- Corporate events
- Review meetings
- Performance management system
- Boursa Kuwait intranet platform
- Engagement through emails, phone calls or other means



Interests and Concerns

- Establishing channels to actively involve Boursa Kuwait staff, ensuring they are well-informed about the latest advancements within the organization, the subsidiaries and the Kuwaiti capital market



Regulatory Bodies

Key Stakeholders

Boursa Kuwait adheres to the laws, regulations and directives established by the CMA, the Ministry of Commerce and Industry and other pertinent regulatory entities. It is committed to fostering and sustaining positive relationships with all regulatory authorities and collaborates with the CMA and other regulatory bodies during inspection processes, underscoring the company’s dedication to transparency and cooperation in regulatory matters.



Engagement Methods

- Briefings, engagements and consultative sessions
- Meetings and discussions
- Jointly organized events and working groups
- Reports on capital market developments and compliance with statutory obligations
- Involvement in government-related committees and working groups, such as the Market Development Tri-Lateral Committee
- Engagement through emails, phone calls or other means



Interests and Concerns

- Market developments
- Corporate governance
- Regulatory policies and practices
- Response to crises as per regulatory instructions



Stakeholder Engagement (continued)

Issuers

Key Stakeholders

Boursa Kuwait is dedicated to delivering superior services and products to its issuers while actively engaging with their feedback and concerns, as they play a pivotal role in our market. Issuers include listed companies, investment funds, and Real Estate Investment Traded Funds. These issuers may offer various products such as Exchange Traded Funds (ETFs) and government debt instruments (Sukuk and bonds). They adhere to the regulatory requirements set forth by Boursa Kuwait and the CMA to secure listing approval.



Engagement Methods

- Exchange rules
- Corporate days and seminars
- Relationship managers
- Meetings
- Public/industry consultations
- Focus group sessions/dialogues
- Engagement with Boursa Kuwait through the CIP disclosure system
- Engagement through emails, phone calls, surveys or other means
- Circulars/directives
- Training programs and workshops
- Enquiries via Listing Advisory
- Site visits
- Boursa Kuwait websites



Interests and Concerns

- Listing policies and practices
- Enhancing liquidity and market capitalization
- Facilitating access through disclosure and announcement system
- Suggesting policies to increase operational efficiency
- Publishing a guide that addresses sustainability matters



Intermediaries

Key Stakeholders

(Including brokers, clearing participants, authorized direct members and authorized depository agents)

Ensuring investor protection, market orderliness and strengthening the resilience of our business depend significantly on the responsible conduct of intermediaries.

Additionally, Boursa Kuwait collaborates closely with KCC to develop the Kuwaiti capital market.



Engagement Methods

- Direct engagement through automated systems
- Direct engagement to provide updates
- Invitations to provide feedback on initiatives
- Non-deal roadshows with KCC
- Collaboration to upgrade infrastructure and systems to accommodate Boursa Kuwait's products and services
- Testing protocols on current and upcoming products and services
- Training programs and workshops
- Site visits
- Networking and related events
- Engagement through emails, phone calls and surveys
- Circulars/directives
- Boursa Kuwait website



Interests and Concerns

- Initiatives for the development of the market, including suggesting amendments to regulatory policies and the Rulebook
- Product development and offerings from Boursa Kuwait
- Clear explanations of obligations or the application of business rules
- Operational concerns, including participant conduct, trading, supervision and market surveillance
- Facilitating access to the market
- Programs focused on education, training and awareness
- Improvements to risk management practices within clearing houses
- Industry-wide testing for business continuity to assess the readiness of both Boursa Kuwait and market participants to resume operations
- Drill exercises to simulate defaults and test the effectiveness of default management procedures and brokers' readiness
- Addressing complaints and feedback



Stakeholder Engagement (continued)

Investors

Key Stakeholders

Boursa Kuwait's investor base comprises investment banks, institutional investors, retail investors and traders. Investors in the Kuwaiti capital market engage in buying and selling securities. Confidence in the market is crucial for promoting investment, and Boursa Kuwait plays a vital role in fostering this confidence. The exchange facilitates this by providing comprehensive information and ensuring fair, ethical, transparent and efficient market operations.



Engagement Methods

- Meetings and direct engagements to provide updates
- Public consultations
- Focus group sessions/dialogues
- Engagement through emails, phone calls, surveys or other means
- Local and overseas conferences
- Advocacy programs and workshops
- Promotional corporate days/roadshows
- Seminars, workshops and webinars
- Boursa Kuwait's various digital touchpoints (websites, mobile apps)
- Social media platforms (e.g. X, LinkedIn, Instagram, YouTube)



Interests and Concerns

- Boursa Kuwait's market development strategies, plans and challenges
- Overview of Boursa Kuwait's diverse range of products and services
- Assessment of the performance of publicly listed companies, both financially and non-financially
- Providing companies' material information in a timely and accurate manner
- Analysis of the level of interest in and demand for Boursa Kuwait's upcoming market initiatives and product offerings
- Insights into Kuwait's economic landscape and the capital market regulatory policies and recent rule changes shaping the market
- Focus on sustainable investing
- Consideration of other important matters, including customer service standards and complaint resolutions
- Facilitating access to the market



Shareholders and Analysts

Key Stakeholders

Boursa Kuwait is committed to consistently communicating with its shareholders, who are an essential part of the company's success and strategic goals. The company places effective communication with them as a high priority, striving to keep them informed and engaged throughout the year in an effort to maintain their trust in its operations and performance.



The company consistently seeks feedback from its shareholders regarding its performance and strategies, an approach that extends to its Investor Relations Department, which plays a pivotal role in maintaining continuous and personalized communication with both current and prospective investors. The department serves as a dedicated point of contact, addressing inquiries, providing information and ensuring that investors' needs are met in a timely and comprehensive manner. In addition, as part of Boursa Kuwait's corporate governance framework, a shareholder protection policy has been developed in accordance with the relevant laws and regulations, in order to ensure effective communication with shareholders to identify their views on various matters pertaining to Boursa Kuwait.

Engagement Methods

- Annual reports
- Sustainability reports
- Annual General Meetings
- Quarterly analyst conferences and transcripts
- Investor presentations
- Corporate days/roadshows
- Media briefings
- Meetings and direct engagements to provide updates
- Engagement through emails, phone calls, surveys or other means with the Investor Relations Department
- Disclosures
- Boursa Kuwait's various digital touchpoints (websites, mobile apps)
- Social media platforms (e.g. X, LinkedIn, Instagram, YouTube)



Interests and Concerns

- The right to vote
- Providing information about organizational performance, including financial performance, corporate strategy and growth initiatives
- Management and distribution of capital
- Operating landscape assessment
- Right to voice concerns to the Board of Directors regarding their duties
- Strategy for sustainability
- Strong and robust corporate governance framework



Stakeholder Engagement (continued)

Community Groups

(including non-profit organizations (NGOs) that are beneficiaries of our community initiatives)

Key Stakeholders

The community where Boursa Kuwait operates stands as the primary beneficiary of its endeavors.



The economic impact stemming from stock market activities eventually extends its benefits to the community. This commitment to the well-being of the community underscores the bourse's dedication to corporate social responsibility (CSR), ensuring that the positive outcomes of the economic activities contribute to broader societal welfare.

Engagement Methods

- University and school tours and visits
- Engagement through emails and phone calls
- Seminars, workshops and webinars
- Media coverage
- Conferences and speaking engagements
- Boursa Kuwait's various digital touchpoints (websites, mobile apps including Boursa Academy)
- Social media platforms (e.g. X, LinkedIn, Instagram, YouTube)



Interests and Concerns

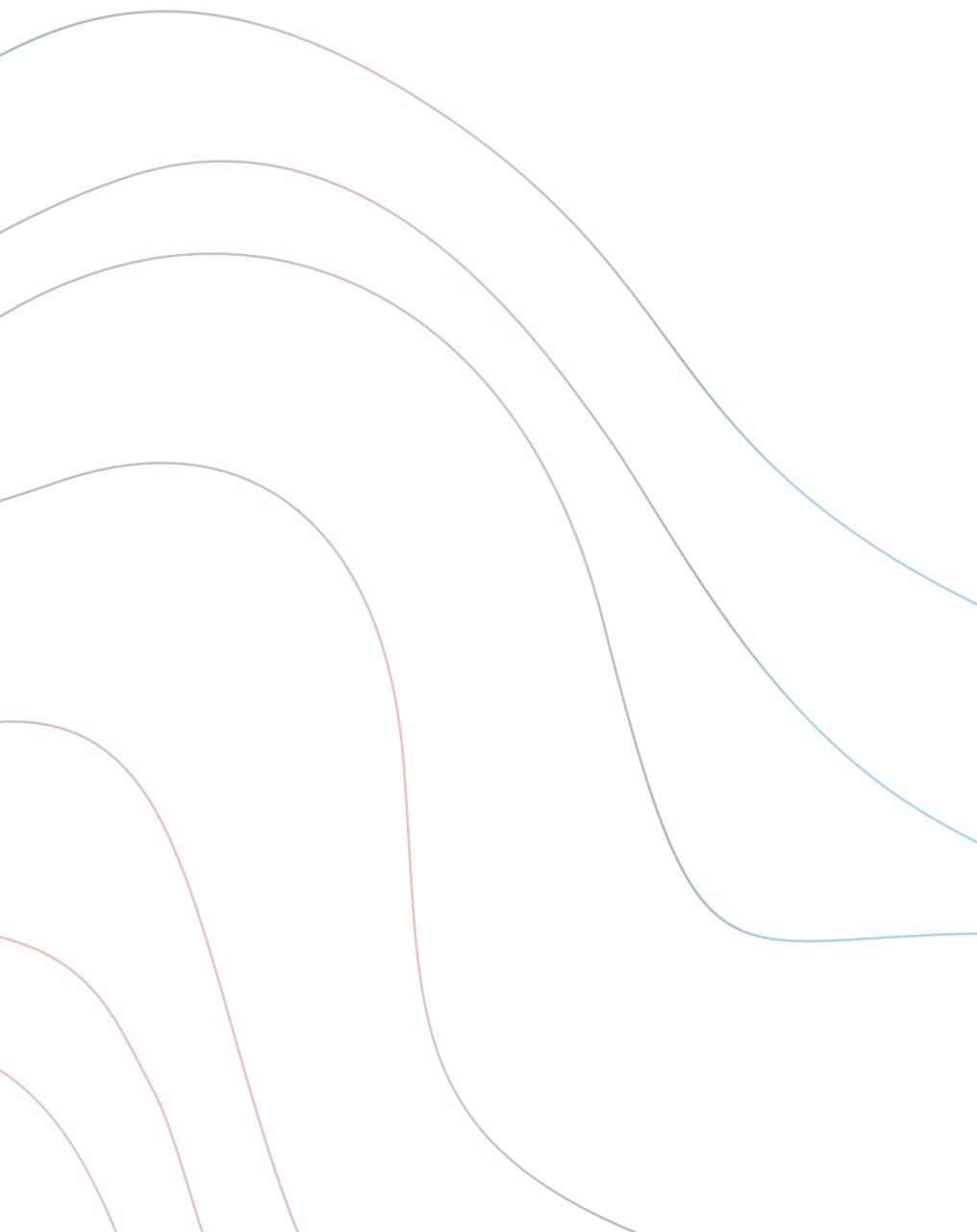
- Educational opportunities via Boursa Academy (Boursa Kuwait financial literacy website and market simulator)
- Engagement in corporate social responsibility initiatives
- Partnerships for events and collaborative initiatives
- Progress and impact of community programs





03 Financial Review

Financial Overview	60
Our Market in 2023	66



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All-Share Index (PR) ▲ 5,562.41 3.73

Watch List

Market

Top Stocks

My Portfolio

Social Media

News

Market Watch Boursa Kuwait

Premier Mark

Symbol S.Description

> KFH - 108 KFH

> BOUBYAN - 1... BOUBYAN

> KPROJ - 205 KPROJ

> MABANEE - 4... MABANEE

> NIND - 501 NIND

> BPCC - 514 BPCC

> ALQURAIN - 5... ALQURAIN

> AGLTY - 603 AGLTY

> ZAIN - 605 ZAIN

> HUMANSOFT... HUMANSOFT

> AUB - 818 AUB

> WARBABANK... WARBABANK

> MEZZAN - 823 MEZZAN

> INTEGRATED... INTEGRATED

> AZNOULA - 8... AZNOULA

> BOURSA - 827 BOURSA

BOURSA - 827

BOURSA

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Best Bid

1,114 1,000

Best Offer

Cash Map

Days Range

52wk Range

Last Trade

Chg

Open

Prev. Closed

Volume

Trades

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High

Bid

Bid Qty

Boursa Kuwait Securities Co KPSC

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1,114 1,000

Financial Overview

The decline witnessed in traded value towards the tail end of 2022 due to significant multi-faceted and varying degrees of intensity of headwinds, including high interest rates to combat inflation and geopolitical instability, continued to prevail during the most part of 2023 and these have contributed in shaping a challenging business landscape for Boursa Kuwait and its subsidiary companies (Group). In parallel to focusing on the successful execution of our strategic goals, Boursa Kuwait embraced these challenges towards softening the financial impact, a real test to our overall operational resilience.

Boursa Kuwait effectively maneuvered through the landscape to end the year with a total of KD 10.38 billion traded value (2022: KD 14.74 billion), a decline of 29.58% Year on Year (YoY). Various trading-related revenue streams, including Share in trading commission, Clearing operations and Settlement

operations, all played a role in the 12.84% YoY overall decline in operating revenues to KD 30.68 million in 2023 (2022: KD 35.20 million).

Net profit stood at KD 15.80 million (2022: KD 18.00 million), representing a decrease of 12.25% compared to the previous year.

Operating Revenues (KD)

30.68 million

↓ 12.84%

Operating Profit (KD)

18.27 million

↓ 19.21%

Net Profit (KD)

15.80 million

↓ 12.25%

Earnings Per Share

78.68 fils

↓ 12.25%

2023 stood out as one of the most challenging years for Boursa Kuwait since its privatization and the Group. The stark contrast was further amplified by the fact that Boursa Kuwait achieved its best performance in 2022, both operationally and financially, as Boursa Kuwait expanded its role and capacity in support of its own growth and that of one of its subsidiary companies, KCC.

Boursa Kuwait's ongoing commitment in developing overall cohesiveness in strategy formulation and pursuit thereof, that underpinned the Group's various activities, resulted in the operating revenue segments registering mixed performances, including growth in some segments despite the trading contraction. The Group's efforts to achieve an optimized operating costs structure also helped in cushioning the financial impact as the Group recorded a marginal drop in its operating expenses YoY by 1.38%.

Trading Performance

Total Value Traded (KD)

10.38 billion

↓ 29.58%

Total Shares Traded (KD)

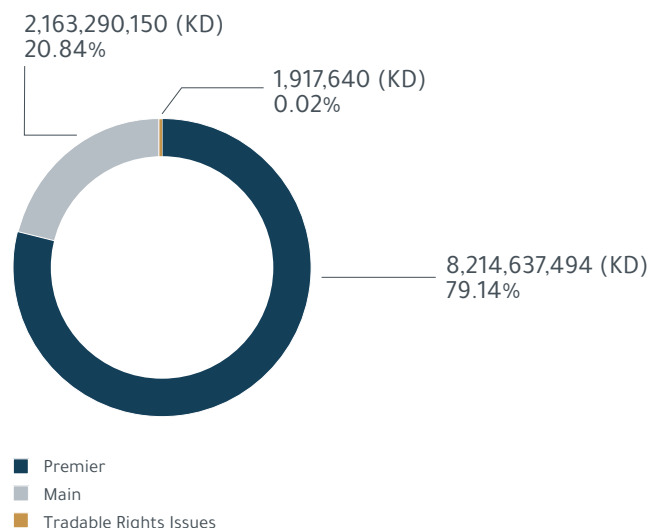
39.57 billion

↓ 29.31%

Total Trades
(includes Tradable Rights Issues)

2,389,098

↓ 17.36%



Performance Highlights

Operating Revenues (KD)

30.68 million

↓ 12.84%

Operating Expenses (KD)

12.41 million

↓ 1.38%

Cost to Income Ratio

40.44%

(2022: 35.75%)

Operating revenues contracted by 12.84% YoY to KD 30.68 million in 2023 (2022: KD 35.20 million), largely attributed to lower trading activities during the year. As a subset to the traded value, the average daily traded value dropped by 29% to KD 42.89 million (2022: KD 60.41 million). Trading-related operating revenues continued to represent the largest segment of the Group's operating revenues at 42.97% (2022: 48.89%), albeit lower YoY, followed by Subscription fees at 23.10% (2022: 22.10%), Central depository services at 13.85% (2022: 11.85%) and Shareholders register services at 11.23% (2022: 10.22%). Miscellaneous fees and Reversal of provision for expected credit loss made up the remaining components of the operating revenues at 8.85% (2022: 6.94%).

The decline in the trading-related operating revenues correlated with the trading activities that occurred during 2023. As 2022's trading activities were the highest watermark recorded since Boursa Kuwait's privatization, the recorded decline is notable at 23.40%

to KD 13.18 million (2022: KD 17.21 million). This decline was led by Share in trading commission by 30.98% at KD 6.79 million (2022: KD 9.83 million), followed by Settlement operations by 18.10% at KD 2.15 million (2022: KD 2.62 million), which corresponds to a 17.36% drop in the number of trades, and Clearing operations by 10.62% at KD 4.25 million (2022: KD 4.75 million). The number of trade confirmations for foreign investors recorded a contraction by 6.92% that contributed to the decrease in the Clearing operations.

The decrease in the number of listed companies and the market capitalization YoY, both of which are key parameters used to determine the Subscription fees, contributed to the lower fees earned. Subscription fees decreased by 8.88% YoY to KD 7.09 million (2022: KD 7.78 million). The number of listed companies declined from 155 to 149, whereas the market capitalization dropped to KD 40.26 billion (2022: KD 46.72 billion). During the same period, the All-Share Index dropped by 6.51% YoY.

Financial Overview (continued)

Other than Miscellaneous fees, Central depository services rendered by KCC, recorded a marginal jump to KD 4.25 million (2022: KD 4.17 million) or 1.82%. The increase is attributed to the higher average value of securities custodized by KCC throughout 2023 on behalf of among others, Investment Companies' Clients Accounts. As for the Miscellaneous fees, an improvement of 9.23% YoY was recorded to KD 2.66 million (2022: KD 2.44 million).

Shareholders register services is another type of clustered services exclusively rendered by KCC. It saw a marginal drop of 4.19% to KD 3.45 million (2022: KD 3.60 million). A number of corporate exercises were undertaken throughout the year that contributed to the sustainability of these services despite the challenging economic backdrop. A total of six companies and a REIT undertook capital raising exercises and successfully raised a total of KD 300.47 million (2022: 3 companies and KD 325.95 million) that contributed sustainably to KCC.

Meanwhile, Boursa Kuwait's non-operating revenues, comprising Investment income, Interest/profit income, Rental income and Other income, increased by 81.90% to KD 4.43 million (2022: KD 2.44 million). The improvement was led by Other income at 281.82% to KD 0.69 million (2022: KD 0.18 million), followed by Interest/profit income by 74.36% to KD 2.83 million (2022: KD 1.62 million), as higher Interest/profit income was further enhanced by a high interest/profit rate environment and more efficient management of liquidity. The latter factor was shaped by the ongoing improvement to the operations aimed at enhancing the overall efficiency of Boursa Kuwait's operations.

Rental income improved by 56.41% YoY to KD 0.83 million (2022: KD 0.53 million), as void spaces were leased to either new tenants or existing tenants seeking to expand their respective floor space. Over the last few years, Boursa Kuwait's headquarters building underwent various types of renovations and improvements to provide greater quality of infrastructure and facilities to its tenants. These included renovations to its trading floor and public amenities, such as lavatories, training rooms, auditorium, elevators and trading screens. In December 2023, the building was awarded with the Gold certification by the U.S. Green Building Council and its Leadership in Energy and Environmental Design (LEED)

Operating Profit Margin

59.56%
(2022: 64.25%)

program, making it one of the first buildings in Kuwait to be accorded this certification.

Boursa Kuwait's cost to income ratio stood at 40.44% compared to 35.75% recorded a year ago. Whilst the operating expenses were lower by 1.38% YoY at KD 12.41 million (2022: KD 12.58 million), the movement in the ratio was exacerbated by lower operating revenues. Notwithstanding, this points to the fact that the level achieved remains below the guided range as we continue to streamline operations and improve operating costs structure, both of which bode well for future growth and place Boursa Kuwait on a stronger footing to effectively manage unexpected challenges.

Staff related expenses led the constituents of operating expenses at KD 7.63 million (2022: KD 7.70 million) representing 61.51% (2022: 61.23%) of the operating expenses. This is followed by Maintenance and licenses expenses at KD 1.48 million (2022: KD 1.34 million) representing 11.96% (2022: 10.62%), Depreciation and amortization expenses at KD 0.79 million (2022: KD 0.86 million) representing 6.39% (2022: 6.84%) and Other expenses at KD 0.94 million (2022: KD 0.94 million) representing 7.54% (2022: 7.50%). Other segments of operating expenses highlighted are lower YoY apart from Maintenance and license expenses, which are related to information technology. This has been partly driven by a combination of various technological improvements made to embrace the new normal without compromising our operations as we continued to leverage technologies in all aspects of our operations to enhance efficiency and optimize our operating costs. This also highlights that Boursa Kuwait's continuing efforts to operate an optimum costs structure has helped in improving the degree of its operational leverage, which in turn will enhance its financial resiliency in a challenging environment.

Based on the above, operating profit saw a drop of 19.21% to reach KD 18.27 million (2022: KD 22.62 million). Coupled with growing discipline in managing our costs structure, the impact on the operating profit margin was minimized to achieve 59.56% versus 64.25% recorded in 2022.

The net result is that the reported net profit for the year is KD 15.80 million (2022: KD 18.00 million), representing a decrease of 12.25%. This translated into Earnings Per Share of 78.68 fils (2022: 89.67 fils).

Net Profit Margin

51.49%
(2022: 51.14%)

Financial Performance Summary

Five Year Financial Highlights					
KD million	2019	2020	2021	2022	2023
Income Statement					
Operating Revenues	14.20	22.21	31.21	35.20	30.68
Operating Expenses	(7.10)	(10.36)	(12.67)	(12.58)	(12.41)
Operating Profit	7.10	11.85	18.53	22.62	18.27
Net Profit ⁽¹⁾	9.59	25.81 ⁽²⁾	15.89	18.00	15.80
Balance Sheet					
Total Assets	36.19	104.16	110.37	119.55	118.89
Total Liabilities	4.09	13.43	10.51	11.44	10.48
Total Equity ⁽¹⁾	32.10	52.80	60.61	65.50	64.23
Dividends per Share (Fils)	25	40	65	85	74
Cash Dividend Pay-out Ratio (%)	52.33	63.82	82.13	94.80	94.05
Market Capitalization	-	220.85	405.57	411.99	346.14
Financial Ratios (%)					
Revenue Growth	69.09	56.35	40.53	12.80	(12.84)
Cost to Revenue Ratio	49.99	46.65	40.61	35.75	40.44
Operating Profit Margin	50.01	53.35	59.39	64.25	59.56
Net Profit Margin	67.53	56.67 ⁽³⁾	50.92	51.14	51.49
Earnings Per Share (Fils)	47.77	128.54	79.15	89.67	78.68
Return on Assets	26.50	24.78	14.40	15.06	13.29
Return on Equity	29.88	48.88	26.22	27.49	24.60

Notes:

1. Attributable to equity holders of the Parent Company
2. Inclusive of one-off gain on business combination of KD 13.22 million
3. Adjusted for net gain on business combination of KD 13.22 million

Financial Overview (continued)

Cashflow generative and stable balance sheet

The consolidated net cash flows from operating activities stood at KD 18.60 million (2022: KD 24.28 million), which represents a drop of 23.39% YoY. The business continued to be highly cash generative and, apart from the business model, this can also be attributed to a number of factors, including active accounts receivable collection and stringent management of accounts payable. This contributed to increasing our income from treasury activities, as we continue to achieve greater efficiency in mobilizing our excess liquidity.

Investment in Information Technology (IT) and the building continue to be our main components in investment activities, and these have all been internally funded. Meanwhile, we are building a more robust IT capital expenditure program, which includes replacements and upgrades that take into consideration business requirements, operational efficiencies and capital requirement. We believe this will contribute towards further improving our liquidity management in the future. Further capability-enhancing investments in IT in the areas of cybersecurity, data recovery and management, operations efficiency and standardization of IT processes were made during the year as part of the overall IT program to refresh end of life infrastructure as well as to further protect our operating environment from cyber-attacks.

Total assets recorded a marginal drop YoY of 0.56% to KD 118.89 million (2022: KD 119.55 million). Following the conversion of KCC to a subsidiary from an associate in 2020, we undertook impairment exercises annually that indicated nil impairment in carrying value of our investment, as KCC continued to support the Group's performance. Term deposits, cash and cash equivalents remain the major component of assets at 54.53% (2022: 55.71%) followed by Intangible assets at 28.36% (2022: 27.94%).

Total liabilities registered a decrease of 8.44% to KD 10.48 million (2022: KD 11.44 million) for the year. Approximately 78.33% or KD 8.21 million (2022: KD 8.97 million) of that represents Accounts payable and other liabilities followed by Employees' end of services benefits at 14.86% or KD 1.56 million (2022: KD 1.54 million) and Lease liabilities at 6.81% or KD 0.71 million (2022: KD 0.93 million).

Total shareholder equity attributable to equity holders of the Parent Company recorded a marginal drop of 1.94% to KD 64.23 million for the year (2022: KD 65.50 million).

Active engagement with stakeholders and shareholders

We continued to gear up our stakeholder engagement activities during 2023, which comprised the quarterly analyst conference, participation in Corporate Days and investor conferences, market literacy programs and seminars, and social engagements, as part of our corporate sustainability program.

Apart from the quarterly analyst conference, Boursa Kuwait participated in two geographically diverse Corporate Days that were organized in collaboration with HSBC and Jefferies Financial Group, respectively. We optimized the use of the platform to get closer to our stakeholders and share key information aimed at enhancing their understanding of our Group. We also participated in the largest investor conference in the MENA region, hosted by EFG Hermes.

In terms of corporate sustainability, we continued working with a plethora of local and international organizations, partnering with them on various initiatives that are in line with our strategic pillars of Community and Environment. This included several projects aimed at raising the levels and awareness of financial literacy in Kuwait's capital market.

Looking to the future

As in 2023, operational integration focusing on support services within the Group and instilling cost management discipline will continue in the year ahead, with an in-depth focus on automation of operational processes. To achieve these objectives, we will continue to explore avenues that will facilitate cost optimization, enhancing our internal reporting and operating systems, strengthening the quality of our team, developing capabilities and careers at all levels and continuing to deliver on our business strategies.

Additionally, the pursuit of introducing new and diversified products that will further diversify and enhance the operating revenue streams will continue. Based on the stronger financial footing and efficient operating environment, this will add to the strength of Boursa Kuwait in creating value for our Group and our esteemed shareholders.

As we enter 2024 and beyond, we believe that we have developed the financial and operational strengths and resilience to face any challenges and eventualities while mitigating risks to maintain financial soundness and stable operations. We move forward with confidence, looking to build further momentum and create more value for all our stakeholders.

Total Assets (KD)

118.89 million

↓ 0.56%

Total Liabilities (KD)

10.48 million

↓ 8.44%

Total Shareholder Equity (KD)

64.23 million

↓ 1.94%



Our Market in 2023

Maintaining Focus during a Challenging Year

In 2023, Boursa Kuwait demonstrated resilience and maintained strategic focus, navigating the most challenging operating environments in its history, marked with global economic turbulence, high interest rates and geopolitical instability. The company continued to enhance its operations, drive efficiency and engage key stakeholders, finishing the year with a total market capitalization of KD 40.26 billion.

Market Trends in 2023

The Kuwaiti market witnessed strong headwinds throughout 2023, in the face of higher interest rates and increased inflationary pressures, which greatly affected the activity within the capital market. The performance of global markets continued to be adversely impacted by the geopolitical tensions and economic turmoil during the year, with most of the GCC markets following suit, despite rising oil prices.

The IMF projected a decline of -0.6% in real GDP for Kuwait in 2023, after a constant increase of 1.3% in 2021, and 8.9% in 2022. The decline was a result of reduced oil production, adhering to production cuts agreed upon by OPEC+ as a response to market uncertainties and

potential oversupply. This was coupled with a sluggish global economy, weakening demand and domestic hurdles slowing down investments.

Despite rising global inflation, Kuwait's CPI cooled from 4% in 2022 to 3.4% in 2023. This was driven by government interventions, such as fuel price caps and subsidies, tighter monetary policy, a stronger Kuwaiti Dinar and decelerating global inflation.

Amidst this turbulence, Boursa Kuwait promoted the Kuwaiti capital market to international investors, comprising renowned investment companies and financial institutions, enhanced market efficacy and transparency, facilitated access and raised awareness of best-in-class standards and practices.

Market Segmentation

Companies listed on Boursa Kuwait are segmented into its "Premier" and "Main" Markets, according to international best-in-class standards that meet the needs of the Kuwaiti market and enhance its transparency.

149 listed companies end of 2023:

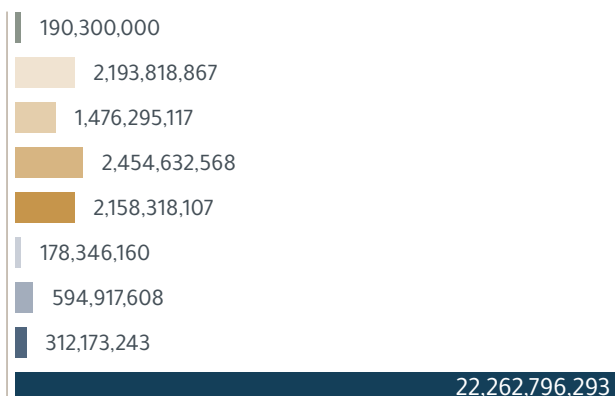


"Premier" Market

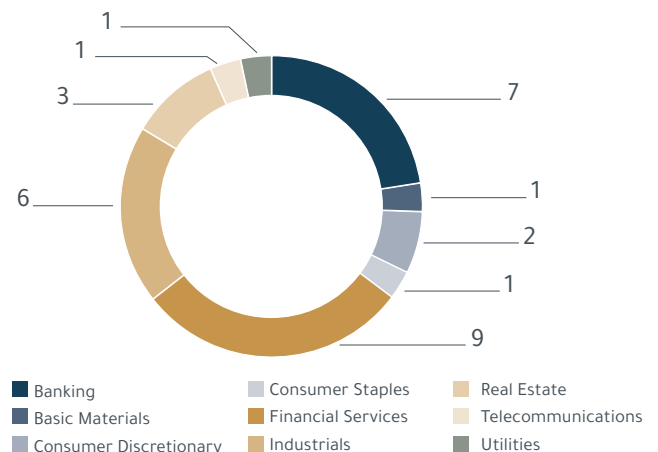
Boursa Kuwait's "Premier" Market includes companies with high liquidity and a medium-to-large market capitalization. Available on the "Premier" and All-Share Market indices, the 31 companies listed in the "Premier" Market make up about 79% of the market value of companies listed on Boursa Kuwait, split by sector as follows:

Listed companies by sector in the "Premier" Market

Market Capitalization (KD)



Number of Companies



Total

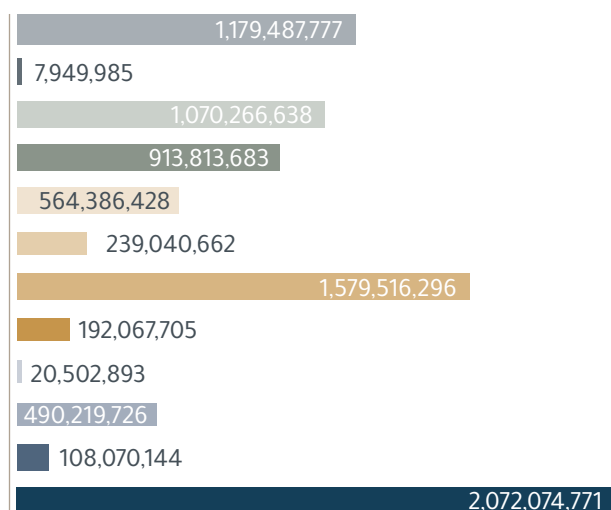


“Main” Market

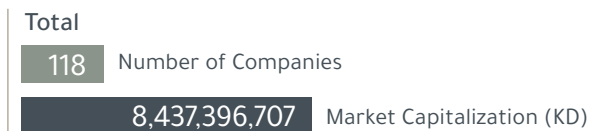
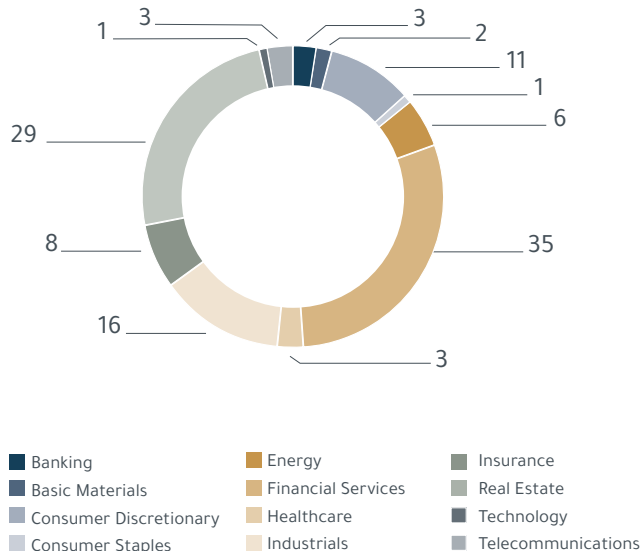
Boursa Kuwait’s “Main” Market includes listed companies that do not qualify for inclusion in the “Premier” Market but meet all liquidity and listing requirements. Available on the “Main” and All-Share Market indices, the 118 companies listed in the “Main” Market make up about 21% of the market value of companies listed on Boursa Kuwait, split by sector as follows:

Listed companies by sector in the “Main” Market

Market Capitalization (KD)



Number of Companies

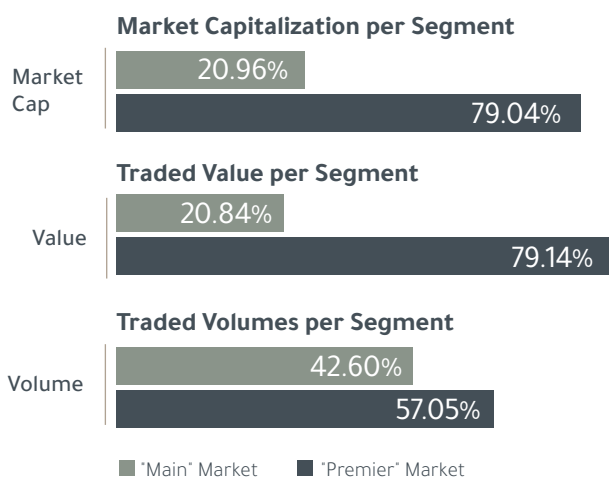


Market Performance

The total market capitalization of the Kuwaiti capital market in 2023 was KD 40.26 billion, a decrease of 13.83% from 2022.

The “Premier” Market’s capitalization came in at KD 31.82 billion, with almost 22.57 billion shares traded at a value of KD 8.21 billion, as a result of around 1.55 million transactions, equivalent to 79.14% of the total traded value and 57.05% of total traded volume of Boursa Kuwait.

Meanwhile, the “Main” Market’s capitalization came in at KD 8.44 billion, with over 16.86 billion shares traded at a value of approximately KD 2.16 billion, as a result of over 829,974 transactions, equivalent to 20.84% of the total traded value and 42.60% of total traded volume of Boursa Kuwait.

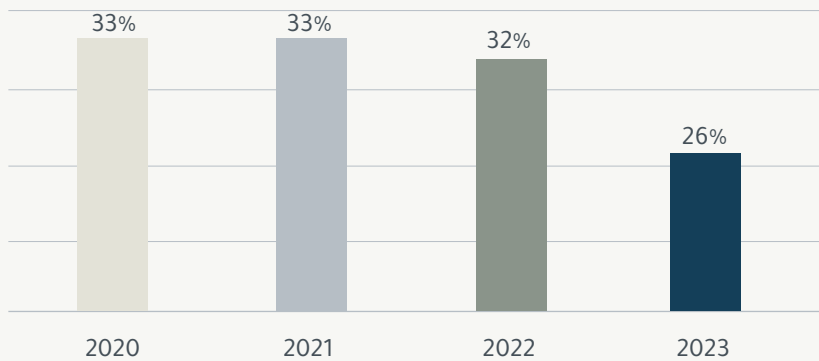


Market	Market Capitalization (KD)	%	Number of Transactions	%	Volume of Securities Traded	%	Value of Securities Traded (KD)	%
“Premier”	31,821,597,963	79.04%	1,554,641	65.07%	22,572,545,583	57.05%	8,214,637,494	79.14%
“Main”	8,437,396,707	20.96%	829,974	34.74%	16,857,043,749	42.60%	2,163,290,150	20.84%
Tradable Rights Issues			4,483	0.19%	137,803,458	0.35%	1,917,640	0.02%
Total	40,258,994,669	-13.83%	2,389,098	-17.36%	39,567,392,790	-29.31%	10,379,845,284	-29.58%

2023 vs 2022

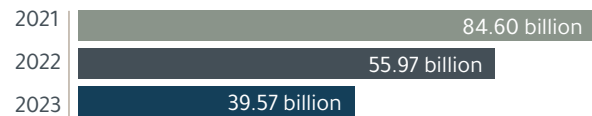
Our Market in 2023 (continued)

Turnover Velocity (Traded Value/ Market Capitalization, %)



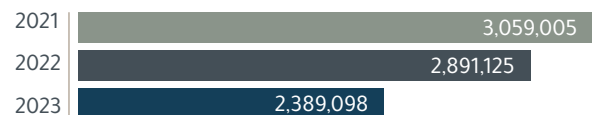
Total Volume of Securities Traded

The total number of securities traded during 2023 was just over 39.57 billion shares, a 29.31% decrease from around 55.97 billion shares traded in 2022.



Total Transactions

Boursa Kuwait handled around 2.39 million transactions during 2023, a 17.36% decrease compared to 2.89 million transactions in 2022.



Tradable Rights Issues

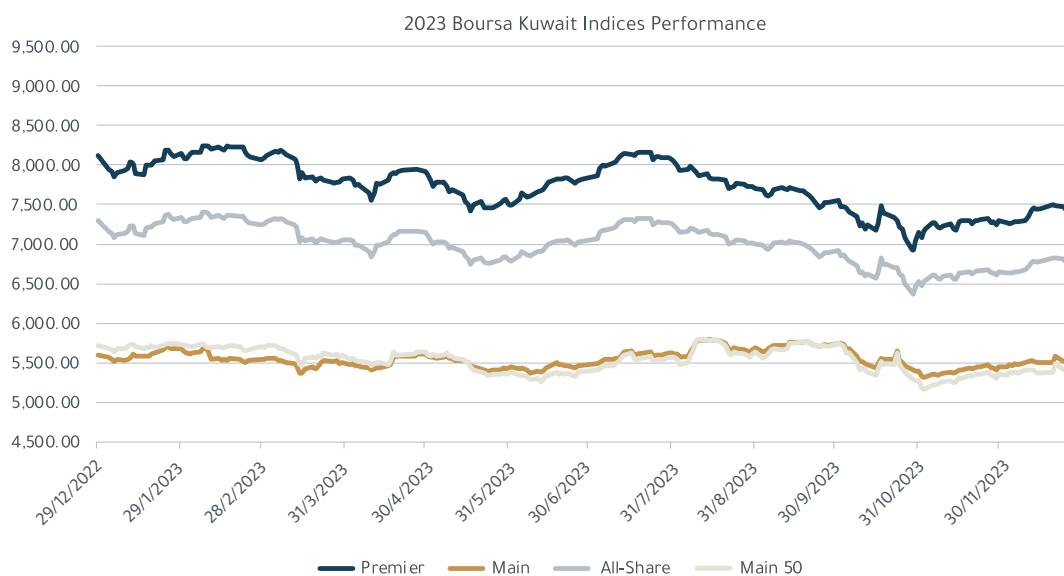
Boursa Kuwait facilitated capital increases valued at KD 269.47 million of the following companies through Tradable Rights Issues:

- Al Ahli Bank of Kuwait
- Arabi Group Holding Co.
- Al Eid Food Co.
- Gulf Bank
- Kuwait International Bank
- Sanam Real Estate Co.

Number of Companies	Total Volume	Total Value (KD)	Number of Trades
6	137,803,458	1,917,640	4,483

Index Performance

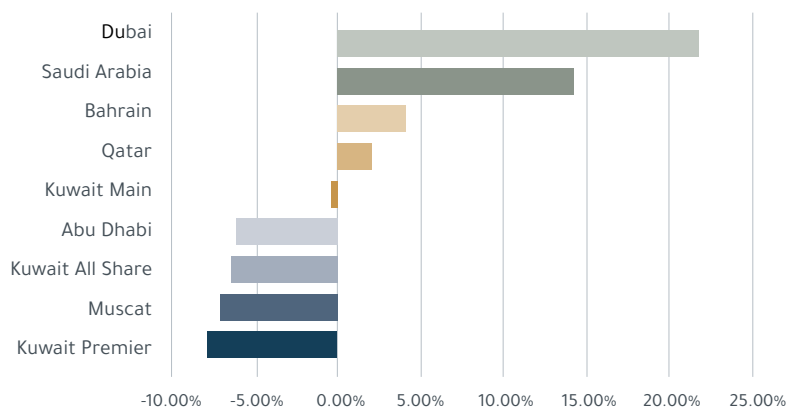
As of the end of 2023, the All-Share index was down by 6.51% for the year to 6,817.29 points; the “Premier” Market index decreased by 7.87% to 7,477.04 points; the “Main” Market index decreased by 0.48% to 5,569.71 points; and the Main 50 index decreased by 4.05% to 5,487.40 points.



Performance of GCC Markets

Index	2022	2023	Points change	Percentage Change
Kuwait Premier	8,115.68	7,477.04	(638.64)	-7.87%
Muscat	4,857.44	4,514.07	(343.37)	-7.07%
Kuwait All Share	7,292.12	6,817.29	(474.83)	-6.51%
Abu Dhabi	10,211.09	9,577.85	(633.24)	-6.20%
Kuwait Main	5,596.79	5,569.71	(27.08)	-0.48%
Qatar	10,681.07	10,830.63	149.56	1.40%
Bahrain	1,895.27	1,971.49	76.22	4.02%
Saudi Arabia	10,478.46	11,967.39	1,488.93	14.21%
Dubai	3,336.07	4,059.80	723.73	21.69%

*Performance is in local currencies.



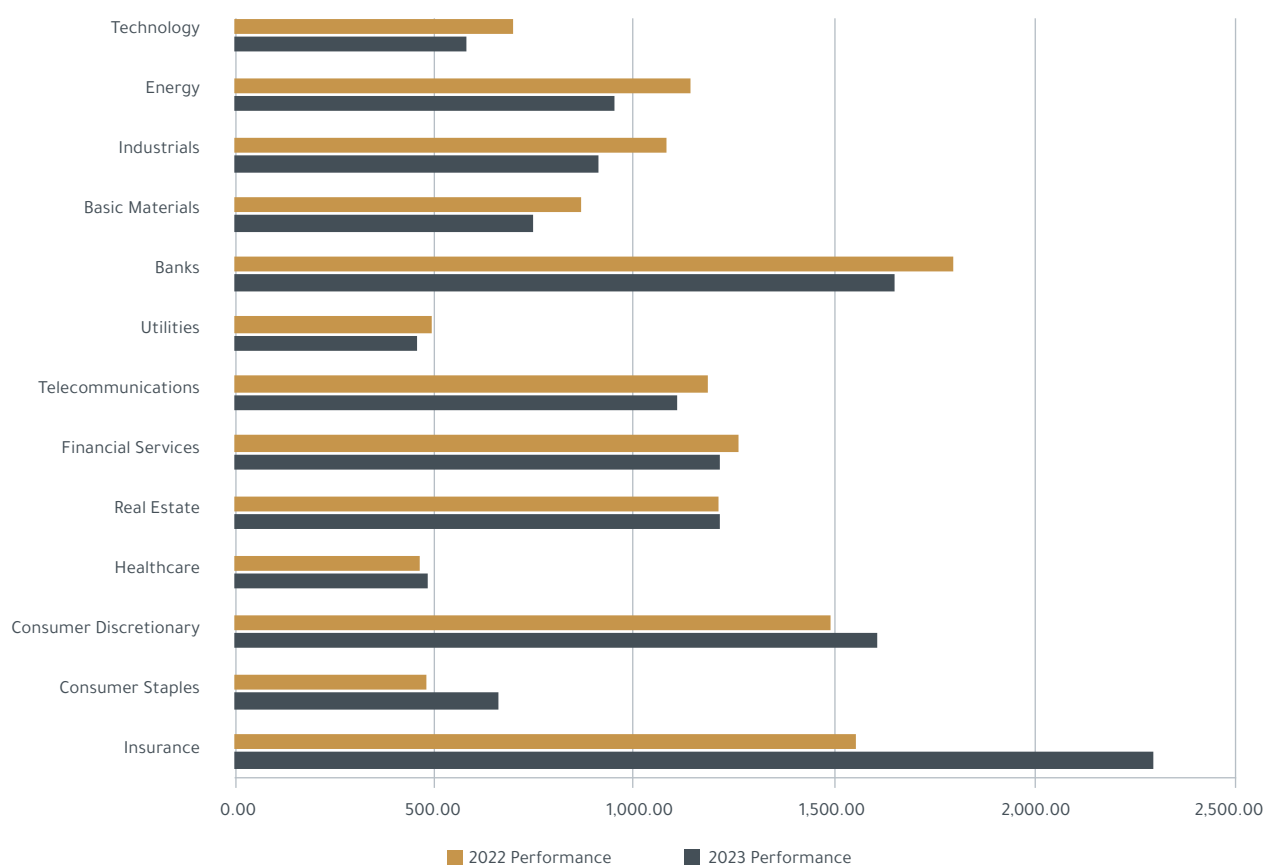
Our Market in 2023 (continued)

Sector breakdown

Performance by sector

Performance for the year was mixed within the 13 sectors represented in Boursa Kuwait. The best performing sector was Insurance (+47.84%), followed by Consumer Staples (+37.22%) and Consumer Discretionary (+7.87%). Conversely, Technology (-16.93%), Energy (-16.65%) and Industrials (-15.85%) declined the most during 2023.

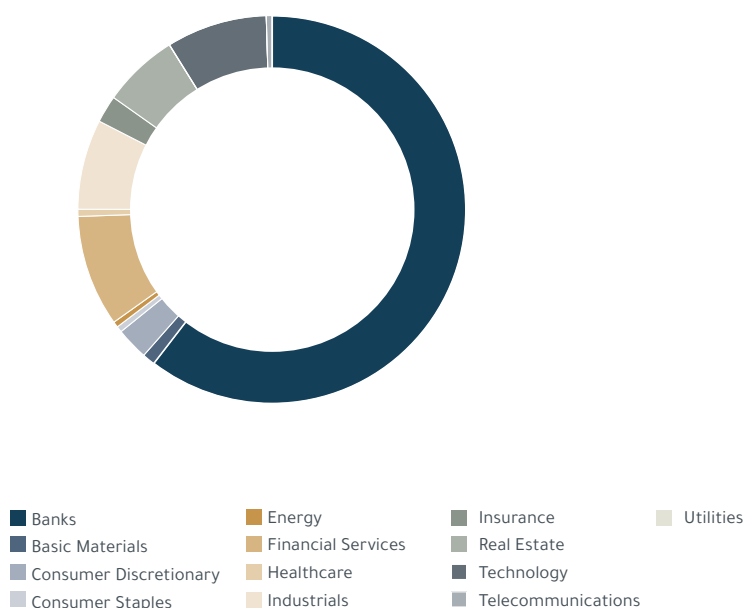
Sector	2022 Performance	2023 Performance	% Change
Insurance	1,550.82	2,292.80	47.84%
Consumer Staples	479.95	658.58	37.22%
Consumer Discretionary	1,486.83	1,603.91	7.87%
Healthcare	461.85	482.15	4.40%
Real Estate	1,208.71	1,212.91	0.35%
Financial Services	1,257.24	1,212.22	-3.58%
Telecommunications	1,181.46	1,105.14	-6.46%
Utilities	494.74	455.26	-7.98%
Banks	1,793.91	1,647.47	-8.16%
Basic Materials	865.11	745.93	-13.78%
Industrials	1,078.88	907.90	-15.85%
Energy	1,138.52	949.01	-16.65%
Technology	696.22	578.36	-16.93%



Market capitalization by sector

Boursa Kuwait's total market capitalization declined in 2023 to KD 40.26 billion, a variance of -13.83% from KD 46.72 billion in 2022. The Banks sector made up the largest share of the market capitalization at KD 24.3 billion, followed by the Financial Services sector KD 3.7 billion and the Telecommunications sector KD 3.4 billion.

Sector	Market Capitalization 2022 (KD)	Market Capitalization 2023 (KD)	% Change
Banks	30,054,332,643	24,334,871,064	-19.03%
Basic Materials	477,772,677	420,243,387	-12.04%
Consumer Discretionary	981,737,207	1,085,137,334	10.53%
Consumer Staples	145,149,485	198,849,053	37.00%
Energy	229,576,850	192,067,705	-16.34%
Financial Services	3,908,685,491	3,737,834,403	-4.37%
Healthcare	228,953,162	239,040,662	4.41%
Industrials	3,694,265,831	3,019,018,997	-18.28%
Insurance	618,127,408	913,813,683	47.84%
Real Estate	2,546,412,878	2,546,561,754	0.01%
Technology	9,569,982	7,949,985	-16.93%
Telecommunications	3,620,514,290	3,373,306,644	-6.83%
Utilities	206,800,000	190,300,000	-7.98%
	46,721,897,904	40,258,994,669	

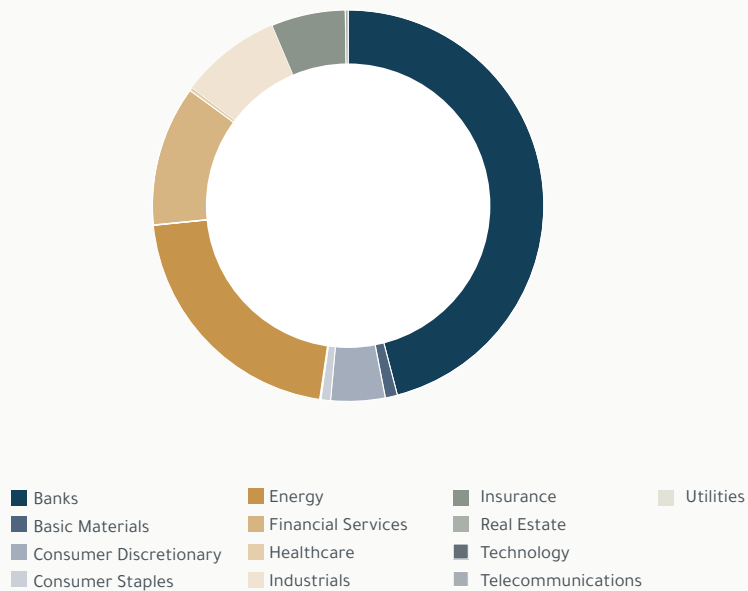


Our Market in 2023 (continued)

Traded value by sector

The total value of securities traded in 2023 was KD 10.38 billion, a variance of -29.58% from KD 14.74 billion in 2022. The Banks sector saw the highest value of securities traded, making up 45.95% of total value traded at KD 4.77 billion, followed by the Financial Services sector at 21.06% and the Industrials sector at 11.60%.

Sector	2023 Traded Value
Banks	4,769,247,362
Basic Materials	103,302,503
Consumer Discretionary	465,682,458
Consumer Staples	82,171,682
Energy	10,645,926
Financial Services	2,186,328,890
Healthcare	3,169,999
Industrials	1,203,545,555
Insurance	29,158,573
Real Estate	862,557,876
Technology	528,749
Telecommunications	637,926,089
Utilities	23,661,982



Off-market Trades

Off-market trades are trades that require a prior agreement between a buyer and a seller to execute the transaction on a listed security at an agreed price and quantity. They are considered important to foreign and institutional investors, whose relatively large transactions can impact prices and liquidity. There were 19 Off-market trades made during 2023. The following table shows the value of these trades:

Number of Companies Traded Off-market	Number of Trades	Volume of Trades	Value of Trades (KD)
10	19	370,900,133	283,744,233

The value of trades increased by by 72.15%.

Over-the-counter Transactions (OTC)

The over-the-counter market is a market created by Boursa Kuwait to facilitate the trading of unlisted and delisted securities through continuous trading and negotiated deals.

	Number of Companies Traded	Number of Trades	Volume of Trades	Value of Trades (KD)
Continuous Trading	96	2,777	214,019,786	4,759,713
Negotiated Deals	218	1,717	1,684,598,044	160,201,460

Foreign Investors Turnover Split and “Premier” Market Ownership

Foreign turnover activity in the Kuwaiti capital market during 2023 decreased to 12% of total turnover activity compared to last year’s 18% of turnover activity. On the contrary, institutional investors’ activity increased to 65% versus 61% of last year’s turnover activity.

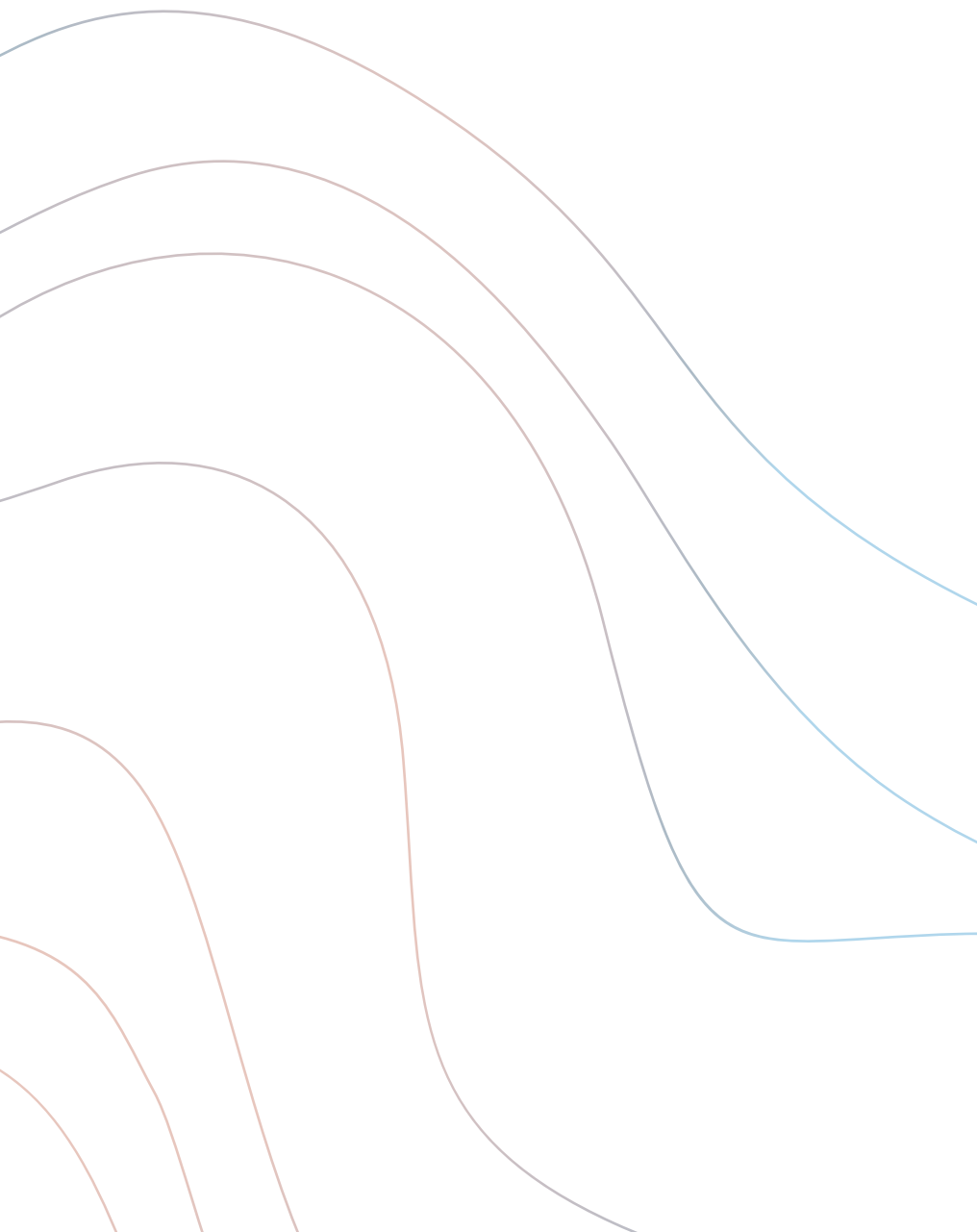
	2022	2023	5-year Average	10-year Average
Local	82%	88%	82%	83%
International (inc. GCC)	18%	12%	18%	17%
Retail	39%	35%	40%	43%
Institutional	61%	65%	60%	57%

Active Accounts

During 2023, the market saw an increase of 7.3% in total accounts relative to 2022. An active account is defined as an account that has performed at least one trade during the previous six-month period.

04 Corporate Governance

Board of Directors	76
Corporate Governance Report	80





بورصة الكويت

بورصة
BOURSA KUWAIT

Board of Directors



Mr. Hamad Mishari Al-Humaidhi

Chairman of the Board

Mr. Hamad Mishari Al-Humaidhi has over 42 years of experience in the legal, administration and financial sectors.

Mr. Al-Humaidhi commenced his career in the Legal Department at the Public Institution for Social Security in Kuwait, and continued his career path at the Institution until he became their General Manager from 2014 until 13 January 2019.

Mr. Al-Humaidhi was a member and the Chairman of the Board of Directors of several financial and banking institutions including Ahli United Bank (Bahrain), Ahli United Bank (UK), Ahli United Bank (UAE), and Wafra investments (NY).

Mr. Al-Humaidhi is the Chairman of the Corporate Governance Committee and a member of the Executive Committee at Boursa Kuwait.

Mr. Al-Humaidhi holds a Bachelor's degree in Law and Sharia from Kuwait University.

Mr. Bader Abdullah Al-Kandari

Vice Chairman

Mr. Bader Abdullah Al-Kandari has over 17 years of experience in the financial, investment and banking sectors.

He is currently the Chief Investment Officer - Liquid Sector at the Public Institution for Social Security, in addition to holding many other prominent positions at financial and investment institutions, such as Chairman of Kuwait Medical City Company, Vice Chairman of Wafra International Company and Non-Executive Director at the Bank of London and the Middle East.

Mr. Al-Kandari began his career as Assistant Investment Analyst at the Kuwait Fund for Arabic Economic Development before working at several other financial institutions. He was the Investment Manager for Al-Mal Investment Company as well as the Investment Global Manager at Dimah Capital Investment Company.

He is the Vice Chairman of the Board of Directors at Boursa Kuwait and serves as a member on the Corporate Governance Committee and the Audit Committee.

Mr. Al-Kandari holds an MBA with a specialization in Finance and a Bachelor's degree in Journalism and Mass Communication from California State University in the USA.



Mr. Bader Nasser Al-Kharafi

Non-Executive Board Member

Mr. Bader Nasser Al-Kharafi has over 20 years of experience in the financial, banking, industrial and telecommunications sectors.

He began his career with Al-Kharafi Group and held several leadership positions concluding in the position of Director of the Executive Committee in the Industrial Sector at Al-Kharafi Group.

Mr. Al-Kharafi is currently the Vice Chairman and CEO of Mobile Telecommunications Company "Zain Group".

Mr. Al-Kharafi is also a member of the Board of Directors at several local and international companies operating in the financial and industrial sector, which includes Chairman of National Investments Company and Injaz Kuwait, Vice Chairman of Gulf Cable & Electrical Industries, Heavy Engineering Industries & Shipbuilding Company and Diamond International Motors Company (Egypt) as well as a Board member at Gulf Bank in Kuwait, Foulath Holding (Bahrain), Middle East Advisory of Coutts & Co. (UK), Middle East Advisory Board of the Olayan School of Business (Lebanon), Kuwait-British Friendship Society, Mentor Arabia Foundation and the United Nations High Commission for Refugees (UNHCR) "Sustainability Board."

Mr. Al-Kharafi is the Chairman of the Executive Committee and a member of the Nominations and Remunerations Committee at Boursa Kuwait.

Mr. Al-Kharafi holds an MBA from the London Business School in the UK and a Bachelor's degree in Mechanical Engineering from Kuwait University.



Mr. Talal Jassim Al-Bahar

Non-Executive Board Member

Mr. Talal Al-Bahar has over 17 years of experience in the financial and real estate investment and development sectors.

Locally, Mr. Al-Bahar is the Chairman of Arzan Financial Group, Vice Chairman of IFA Hotels & Resorts and the Vice Chairman and CEO of Kuwait Real Estate Company. He is also a Board member of Commercial Real Estate Co. (Al-Tijaria).

Internationally, he is the Chairman of United Investments (Portugal) and Yotel Limited (UK). He also serves on the Board of Directors of Kingdom-Beirut (Lebanon), Miami International Securities Exchange-MIAX (USA) and Miami International Holding (USA).

Previously, Mr. Al-Bahar served as Chairman of IFA Hotels & Resorts, and Chairman of the Board of Directors at International Financial Advisors, Chairman and Managing Director of Kuwait Invest Holding, Jeezan Holding and Al-Deera Holding Company and Board member of 1st Takaful Insurance Company.

Mr. Al-Bahar is the Chairman of the Nominations and Remunerations Committee and a member of the Executive Committee at Boursa Kuwait.

Mr. Al-Bahar holds a Bachelor's degree in Business Administration from Loyola Marymount University in the USA.

Board of Directors

continued



Mr. Khaled Waleed Al-Falah

Non-Executive Board Member

Mr. Khaled Waleed Al-Falah has over 15 years of experience in the financial services and industrial sectors.

Mr. Al-Falah is currently the Business Development Director at M.A. Al Kharafi & Sons as well as the Vice Chairman and CEO of MENA Capital.

Previously, he was part of the Investment Banking Division at Goldman Sachs and the Investment Products Department at NBK Capital.

Mr. Al-Falah is Vice Chairman of National Investments Company, member of the Board of Directors at Bahrain Steel and is a member of the Executive Committee at Foulath.

Mr. Al-Falah is the Chairman of the Risk Committee and a member of the Audit Committee at Boursa Kuwait.

Mr. Al-Falah holds a Bachelor of Science degree in Business Administration from the University of Southern California.

Mr. Raed Jawad Bukhamseen

Independent Board Member

Mr. Raed Jawad Bukhamseen has over 20 years of experience in the banking, real estate and investment sectors.

Mr. Bukhamseen is the Vice Chairman and Chief Executive Officer at Kuwait International Bank and Chairman of Egyptian Gulf Bank (Egypt) and Arab Investment Company.

Mr. Bukhamseen is a Board member at several pioneering companies including Bukhamseen Group Holding Company, Warba Insurance Company, Layan Real Estate Company (Dubai), Souk Al-Salmiyah Real Estate Company and Credit One Kuwait Holding Company.

Mr. Bukhamseen is a member of the Risk Committee and the Nominations and Remunerations Committee at Boursa Kuwait.

He holds a Bachelor's degree in Business Administration from Boston University in the USA.



Mr. Yousef Faisal Al-Mannai

Non-Executive Board Member

Mr. Yousef Faisal Al-Mannai has extensive experience spanning nearly 22 years in the investment and financial sector.

Mr. Al-Mannai is currently the Managing Partner and Development Director at the Consult Economic Advisors.

Mr. Al-Mannai previously worked in the financial and investment services sector and asset management for securities in the local and international equities market as an Assistant Manager at Global Investment House, after which he moved to the Kuwait Fund for Arab Economic Development as an Investment Analyst. He worked at the National Industries Group Holding to establish Noor Financial Investment Company, then joined Kuwait Finance and Investment Company (KFIC) as Vice President of the Financial Markets. He also worked at Dimah Capital as Vice President of Asset Management, as well as being an Executive Vice President of The Securities House (SECH).

He is a member of the Risk Committee and the Corporate Governance Committee at Bursa Kuwait.

Mr. Al-Mannai holds a Bachelor of Arts degree from South Eastern Louisiana University in the USA.



Mrs. Dalal Jafaar Behbehani

Independent Board Member

Mrs. Dalal Jafaar Behbehani has over 16 years of experience in the financial and banking sectors.

She was an Executive in Business Development, Mergers and Acquisitions, at Agility Logistics. She later joined the National Bank of Kuwait and evolved from a Data Analyst to an Executive Manager and then an Assistant General Manager in the Corporate Banking Group. She currently heads the Strategic Planning Unit at the National Bank of Kuwait.

Mrs. Behbehani is the Chairman of the Audit Committee and a member of the Corporate Governance Committee at Bursa Kuwait.

Mrs. Behbehani holds a Bachelor of Science degree from Pennsylvania State University and an MBA from INSEAD in France. She has also successfully completed the General Management Program at Harvard Business School.

Corporate Governance Report

Preface

The implementation of corporate governance is consistent with the strategic vision of Boursa Kuwait, which aims to develop the Kuwaiti capital market and protect the interests of relevant parties, particularly investors, shareholders and listed and licensed companies.

Boursa Kuwait believes that compliance with the highest standards of corporate governance is essential to sustain business at any establishment. This belief has been deeply rooted since the company was founded to ensure fair, objective and transparent implementation of systems to protect the interests of shareholders and investors.

This report provides a summary of the company's corporate governance system implementations, which are aligned with a package of quantitative and qualitative measurement indicators, through which the company has been keen to comply, as per the requirements of the Capital Markets Authority, as well as how Boursa Kuwait adopts corporate governance as an institutional culture consistent with leading global practices.

The Board of Directors

Boursa Kuwait's Board of Directors is characterized by a solid structure in line with the nature and activities of the company. The composition of the Board is diverse in expertise and qualifications as the Board members possess in-depth knowledge of capital markets, including legal and legislative knowledge, corporate governance, internal control, risk management, financial and economic management as well as aspects of strategic planning.

Boursa Kuwait's Board of Directors and its Committees were restructured on 13 July 2023 post the summoning of the reserve Independent member, Mrs. Dalal Jafaar Behbehani, to replace the resigned Independent Board member Mr. Faleh Abdullah Al-Rogobah.

Article One

Construct a Balanced Board Composition

Composition of the Board of Directors

The academic qualifications of the Board members and the date of election, and the qualifications of the Secretary and the date of his appointment:

Name	Position	Non-Executive/ Independent Member	Educational Qualification	Date of Election/ Appointment of Secretary
Mr. Hamad Mishari Al-Humaidhi	Chairman of the Board	Non-Executive	BSc.	24/03/2022
Mr. Bader Abdullah Al-Kandari	Vice Chairman of the Board	Non-Executive	MSc.	24/03/2022
Mr. Bader Nasser Al-Kharafi	Member of the Board	Non-Executive	MSc.	24/03/2022
Mr. Talal Jassim Al-Bahar	Member of the Board	Non-Executive	BSc.	24/03/2022
Mrs. Dalal Jafaar Behbehani	Member of the Board	Independent	MSc.	13/07/2023
Mr. Khaled Waleed Al-Falah	Member of the Board	Non-Executive	BSc.	24/03/2022
Mr. Raed Jawad Bukhamseen	Member of the Board	Independent	BSc.	24/03/2022
Mr. Yousef Faisal Al-Mannai	Member of the Board	Non-Executive	MSc.	24/03/2022
*Mr. Faleh Abdullah Al-Rogobah	Member of the Board	Independent	MSc.	24/03/2022
Mr. Diaan Saleh Al-Khars	Secretary of the Board		BSc.	14/12/2014

*Resigned on 19 June 2023.

Brief on the Company's Board of Directors' Meetings, through the following statement:

Board meetings

The Board of Directors held seven meetings during FY2023.

Board meetings from 1 January 2023 until 31 December 2023:

Name of Board Member	No.(1) 12/02/2023	No.(2) 02/05/2023	No.(3) 21/06/2023	No.(4) 13/07/2023	No.(5) 30/07/2023	No.(6) 26/09/2023	No.(7) 31/10/2023	Number of Meetings (7)
1. Mr. Hamad Mishari Al-Humaidhi	○	○	○	○	○	○	○	6/7
2. Mr. Bader Abdullah Al-Kandari	○	○	○	○	○	○	○	7/7
3. Mr. Bader Nasser Al-Kharafi	○	○	○	○	○	○	○	7/7
4. Mr. Talal Jassim Al-Bahar	○	○	○	○	○	○	○	7/7
5. Mr. Faleh Abdullah Al-Rogobah	○	○	Board member until 19/06/2023					2/2
6. Mr. Khaled Waleed Al-Falah	○	○	○	○	○	○	○	7/7
7. Mr. Raed Jawad Bukhamseen	○	○	○	○	○	○	○	6/7
8. Mrs. Dalal Jafaar Behbehani	Board member since 13/07/2023			○	○	○	○	4/4
9. Mr. Yousef Faisal Al-Mannai	○	○	○	○	○	○	○	7/7

Key: ○ Attended ○ Absent Independent Non-Executive

An overview of how to implement the requirements of registration, coordination and retention of the minutes of the company's Board meetings

Boursa Kuwait adopts leading global practices in managing all Board, Board Committees, and Board Secretary affairs via an automated system. The application electronically facilitates the organization of the Board and Board Committees' meetings and agenda, sends notifications three days prior to the scheduled meeting date and immediately for urgent meetings, in addition to presenting, retaining and following up on the meeting minutes. In addition, the application enables the Board members to readily access all documents relevant to the Board and Board Committees' meetings.

The Secretary of the Board documents all the Board meeting minutes with a specific record bearing consecutive figures for the year in which the meeting was held, records the location, date, the start and end time of the meeting and ensures its sign-off by the attending members. Meeting minutes prepared also include discussions, deliberations and voting results. All meeting minutes are classified and filed in an easily accessible manner.

Corporate Governance Report

continued

Independent Board member acknowledgement

As an independent member in Boursa Kuwait's Board of Directors, I hereby declare the below:

1. I do not hold 5% or more of the Company's shares.
2. I do not have a first-degree relation with any of the members of the Board of Directors or Executive Management in the Company or any other company in its Group or the relevant main parties.
3. I am not a member of the Board of Directors in any company of the Group.
4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.
5. I am not an employee for corporate entities who own Control shares in the Company.
6. As an independent member, I have the qualifications, experiences and technical skills which are constituent with the Company's activity.
7. I do meet all board member independence requirements (of which the above serve as a non-exhaustive list) and I do not have any matter that contravenes with the independence requirements.
8. I pledge to notify the Company upon non-compliance to any of the above-mentioned independence requirements or any requirement determined by the regulatory entities (Ministry of Commerce and Industry and/or Capital Markets Authority).
9. The Company shall have right to take all required procedures should it be deemed that the above acknowledgement is not true.

Name of Independent Board Member: Raed Jawad Bukhamseen

Signature: 

Date: 20/03/2023


Independent Board member acknowledgement

As an independent member in Boursa Kuwait's Board of Directors, I hereby declare the below:

1. I do not hold 5% or more of the Company's shares.
2. I do not have a first degree relation with any of the Members of a Board of Directors or executive management members in the Company or any other company in its Group or the relevant main parties.
3. I am not a Member of a Board of Directors in any company of the Group.
4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.
5. I am not an employee for corporate entities who own Control shares in the Company.
6. As an independent member, I have the qualifications, experiences and technical skills which are constituent with the Company's activity.
7. I do meet all board member independence requirements (of which the above serve as a non-exhaustive list) and I do not have any matter that contravenes with the independence requirements.
8. I pledge to notify the Company upon non-compliance to any of the above mentioned independence requirements or any requirement determined by the regulatory entities (Ministry of Chamber and Commerce and/or Capital Markets Authority).
9. The Company shall have right to take all required procedures should it be deemed that the above acknowledgement is not true.

Name of Independent Board Member: Dalal Jafaar Behbehani

Signature:



Date: 13/ 07 / 2023

Corporate Governance Report

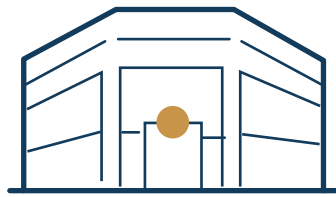
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Article Two

Proper Determination of Tasks and Responsibilities

A summary of how the company determines the tasks, responsibilities and duties of each member of the Board of Directors and the Executive Management, as well as the authorities delegated to the Executive Management

Boursa Kuwait has defined the duties and responsibilities of each member of the Board of Directors and the Executive Management, as well as the authorities delegated to them via adopting the following:



Periodically reviewed charters and policies that clearly define the duties and responsibilities of each member of the Board of Directors and the Executive Management in a manner that reflects the balance of powers and the segregation of duties between the Board of Directors and the Executive Management.

Periodically reviewed job descriptions pertaining to the Board of Directors and Executive Management.

Periodically reviewed the 'Delegation of Authority' manual and matrix covering operational and financial authorities pertaining to the Board of Directors and Executive Management.

FY2023 Board of Directors responsibilities and achievements

Strategy and Business Planning

- Developed the strategy and approved the business plan and the annual budget.
- Approved the products and services initiatives developed by the company in light of the approved plan.
- Approved the updated Trading Rulebook covering the new products released in line with the Market Development plan.
- Approved the three-year budget.
- Supervised the Boursa Kuwait building renovation plan based on the company's approved vision and strategy.
- Assessed market needs and ensured that the local market standards are aligned with international best practices.
- Oversaw implementation of the company's plan to reduce the operational costs along with diversifying and increasing the sources of income.
- Proposed distribution of profits for the fiscal year.

<p>Governance and Internal Controls</p>	<ul style="list-style-type: none"> • Approved the re-formation of the Board Committees. • Reviewed the company's financial performance. • Approved the company's interim and annual financial statements. • Monitored the Executive Management's performance and ensured their execution of all delegated responsibilities. • Oversaw the internal control systems via reviewing the supervisory functions' reports (Internal Audit Department, Risk Department and the Regulatory Compliance and Corporate Governance Department). • Reviewed the Integrated Report. • Oversaw the implementation of the Corporate Governance framework. • Oversaw the duties of and ratified the recommendations raised by the Board of Directors' Committees. • Approved the updated manuals and charters. • Approved the updated organizational structure. • Approved the draft agenda and the contents of the Ordinary General Assembly meetings. • Approved the Audit Committee's recommendation regarding the appointment of the external auditor prior to presenting it before the General Assembly for ratification.
<p>Appraisal and Remuneration</p>	<ul style="list-style-type: none"> • Reviewed the Board of Directors' performance evaluation. • Reviewed the Executive Management's general performance report. • Approved the Executive Management and employees' remuneration. • Approved the Board of Directors' remuneration recommended by the Nominations and Remunerations Committee prior to presenting it before the General Assembly for ratification.

An overview of the Board of Directors' implementation on the required formation of specialized independent committees, taking into consideration the following information on each committee:

- Name of the committee
- Tasks and achievements of the committee during the year
- Date and duration of the formation of the committee
- Members of the committee, specifying its Chairman
- The number of meetings held by the committee during the year

Within the framework of the Board's evolving role with respect to supervision, strategic planning, governance, risk management and controls of Bursa Kuwait, the following committees have emanated from the Board of Directors, to support the Board with the functions and responsibilities entrusted thereto.

Corporate Governance Report

continued

The following figure illustrates the committees emanating from the Board of Directors and their functions.



1. The Audit Committee

On 13 July 2023, the Audit Committee was restructured in accordance with the regulatory and supervisory requirements. The membership period is the same as the term of the Board of Directors, a period not exceeding three years.

It is worth noting that the Audit Committee's responsibilities and duties have been identified by the Board of Directors via preparing and approving the Audit Committee charter.

Achievements of the Audit Committee during the year 2023

<p>Planning and Supervision of Audit Engagement</p>	<ul style="list-style-type: none"> Supervised the Internal Audit Department's activities to ensure their alignment with the objectives determined by the Board. Reviewed and approved the Internal Audit Department's plan based on the outcome of the risk assessment. Updated the Committee's charter. Reviewed the Internal Audit Policy manual. Ensured the independency of the Internal Audit Department by not entrusting them to any tasks or activities that conflict with their independence. Approved the appointment of a third party to support the Internal Audit Department in carrying out its duties. Approved the appointment of a third party to prepare the Internal Control Review report. Assessed the performance of the external auditor and raised recommendations to the Board regarding their reappointment and determination of their fees.
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Internal Control	<ul style="list-style-type: none"> Ensured the company's compliance with the relevant policies and regulations. Reviewed the internal audit reports and ensured that appropriate corrective action was taken to mitigate the identified observations. Reviewed the Internal Control Systems report. Reviewed the external auditor's report measuring our compliance to the AML and CFT law and its executive bylaws. Reviewed the results in the report of inspection conducted by the regulatory authorities. Reviewed the organizational structure of the Internal Audit Department and the job description for the Department Head.
Financial Statements and their Integrity	<ul style="list-style-type: none"> Supervised the engagement of the external auditor and validated their independence. Reviewed the annual and interim financial statements and raised recommendations on the same to the Board for approval. Prepared the annual Audit report.

The Audit Committee meetings

The Audit Committee held five meetings during FY2023

Audit Committee meetings from 1 January 2023 until 31 December 2023:

Name and Capacity of the Committee Member	No.(1) 07/02/2023	No.(2) 26/04/2023	No.(3) 25/07/2023	No.(4) 25/10/2023	No.(5) 13/11/2023	Number of Meetings (5)
Mrs. Dalal Jafaar Behbehani (Chairman of the Committee)	Board member since 13/07/2023		○	○	○	3/3
Mr. Bader Abdullah Al-Kandari	○	○	○	○	○	5/5
Mr. Khaled Waleed Al-Falah	○	○	○	○	○	5/5
Mr. Faleh Abdullah Al-Rogobah	○	○	Board member until 19/06/2023			2/2

Key: ○ Attended ○ Absent Independent Non-Executive

2. The Risk Committee

On 24 March 2022, the Risk Committee was reformed in accordance with the regulatory and supervisory requirements. The membership period is the same as the term of the Board of Directors, a period not exceeding three years.

It is worth noting that the Risk Committee's responsibilities and duties have been identified by the Board of Directors via preparing and approving the Risk Committee charter.

Corporate Governance Report

continued

Achievements of the Risk Committee during the year 2023

Risk Governance	<ul style="list-style-type: none"> Reviewed the Information Security policy prior to presenting it before the Board of Directors for approval. Reviewed the Committee's charter. Ensured the independence of the Risk Management Department's activities. Reviewed the job description and organizational structure of the Risk Management Department. Reviewed the Confidentiality Policy.
Risk Strategy	<ul style="list-style-type: none"> Reviewed the risk register. Reviewed the risk appetite by assessing acceptable risk levels and presenting it before the Board of Directors for approval. Reviewed the liquidity positions and the economic impact on the company's performance.
Follow-up and Supervision	<ul style="list-style-type: none"> Reviewed the Information Security and penetration testing reports. Reviewed the Key Risk Indicators (KRIs). Reviewed the risk management periodic reports covering the assessment of risks and risk mitigation plan. Reviewed the Risk Management Department's semi-annual reports prior to presenting them to the Board of Directors and submitting them to the CMA. Evaluated the risk framework covering risk identification, assessment, monitoring and reporting. Reviewed transactions conducted with related parties. Reviewed the Directors and Officers Liability insurance for members of the Board of Directors. Reviewed the interim Capital Adequacy reports.

The Risk Committee meetings

The Risk Committee held four meetings during FY2023

Audit Committee meetings from 1 January 2023 until 31 December 2023:

Name and Capacity of the Committee Member	No.(1)	No.(2)	No.(3)	No.(4)	Number of Meetings (4)
	08/02/2023	03/08/2023	13/11/2023	27/12/2023	
Mr. Khaled Waleed Al-Falah (Chairman of the Committee)	●	●	●	●	4/4
Mr. Yousef Faisal Al Mannai	●	●	●	●	4/4
Mr. Raed Jawad Bukhamseen	●	●	●	●	4/4

Key: ● Attended ○ Absent Independent Non-Executive

3. The Nominations and Remunerations Committee

On 24 March 2022, the Nominations and Remunerations Committee was reformed in accordance with the regulatory and supervisory requirements. The membership period is the same as the term of the Board of Directors, a period not exceeding three years.

It is worth noting that the Nominations and Remunerations Committee's responsibilities and duties have been identified by the Board of Directors via preparing and approving the Nominations and Remunerations Committee charter.

Achievements of the Nominations and Remunerations Committee during the year 2023

Nominations	<ul style="list-style-type: none"> Ensured that Independent Board members maintain their capacity as independent members.
Remunerations	<ul style="list-style-type: none"> Prepared the Governance report including the remuneration granted to the Board members and the Executive Management in accordance with the regulations of the Capital Markets Authority. Determined the remuneration scheme for the Executive Management, e.g. fixed remunerations and variable remuneration.
Evaluation, Training and Supervision	<ul style="list-style-type: none"> Supervised the Board members' self-independent assessment and presented the results along with their recommendations to the Board of Directors. Reviewed the KPIs at a sector-wide level. Reviewed the CEO's KPIs. Reviewed the cases for promotion and increments for employees and the Executive Management. Reviewed the HR plan. Approved the annual training plan for the Board of Directors. Reviewed and updated the company's organizational structure. Reviewed the succession plan.

The Nominations and Remunerations Committee meetings

The Nominations and Remunerations Committee held two meetings during FY2023

Nominations and Remunerations Committee meetings from 1 January 2023 until 31 December 2023:

Name and Capacity of the Committee Member	No.(1)	No.(2)	Number of Meetings (2)
	17/01/2023	05/12/2023	
Mr. Talal Jassim Al-Bahar, (Chairman of the Committee)	●	●	2/2
Mr. Bader Nasser Al-Kharafi	●	●	2/2
Mr. Raed Jawad Bukhamseen	○	●	1/2

Key: ● Attended

○ Absent

Independent

Non-Executive

Corporate Governance Report

continued

4. The Executive Committee

On 24 March 2022, the Executive Committee was formed in accordance with leading practices. The membership period is the same as the term of the Board of Directors, a period not exceeding three years.

It is worth noting that the Executive Committee’s responsibilities and duties have been identified by the Board of Directors via preparing and approving the Executive Committee charter.

Achievements of the Executive Committee during the year 2023

Business Strategy	<ul style="list-style-type: none"> Reviewed the company’s strategy, the upcoming three-year business plan and initiatives, and raised recommendations on both to the Board for approval. Reviewed the annual budget, provided feedback focusing on diversifying revenue channels, increasing revenue and decreasing operational expenses. Assessed the market development initiatives provided by the Executive Management and raised recommendations on the same to the Board for ratification. This has directly contributed to the increase in net income, the creation of an attractive issuer base and wider market depth by offering new products and services. Assessed the market development projects and provided feedback on its technical and administrative requirements.
Projects and Contracts	<ul style="list-style-type: none"> Supervised and provided guidance on implementation of the Boursa Kuwait building development project. Reviewed the commercial proposals and quotations submitted for strategic projects. Raised their recommendation on the proposed amendments on the Trading Rulebook to the Board for approval.
Periodic Reporting	<ul style="list-style-type: none"> Discussed the periodic reports covering the detailed plans for market development and the company’s financial performance. Reviewed the periodic reports raised by the Committee to the Board.

The Executive Committee meetings

The Executive Committee held one meeting during FY2023

Executive Committee meetings from 1 January 2023 until 31 December 2023:

Name and Capacity of the Committee Member	No.(1) 02/05/2023	Number of Meetings (1)
Mr. Bader Nasser Al-Kharafi, (Chairman of the Committee)	●	1/1
Mr. Hamad Mishari Al-Humaidhi	●	1/1
Mr. Talal Jassim Al-Bahar	●	1/1

Key: ● Attended ○ Absent Independent Non-Executive

5. Corporate Governance Committee

On 13 July 2023, the Corporate Governance Committee was restructured in accordance with leading practices. The membership period is the same as the term of the Board of Directors, a period not exceeding three years.

It is worth noting that the Corporate Governance Committee's responsibilities and duties have been identified by the Board of Directors via preparing and approving the Corporate Governance Committee charter.

Achievements of the Corporate Governance Committee during 2023

Board of Director's Affairs	<ul style="list-style-type: none"> Reviewed the charters of the Board and its Committees and ensured it covers all relevant regulatory requirements.
Policies and Regulations	<ul style="list-style-type: none"> Reviewed the Board Members' Handbook and approved its amendments. Reviewed all governance policies and updated the below: <ul style="list-style-type: none"> Corporate Governance Conflict of Interest Related Parties Integrity and Competency Stakeholders Protection Reviewed and updated the charters of the Board and its Committees.
Governance Reports	<ul style="list-style-type: none"> Reviewed the Governance report. Ensured that the social responsibility initiatives are implemented in accordance with the approved plan. Reviewed the Whistleblowing report. Reviewed the Complaints report. Reviewed the Corporate Governance report submitted to the Capital Markets Authority. Reviewed the Related-Parties Transactions report. Reviewed the Conflict-of-Interest report.

The Corporate Governance Committee meetings

The Corporate Governance Committee held two meetings during FY2023

Corporate Governance Committee meetings from 1 January 2023 until 31 December 2023:

Name and Capacity of the Committee Member	No.(1) 19/09/2023	No.(2) 12/12/2023	Number of Meetings (2)
Mr. Hamad Mishari Al-Humaidhi (Chairman of the Committee)	●	●	2/2
Mrs. Dalal Jafaar Behbehani	●	●	2/2
Mr. Bader Abdullah Al-Kandari	●	●	2/2
Mr. Yousef Faisal Al-Mannai	●	●	2/2

Key: ● Attended ○ Absent Independent Non-Executive

Corporate Governance Report

continued

A summary of how to apply the requirements that allow Board members to obtain information and data in an accurate and timely manner

The Executive Team, led by the CEO, are keen to ensure timely and accurate information is provided to the Board of Directors by conducting the following:

- Disseminating the Board of Directors and Board of Directors Committees' meeting agenda within a sufficient time period before the meeting date.
- Double checking all reports for accuracy and completeness prior to sending them to the Board.
- Presenting the documents to be discussed by the Board members at least three days prior to the meeting date to ensure sufficient time has been given for document review and decision-making.
- Providing the Board of Directors members with all requested documents in a timely manner.

Article Three

Recruit Highly Qualified Candidates to the Board of Directors and the Executive Management

Brief about the application of the formation requirements of the Nominations and Remunerations Committee

In compliance with the CMA regulations, the Board Nominations and Remunerations Committee (BNRC) was established to provide recommendations for the appointment of Board members and their re-election at the General Assembly, reviewing the competency and integrity requirements necessary for the appointment of the Executive and the Board of Directors and the positions that must be registered with the CMA, in addition to supervising the annual self-evaluation process of the Board members. The BNRC is also responsible for evaluating the remuneration of the members of the Board of Directors and the Executive Management in accordance with the company's strategic objectives.

Report on the remunerations to the members of the Board of Directors, the Executive Management and the Managers includes:

1. Summary of the company's policy on compensations and incentives, specifically that relate to members of the Board of Directors, the Executive Management and the Managers

Boursa Kuwait adopts a comprehensive framework for calculating the remunerations and incentives for members of the Board of Directors and Executive Management. This framework is based on the principle of equal opportunities and transparency and on linking rewards and incentives to performance assessment levels of the company as a whole, as well as to individual performance levels. Moreover, Boursa Kuwait is keen to adopt leading practices by linking rewards to long-term institutional performance levels by linking performance to achieving corporate strategic objectives and risk exposure levels.

2. Remuneration and benefits

a. Remunerations and Benefits of Members of the Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (KD)	Variable remuneration and benefits (KD)		Fixed remuneration and benefits (KD)		Variable remuneration and benefits (KD)	
	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration
9	-	176,00	32,000	-	-	-	-

The total number of members depicted in the above table includes the resigned Board member and the summoned new Board member. The remuneration of the aforementioned board members was calculated on a pro-rata basis.

b. Total remunerations and benefits granted to five Senior Executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the Financial Manager or their deputy, if not included

Total Executive positions	Remunerations and benefits through the parent company							Variable remuneration and benefits (KD)
	Fixed remuneration and benefits (KD)							
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual remuneration	
5	523,818	10,545	18,614	-	-	30,733	439,874	
Total Executive positions	Remunerations and benefits through the subsidiaries							Variable remuneration and benefits (KD)
	Fixed remuneration and benefits (KD)							
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual remuneration	
N/A	-	-	-	-	-	-	-	

3. Any substantial deviations from the Remuneration policy approved by the Board of Directors:

None.

Article Four

Ensuring the Integrity of Financial Reports

Written commitments from the Board of Directors and Executive Management to the validity and integrity of financial reports

Boursa Kuwait's Board of Directors seeks to ensure the integrity of the company's financial reports. To achieve such, the Executive Management has provided a written pledge to the Board of Directors that the financial reports have been presented in a sound and equitable manner, containing all the financial aspects of the company in accordance with the international accounting standards adopted by the Capital Markets Authority.

Moreover, the Annual Report presented to the shareholders by the Board of Directors also ensures the validity and integrity of the financial statements, in order to promote the accountability process, whether by keeping Management accountable towards the Board of Directors or by keeping the Board of Directors accountable towards the shareholders.

An overview on the implementation of requirements of the formation of the Audit Committee

Boursa Kuwait strives to comply with the regulations of the Capital Markets Authority by forming the Audit Committee, which emanates from the Board of Directors and takes the responsibility of assisting the Board in fulfilling its obligations in terms of supervising the quality and integrity of accounting practices, auditing and internal control, in addition to the risk management framework, financial reports and corporate governance general framework, as well as the relationship of the company with external auditors.

It is worth noting that the role and responsibility of the Committee and all the conditions related to its formation have been determined under the Audit Committee charter and approved by the Board of Directors.

Corporate Governance Report

continued

In the event of a discrepancy between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement is included detailing and clarifying the recommendations and the reasons behind the decision of the Board of Directors not to comply with them

It is worth noting that there were no discrepancies monitored or recorded between the recommendations of the Audit Committee and the Board of Directors decisions.

Emphasis on independence and objectivity of the external auditor

The Board of Directors is keen to reduce potential conflicts of interest. The Audit Committee, emanating from the Board, has emphasized the independence and objectivity of the external auditor by establishing criteria and principles for evaluating its independence and performance so that it may provide recommendations to the Board of Directors for the appointment, reappointment or change of the auditor.

Article Five

Developing Sound Risk Management and Internal Control Systems

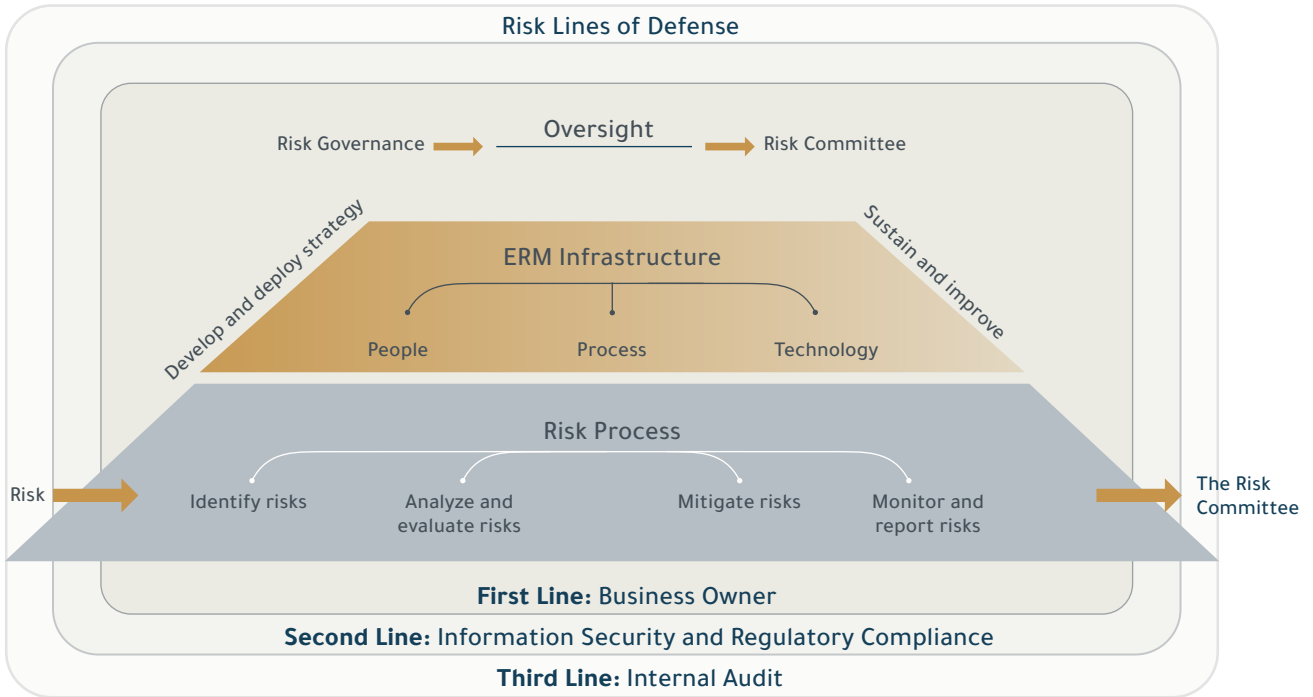
A brief statement about the implementation of the requirements of forming an independent department/office/unit for risk Management

Risk Management is fully independent through its direct subordination to the Board Risk Committee. This is evidenced by the organizational structure adopted by the Board of Directors, as well as the job description of the Risk Management Officer, which clearly demonstrates the functions entrusted thereto and ensures that no tasks of the company's operational activities are assigned to the Risk Management, to enable them to carry out their duties and responsibilities to the fullest extent.

Risk Management has a robust framework aimed to optimize the risk exposure while accepting some degree of risk in the pursuit of the company's vision, mission and business objectives. The company's risk appetite varies according to the undertaken activity and any acceptable risk is always subject to a cost-benefit analysis before approval coupled with established sensible measures to mitigate risks.

Within the company's risk management framework, it has developed a systematic process to identify, analyze and evaluate the strategic and operational risks it faces while conducting business. Starting with its employees, a risk-reporting network has been established, with the appointment of a risk champion in each market department/sector. Once the risk has been identified, it is recorded and tracked through the risk register. A specialized team runs the Risk Management and reports to the Risk Committee and the Board of Directors. The company continuously develops its risk management framework by providing a series of risk awareness workshops and assigning different roles and responsibilities to risk champions identified in each department.

The following diagram depicts the risk management framework:



Risk Management adopts a comprehensive methodology for managing the various risk categories facing the company. These risks are monitored and tracked according to the following four categories:



The methodology is applied on the basis of the Risk policy adopted by the Board of Directors, which is implemented through a risk assessment matrix that includes quantitative and qualitative indicators, as well as periodically issuing and monitoring the key risk indicators (KRIs).

Adding to the above, Risk Management has a strategy that is aligned with the overall business strategy and focuses on enhancing risk management tools and methodology to protect the stakeholders.

Corporate Governance Report

continued

Below is the illustration of the company's risk management strategy:



A brief summary on implementing the requirements of forming a Risk Committee

The Board of Directors of the company has formed a Risk Committee, as it was keen to meet the requirements of the Capital Markets Authority. The functions and responsibilities of the Committee, the term of its members and its operational approach were defined in the Board's approved Risk Committee charter.

The Committee aims to improve the effective supervision of the Board by undertaking functions related to all aspects of risk management, including assisting the Board in identifying and assessing the level of risk permissible in the company and ensuring that it does not exceed this level of risk.

A summary on monitoring and internal control systems

The Board of Directors endeavors diligently to verify the adequacy and effectiveness of the internal control systems required to protect the company's operations, as well as to ensure compliance with these systems, in addition to establishing means of providing the necessary protection to the company against any risks, whether internal or external. Boursa Kuwait strives to maintain internal control systems covering all activities of the company, as it has established independent control departments, including Internal Audit and Risk Management which report to the Board of Directors through the Audit and Risk Committees respectively, in addition to the Compliance and Corporate Governance Department that reports to the CEO on compliance related matters and to the Corporate Governance Committee on corporate governance related matters.

The following figure shows the components of Boursa Kuwait's internal control systems:



Confidentiality and Information Security

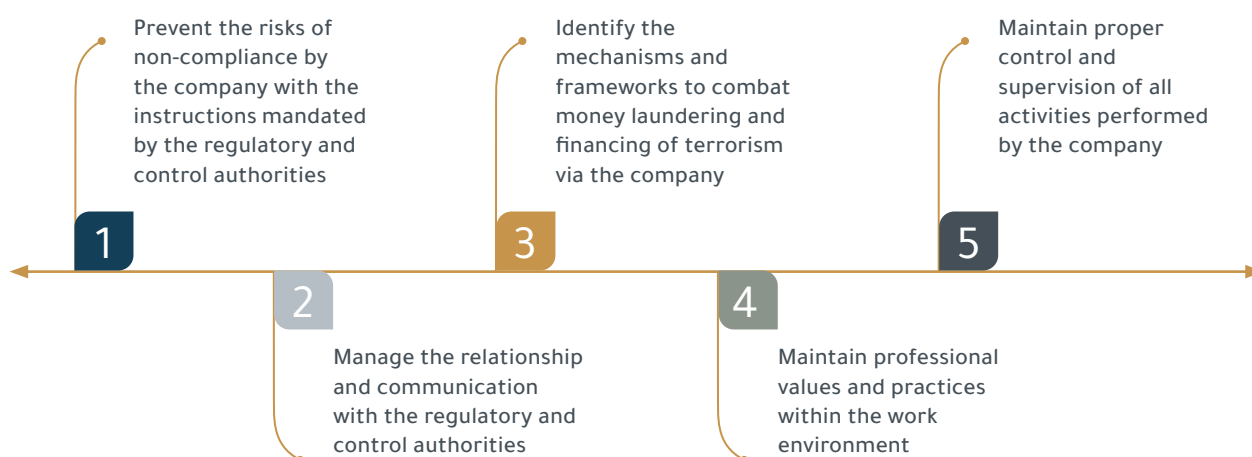
Bursa Kuwait adopts a strict system for information security and confidentiality, which follows the highest standards of monitoring and internal control. Moreover, it periodically conducts penetration testing to identify any control gaps and works to solve them effectively.

During the year, Bursa Kuwait was keen to provide various awareness training and development programs for its employees to implement the highest levels of safety standards related to information security.

The Board of Directors, the Executive Management and employees are committed to maintaining the confidentiality of the information and data related to Bursa Kuwait. Policies and procedures have been established to ensure non-disclosure of internal information that could harm the interests of investors. The policy contains safeguards to prevent the member's of the Board access to information on Bursa Kuwait's clients and members.

Compliance Department

The role of the Compliance Department of Bursa Kuwait comprises the following main tasks:



A brief statement about the implementation of the requirements of forming an independent department/office/unit for the internal audit function

The Internal Audit Department of Bursa Kuwait is independent by virtue of its direct reporting to the Audit Committee emanating from the Board of Directors. Moreover, the Board of Directors has determined the functions and responsibilities of the Internal Audit Department. The Internal Audit Department is responsible for the implementation of the department manual in addition to the approved annual audit plan.

Corporate Governance Report

continued

Article Six

Enhancement of Professional Behavior and Ethical Values

A summary of the business charter, which includes standards and determinants of professional behavior and ethical values

Integrity, excellence, accountability and respect are among the fundamental principles enshrined in the company's action charter. Boursa Kuwait adopted a code of conduct that includes best practices and professional conduct in this field in order to achieve the interests of the company, its shareholders and stakeholders, in addition to providing the opportunity for members of the Board of Directors, the Executive Management and employees to achieve the objectives of the company to the fullest.

Boursa Kuwait has prepared a set of policies and procedures to ensure that its assets and resources are not exploited to achieve personal interests as well as limit the exploitation of internal information and promote the principle of avoiding conflict of interests, which are summarized as follows:

Related parties transactions

The related party transactions policy provides guidelines on how to conduct and manage transactions with related parties, whether those transactions are between the company and its Board of Directors or Executive Management and employees. A related party register has been prepared and circulated to the concerned departments. Any new business relationship within the company is initiated only after verification that it is not related to that list, and in the event of any association with those parties, it is recorded in the transaction log with the related parties, reviewed by the Risk Management Committee and presented to the Board of Directors for discussion and approval.

Whistleblowing policy

The whistleblowing policy provides a collaborative and transparent working environment for all employees, as the company has created an e-mail on Boursa Kuwait's website in which any stakeholder can convey their concerns or suspicions about any violations, malpractice or misconduct to the Board of Directors. Such procedures shall be carried out within a framework that ensures protection of the whistleblowers, provision of the necessary investigation and supervision of such procedures.

A summary of the policies and mechanisms for managing conflict of interest cases

In order to eliminate any potential conflicts of interest cases, the company has developed a conflict of interest policy that sets guidelines for identification, notification, reporting, disclosure, prevention or strict restraints of potential conflicts of interest cases. In addition, appropriate procedures have been established to identify and effectively deal with cases posing as a conflict of interest, in addition to ensuring that the Board of Directors handles existing and potential conflicts of interest cases in a manner that serves the company's best interests.

In efforts to manage conflict of interest cases and in line with the CMA Executive bylaws, the company prohibits their employees, along with their dependents, from dealing in securities under Boursa Kuwait that are listed or have applied for listing. To ensure adherence, all employees upon their recruitment must disclose all listed securities under their ownership, or that of their dependents, and sign a form of not dealing with any securities that are listed or have applied to be enlisted under Boursa Kuwait unless it is within the cases exempt as per the CMA bylaws. In addition, the company submits an Annual Report including the securities owned by their employees and their dependents along with details of transactions on these securities conducted throughout the past year to the CMA.

In line with CMA resolution 41 and 42 of the year 2020, and in efforts to ensure its independence post listing under Boursa Kuwait, the company has developed an operations manual to prevent conflict of interest cases that may arise when conducting its duties as a securities exchange and that as a listed company under that same securities exchange.

Article Seven

Accurate and Timely Disclosure and Transparency

A summary of implementing mechanisms of presentation and disclosure that define aspects, areas and characteristics of disclosure

The company is committed to applying the highest levels of transparency, as the Board of Directors approved the disclosure policies and procedures to ensure the provision of accurate and timely information to both our shareholders and stakeholders. The Regulatory Compliance and Governance Department discloses such information post coordinating with all relevant internal business functions.

A summary on implementing the requirements of the disclosure records of Board members, Executive Management and the Managers

The company maintains a record of all disclosures of the members of the Board of Directors, Executive Management and the Managers. This record includes all information related to benefits, salaries, incentives and other financial related benefits that were granted directly or indirectly by the company or its subsidiaries in accordance with the form approved by the CMA. The records are subject to periodic review and are updated to reflect the latest developments of the related parties. These records are accessible to all shareholders free-of-charge during the company's working hours.

A brief statement about the implementation of the requirements on forming the Investor Relations Department

Boursa Kuwait has established the Investor Relations Department, reporting to the Head of Finance and the Administration Sector. The Investor Relations Department is responsible for identifying key data to be provided to current shareholders and potential investors as well as dealing with the shareholders and investors and providing all information on the company's activity and financial position in a timely manner. The company's website also includes a section for investor relations that includes financial and non-financial reports of interest for the shareholders, Annual Reports, and is a means of communication with investors to address their inquiries.

A brief summary on developing the information technology infrastructure and its reliability in the operation of disclosures

In efforts to communicate with shareholders and stakeholders using the latest technological developments, the company has developed a new website in addition to smartphone applications, on both operating systems, that address the needs of Boursa Kuwait's audience by providing information in a simple and convenient manner.

Corporate Governance Report

continued

Article Eight

Shareholders' Rights

A summary of the implementation of the requirements for defining and protecting the general rights of shareholders in order to ensure fairness and equality among all shareholders

Ensuring the rights of shareholders is one of the most important requirements provided under the corporate governance rules and company law. To ensure the highest standards of transparency and equality in all current or potential transactions with shareholders, the company has implemented a policy that ensures the protection of shareholders' rights in accordance with its Articles of Association, internal policies and regulations along with the necessary procedures and controls.

This is to ensure that all shareholders exercise their rights to achieve justice and equality, in a manner that does not conflict with the applied laws and regulations and issued decisions and instructions. Furthermore, the company also seeks to treat all shareholders equally, fairly and without distinction.

A summary on establishing a dedicated register to be kept with the clearing company, as part of the requirements for continuous monitoring of shareholders' data

Boursa Kuwait strives to follow up consistently on all matters related to shareholders' data, establishing and maintaining a dedicated register to be kept in the Kuwait Clearing Company, listing the names, nationalities and residencies of shareholders, and the number of shares owned by each of them. The register shall include any changes in the data registered therein in accordance with data received by the company or the Kuwait Clearing Company. Any interested party may request to receive data from this register from Boursa Kuwait or the Kuwait Clearing Company.

Mechanism to encourage shareholders to participate and vote in General Assembly meetings

Boursa Kuwait is keen to facilitate and clarify the role of shareholders in its General Assembly meetings. A mechanism of voting and participation in General Assembly meetings has been prepared to clarify that, shareholders have the right to vote on decisions, as prescribed by the Statute, the Articles of Association and the Respect Policy of shareholders' rights. It also organizes public meetings of shareholders, to enable shareholders to participate actively in the General Assembly and to discuss the topics on its agenda. The company has also been keen to provide the shareholders with the right to access all the data contained in the register of the disclosures of the members of the Board of Directors and the Executive Management.

Article Nine

Role of Stakeholders

An overview of the systems and policies that ensure protection and recognition of the rights of stakeholders

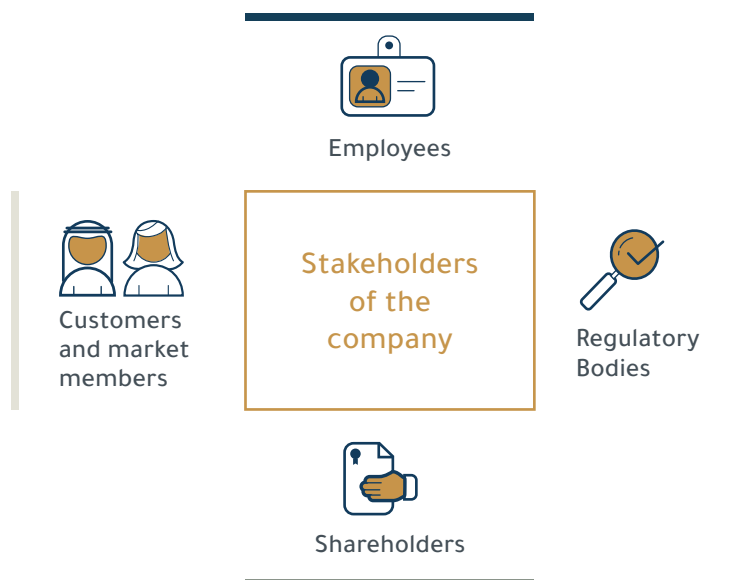
In order to recognize and protect the rights of stakeholders, the company has developed a policy for the protection of stakeholders. This policy is designed to ensure respect and protection of the rights of stakeholders in accordance with the laws and instructions issued by the relevant regulatory authorities.

The aim of the stakeholders' protection policy is to ensure that the rights of stakeholders, as set out in relevant laws and regulations, are respected and protected by the company.

Boursa Kuwait also protected the rights of all stakeholders and provided stability and sustainability through its good financial performance. Parties considered to be stakeholders were identified through such policies, and guidelines were developed on how to protect these rights.

The mechanism for motivating stakeholders to participate in the follow-up of the company’s various activities

In pursuit of its main responsibility to protect the rights of stakeholders, the Board of Directors has identified the stakeholders in the company as follows:



Shareholders

The shareholders’ protection policy has been developed in accordance with the relevant law and regulations and as part of Boursa Kuwait’s corporate governance framework as well as effective communication with shareholders to identify their views on various matters pertaining to the company.

Regulatory Bodies

The company is committed to the laws, regulations and instructions issued by the Capital Market Authority, the Ministry of Commerce and Industry and any other relevant Regulatory Bodies. It also ensures and maintains a continuous good relationship with all regulatory authorities and cooperates fully with the Capital Markets Authority and relevant Regulatory Bodies during inspection processes. Moreover, the company provides information, data, registers, records and tools required by the representatives of the Regulatory Bodies, and provides all the data, information and statistics requested by the Capital Markets Authority and the relevant Regulatory Bodies.

Customers and market members

The company vows to provide the best services and products to its customers, in addition to constantly following up with clients’ suggestions and complaints. This is in addition to improving communication with clients by devising modern means of communication to provide easy access to support at any time.

Employees

Recruitment of Kuwaiti nationals and the development of all staff skills are deemed key priorities, as Boursa Kuwait focuses on providing professional development opportunities and necessary training programs as well as directing recruitment efforts to sign and train the best national labor.

Boursa Kuwait seeks to provide a working environment characterized by cooperation, integrity, honesty, moral values and compliance with laws in all dealings of its employees or through its dealings with stakeholders. The company has adopted reporting procedures that ensure the freedom to report any violations or illegal or unethical practices through direct communication channels and ensures adequate protection of the informant until completion of the investigations concerning these reports.

Corporate Governance Report

continued

Article Ten

Performance Enhancement and Improvement

A summary of the implementation of requirements for setting mechanisms that allow the Board of Directors and the Executive Management to obtain continuous training programs and courses

Boursa Kuwait strives to develop the skills of the members of the Board of Directors and the Executive Management through the development of mechanisms related to the training needs of the Board of Directors and Executive Management. The Board of Directors is keen to adopt induction programs for newly-hired members to ensure that they have a proper understanding of the company's operations. Moreover, the Board of Directors has adopted a briefing booklet for the members of the Board of Directors.

Boursa Kuwait has strived to identify the proposed training topics for Board members to develop their skills, experiences and to keep abreast of developments.

Brief on how to evaluate the performance of the Board as a whole, and the performance of each member of the Board of Directors and the Executive Management

Boursa Kuwait has developed systems and mechanisms to evaluate the performance of each member of the Board of Directors and Executive Management on a regular basis by developing a set of performance indicators related to the achievement of the company's strategic objectives and the adequacy of the internal control systems.

Under the supervision of the Board of Directors, the Nominations and Remunerations Committee has reviewed the structure of the Board of Directors and the role played by its committees by using a self-assessment methodology for each member of the Board to identify the development and training needs..

The following diagram illustrates the elements on which the evaluation process was based, as included in the self-assessment models:



An overview of the Board of Director's efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators

The Board of Directors is keen to create values within the company in the short, medium and long-term. Accordingly, the Board of Directors has adopted a code of conduct which emphasizes the requirements to follow these practices and adhere to the highest professional standards and corporate values. Moreover, the Board also sought to link the commitment to corporate values with the performance evaluation rates of employees in order to ensure the achievement of our strategic objectives.

Boursa Kuwait has also made significant efforts to encourage corporate values, providing employees with the opportunity to present their ideas and constructive initiatives to Executive Management. Dialogue sessions are held on a periodic basis between Management and staff to identify the potential efforts to develop the company and achieve its strategic objectives.

Article Eleven

Focusing on Social Responsibility

A summary of developing a policy to ensure a balance between the goals of the company and those of the society

Boursa Kuwait is committed to its responsibility towards the community and its employees, adopting a policy that ensures the achievement of both company and societal objectives. Boursa Kuwait is committed to aligning its values and business strategy with its social and economic needs, while providing the community with the support necessary to achieve business and social benefits in the long-term and to ensure the sustainability of its operations in a manner that minimizes harmful effects on society and the environment.

Boursa Kuwait has developed the foundations for an effective framework for social responsibility and corporate sustainability, including responsibilities towards the society, the environment and the different community groups, as well as the responsibilities of stakeholder participation and staff development.

Moreover, Boursa Kuwait also strives to raise social responsibility awareness among its employees by ensuring that they are aware of the importance of these programs and their objectives, which contributes to improving the company's performance level and helps it achieve its strategic objectives.

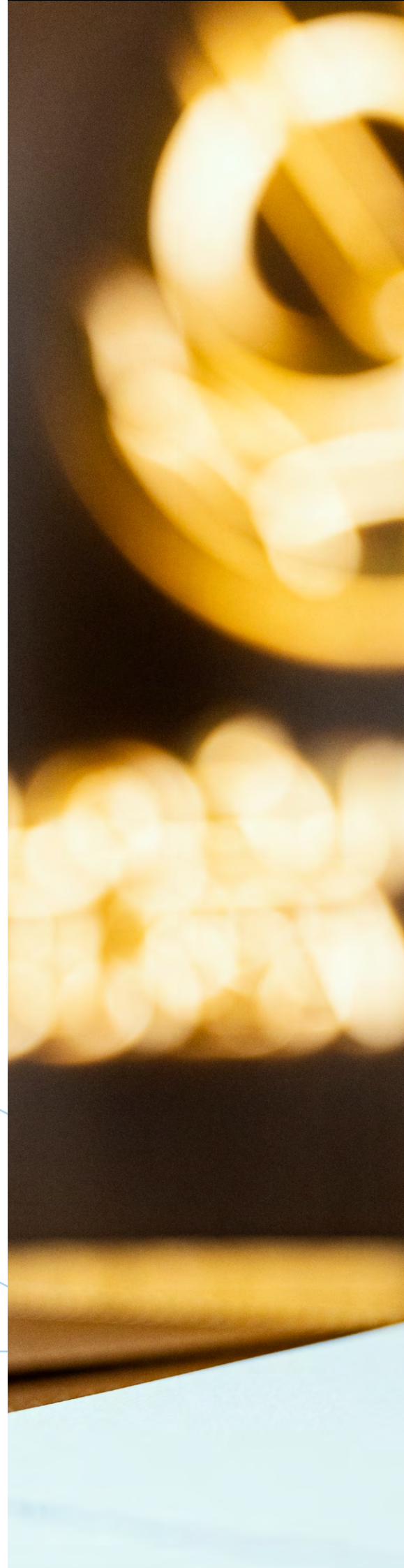
An overview of the applied programs and mechanisms that help highlight efforts in the field of social responsibility

Boursa Kuwait seeks to achieve balance between its objectives and those sought by the society by providing employment opportunities, encouraging Kuwaitization and offering training and educational programs for all segments of society.

To learn about the most important programs and efforts made during 2023 to achieve this goal, please refer to the "Corporate Sustainability" section.

05 Consolidated Financial Statements

Independent Auditor's Report	107
Consolidated Statement of Profit or Loss	111
Consolidated Statement of Comprehensive Income	112
Consolidated Statement of Financial Position	113
Consolidated Statement of Changes in Equity	114
Consolidated Statement of Cash Flows	115
Notes to the Consolidated Financial Statements	116







بورصة الكويت
BOURSA KUWAIT

Kuwait, 21st February 2024

Dear Shareholders,

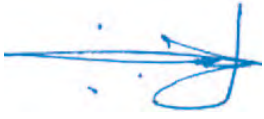
Subject: Boursa Kuwait Securities Company (K.P.S.C.) and its Subsidiaries Consolidated Financial Statements 31 December 2023

Please find attached Boursa Kuwait Securities Company (K.P.S.C.) and its Subsidiaries audited Consolidated Financial Statements 31 December 2023.

This is to certify that the Consolidated Financial Statements 31 December 2023 attached herein is presented fairly and reflects all the financial and operational results of the company.

The Consolidated Financial Statements 31 December 2023 was prepared in accordance with the International Financial Reporting Standards approved by the Capital Markets Authority.

Yours sincerely,



Hamad Mishari Al-Humaidhi
Chairman

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.

Report on the Audit of Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Boursa Kuwait Securities Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our reports, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

We have identified the following key audit matters:

Revenue recognition - Share in trading commission

The Group has recognised revenue from share in trading commission of securities amounting to 6,787,463 for the year ended 31 December 2023 (2022: KD 9,834,643), representing 22.1% (2022: 27.9%) of the revenue balance for the year then ended.

Contracts relating to fee or revenue sharing in respect of these arrangements between the Group's and third-party participants involves multiple pricing structures based on product types, customer activity and volumes, all of which are heavily dependent on complex IT systems for the processing and recording. This complexity leads to a heightened risk that revenue may not be recognised appropriately, either as a result of fraud or error, including through the potential override of controls by management.

Due to the IT complexities in the revenue recognition process related to these revenue sharing arrangements, we have considered this as a key audit matter. The accounting policy for revenue recognition is set out in Note 2.5.3 and the related disclosures are disclosed in Note 4 in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.

Report on the Audit of Consolidated Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition - Share in trading commission (continued)

Our audit procedures included, among others, the following:

- We confirmed our understanding of the processes and controls relevant to the material revenue streams of the Group. We also evaluated the design and tested operating effectiveness of key controls over the Group processes for certain revenue streams including IT systems, interface controls between different IT applications and related IT controls that impact the timing and measurement of revenue recognition. We also evaluated the design and tested the operating effectiveness of key controls over the completeness and accuracy of the data utilised to measure and recognise the revenue in the appropriate period. We further tested the operating effectiveness of key automated controls over the processing and recording of revenue transactions, authorisation of pricing structure changes and its input to the systems and the change control procedures in place around those systems;
- We performed substantive audit procedures that included, among other things, substantive analytical procedures by using tools in the analysis of the related revenue sharing streams. This included analysing monthly trading volumes and their correlation with monthly revenue recognised; anomalies were investigated;
- We tested the key reconciliation controls used by management over revenue recognition;
- We performed cut-off testing to verify that revenue was recognised in the correct period;
- We performed analytical procedures and journal entry testing in order to identify and test the risk of misstatement arising from management override of controls; and
- We also evaluated the appropriateness of the revenue recognition policy in accordance with *IFRS 15 'Revenue from Contracts with Customers'* and the adequacy of the Group's disclosures in Notes 2.5.3 and 4 to the consolidated financial statements.

Annual impairment of goodwill and indefinite life intangible assets

The Group has goodwill and indefinite life intangible assets with a carrying value of KD 9,492,308 and KD 31,631,600, respectively, as at 31 December 2023 (2022: KD 9,492,308 and KD 31,631,600). The individual goodwill and intangible assets amounts have been allocated to the cash-generating unit (CGU) and is expected to benefit from synergies from the combination as disclosed in Note 6 to the consolidated financial statements.

The annual impairment testing of goodwill and indefinite life intangible assets is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less cost to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future trade and clearing activity volumes, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).

The Group engaged an external expert to assist with the impairment testing and no impairment loss was identified.

The Group's accounting policies on impairment of goodwill and indefinite life intangible assets is disclosed in Note 2.5.1 and 2.5.11 respectively to the consolidated financial statements.

Our audit procedures included, among others, the following:

- We involved our internal valuation specialists to assist us in challenging the methodology used in the impairment assessment and evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGUs operate;
- We assessed the appropriateness of the assumptions applied to key inputs such as trade and clearing activity volumes and prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on knowledge of the client and the industry;
- We compared the relevant assumptions to industry benchmarks and economic forecasts and tested the integrity of supporting calculations and corroborated certain information with third party sources.
- We evaluated whether the external expert has the necessary competency, capabilities and objectivity for audit purposes;
- We compared actual historical cash flows with previous forecasts and assessed differences, if any, were within an acceptable range. We assessed the overall reasonableness of the cash flow forecasts and compared the discount rate and growth rate to market data;

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.

Report on the Audit of Consolidated Financial Statements (continued)

KEY AUDIT MATTERS (CONTINUED)

Annual impairment of goodwill and indefinite life intangible assets (continued)

- We evaluated the sensitivity analysis performed by management around the key assumptions noted above and challenged the outcome of the assessment; and
- We evaluated the adequacy of the Group's disclosures concerning goodwill and indefinite life intangible assets in Note 6 to the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2023 ANNUAL REPORT

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.

Report on the Audit of Consolidated Financial Statements (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 December 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS
21 February 2024
Kuwait

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 (KD)	2022 (KD)
REVENUE			
Subscription fees	4	7,088,435	7,779,487
Share in trading commission	4	6,787,463	9,834,643
Clearing operations	4	4,247,039	4,751,483
Central depository services	4	4,248,964	4,172,825
Shareholders register services	4	3,446,720	3,597,546
Settlement operations	4	2,148,095	2,622,986
Miscellaneous fees	4	2,661,539	2,436,545
Reversal of provision for expected credit losses	8, 9	53,741	4,821
		30,681,996	35,200,336
EXPENSES AND OTHER CHARGES			
Staff costs		(7,632,704)	(7,704,584)
General and administrative expense		(3,926,933)	(3,885,629)
Depreciation and amortisation		(792,777)	(861,023)
Allowance for provision for expected credit losses	8, 9	(56,892)	(131,743)
		(12,409,306)	(12,582,979)
OPERATING PROFIT			
		18,272,690	22,617,357
Net investment income		78,501	100,932
Interest income		2,825,937	1,620,726
Rental income		832,436	532,213
Other income		693,298	181,575
Interest on lease liabilities		(31,513)	(38,669)
PROFIT BEFORE TAX AND BOARD OF DIRECTORS' REMUNERATION			
		22,671,349	25,014,134
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(88,695)	(99,434)
Zakat		(109,070)	(163,217)
National Labour Support Tax ("NLST")		(428,793)	(514,582)
Board of Directors' remuneration		(176,000)	(200,000)
PROFIT FOR THE YEAR			
		21,868,791	24,036,901
Attributable to:			
Equity holders of the Parent Company		15,797,881	18,002,979
Non-controlling interests		6,070,910	6,033,922
		21,868,791	24,036,901
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
	5	78.68 Fils	89.67 Fils

The attached notes 1 to 21 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023


	Note	2023 (KD)	2022 (KD)
PROFIT FOR THE YEAR		21,868,791	24,036,901
Other comprehensive income (loss)			
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Net income (loss) on equity instruments designated at fair value through other comprehensive income	21	122	(125,832)
Other comprehensive income (loss) for the year		122	(125,832)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,868,913	23,911,069
Attributable to:			
Equity holders of the Parent Company		15,797,942	17,940,063
Non-controlling interests		6,070,971	5,971,006
		21,868,913	23,911,069

The attached notes 1 to 21 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 (KD)	2022 (KD)
ASSETS			
Non-current assets			
Intangible assets	6	33,712,768	33,404,556
Goodwill	6	9,492,308	9,492,308
Property and equipment	7	1,438,230	1,140,965
Right-of-use assets		682,880	898,574
Accounts receivable and other assets	8	281,506	285,896
Financial assets at fair value through other comprehensive income	21	338	33,424
Debt instruments at amortised cost	9	1,911,725	1,404,316
Restricted cash	11	2,600,000	2,600,000
		50,119,755	49,260,039
Current assets			
Accounts receivable and other assets	8	3,937,092	2,987,334
Debt instruments at amortised cost	9	-	700,000
Term deposits	10	54,080,000	57,064,445
Cash and cash equivalents	11	10,749,120	9,542,599
		68,766,212	70,294,378
TOTAL ASSETS		118,885,967	119,554,417
EQUITY AND LIABILITIES			
Equity			
Share capital	12	20,077,575	20,077,575
Statutory reserve	12	9,288,355	7,628,311
Voluntary reserve	12	9,288,355	7,628,311
Fair value reserve	12	(252,299)	(251,724)
Retained earnings		25,827,959	30,415,469
Equity attributable to equity holders of the Parent Company		64,229,945	65,497,942
Non-controlling interests		44,179,325	42,613,979
Total equity		108,409,270	108,111,921
Liabilities			
Non-current liabilities			
Employees' end of service benefits	13	1,556,269	1,542,531
Lease liabilities		492,036	705,415
		2,048,305	2,247,946
Current liabilities			
Accounts payable and other liabilities	14	8,206,747	8,971,675
Lease liabilities		221,645	222,875
		8,428,392	9,194,550
Total liabilities		10,476,697	11,442,496
TOTAL EQUITY AND LIABILITIES		118,885,967	119,554,417



HAMAD MISHARI AL-HUMAIIDHI
Chairman



MOHAMMAD SAUD AL-OSAIMI
Chief Executive Officer

The attached notes 1 to 21 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Parent Company						NON-CON- TROLLING INTERESTS (KD)	TOTAL EQUITY (KD)
	SHARE CAPITAL (KD)	STATUTORY RESERVE (KD)	VOLUNTARY RESERVE (KD)	FAIR VALUE RESERVE (KD)	RETAINED EARNINGS (KD)	SUB-TOTAL (KD)		
As at 1 January 2023	20,077,575	7,628,311	7,628,311	(251,724)	30,415,469	65,497,942	42,613,979	108,111,921
Profit for the year	-	-	-	-	15,797,881	15,797,881	6,070,910	21,868,791
Other comprehensive income for the year	-	-	-	61	-	61	61	122
Total comprehensive income for the year	-	-	-	61	15,797,881	15,797,942	6,070,971	21,868,913
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	(636)	636	-	-	-
Transfer to reserves	-	1,660,044	1,660,044	-	(3,320,088)	-	-	-
Cash dividends (Note 12)	-	-	-	-	(17,065,939)	(17,065,939)	(4,505,625)	(21,571,564)
At 31 December 2023	20,077,575	9,288,355	9,288,355	(252,299)	25,827,959	64,229,945	44,179,325	108,409,270
As at 1 January 2022	20,077,575	5,730,290	5,730,290	(188,808)	29,258,956	60,608,303	39,246,222	99,854,525
Profit for the year	-	-	-	-	18,002,979	18,002,979	6,033,922	24,036,901
Other comprehensive loss for the year	-	-	-	(62,916)	-	(62,916)	(62,916)	(125,832)
Total comprehensive (loss) income for the year	-	-	-	(62,916)	18,002,979	17,940,063	5,971,006	23,911,069
Transfer to reserves	-	1,898,021	1,898,021	-	(3,796,042)	-	-	-
Cash dividends (Note 12)	-	-	-	-	(13,050,424)	(13,050,424)	(2,603,249)	(15,653,673)
At 31 December 2022	20,077,575	7,628,311	7,628,311	(251,724)	30,415,469	65,497,942	42,613,979	108,111,921

The attached notes 1 to 21 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 (KD)	2022 (KD)
OPERATING ACTIVITIES			
Profit before tax and Board of Directors' remuneration		22,671,349	25,014,134
<i>Adjustments to reconcile profit before tax and Board of Directors' remuneration to net cash flows:</i>			
Depreciation of property and equipment	7	269,614	242,369
Depreciation of right-of-use assets		224,238	224,189
Amortisation of intangible assets	6	298,925	394,465
Reversal of allowance for ECL of trade receivables and other debt instruments at amortised cost	8, 9	(53,741)	(4,821)
Allowance for ECL of trade receivables and other debt instruments at amortised cost	8, 9	56,892	131,743
Interest income		(2,825,937)	(1,620,726)
Net investment income		(78,501)	(100,932)
Foreign exchange differences		(1,350)	(11,400)
Gain on disposal of property and equipment		(1,460)	-
Gain on derecognition of lease liabilities		-	(157)
Interest on lease liabilities		31,513	38,669
Provision for employee's end of service benefits, net	13	367,569	358,901
		20,959,111	24,666,434
<i>Working capital changes:</i>			
Accounts receivable and other assets		(196,868)	44,265
Accounts payable and other liabilities		(862,848)	330,610
Cash flows from operations		19,899,395	25,041,309
Employees' end of service benefits paid	13	(353,831)	(43,540)
Taxes paid		(745,833)	(542,362)
Board of directors' remuneration paid		(200,000)	(176,000)
Net cash flows from operating activities		18,599,731	24,279,407
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(566,919)	(420,463)
Proceeds from disposal of property and equipment		1,500	-
Purchase of intangible assets	6	(607,137)	(1,246,629)
Proceeds on liquidation of investment securities	21	33,208	-
Proceeds from redemption of debt instruments at amortised cost		700,000	-
Purchase of debt instruments at amortised cost		(500,000)	-
Maturity of term deposits		73,332,848	62,275,836
Placement of term deposits		(70,348,403)	(68,214,445)
Net investment income received		92,393	104,567
Interest income received		2,054,335	1,358,966
Net cash flows from (used in) investing activities		4,191,825	(6,142,168)
FINANCING ACTIVITIES			
Payment of lease liabilities		(254,666)	(253,047)
Dividends paid to equity holders of the Parent Company		(16,824,744)	(12,850,161)
Dividends paid to non-controlling interests		(4,505,625)	(2,603,249)
Net cash flows used in financing activities		(21,585,035)	(15,706,457)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,206,521	2,430,782
Cash and cash equivalents at 1 January		9,542,599	7,111,817
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	10,749,120	9,542,599
Non-cash transactions excluded from statement of cash flows:			
Additions to right-of-use assets		(8,544)	(66,604)
Additions to lease liabilities		8,544	66,604
Derecognition of leases (adjusted with right-of-use assets)		-	29,452
Derecognition of leases (adjusted with lease liabilities)		-	(29,452)

The attached notes 1 to 21 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

1 CORPORATE INFORMATION

The consolidated financial statements of Boursa Kuwait Securities Company K.P.S.C. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the board of directors on 21 February 2024, and the shareholders have the power to amend these consolidated financial statements at the Annual General assembly Meeting (AGM).

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders at the AGM held on 23 March 2023. Distributions made and proposed are provided in Note 12.2.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded. The registered office of the Parent Company is located at Boursa Building, Sharq and its registered postal address is P.O. Box 1027, Dasman 15461 - State of Kuwait.

The Parent Company is regulated by the Capital Markets Authority ("CMA") and its primary objectives are, as follows:

- Operate as a stock exchange, incorporate, or operate or contribute in the incorporation or operation of a stock exchange to reconcile buy and sell orders of securities and to follow specific procedures relating to trading and perform usual functions exercised by stock exchanges. Provide design, development and processing of electronic data services related to the field of operating securities exchanges.
- Provide design, development and information technology solutions in the field and activities of stock exchanges.
- Provide supporting services to third parties in the securities and stock markets fields.
- Offer advisory services relating to the stock exchange activities and the regulations applying to its members. Prepare economic feasibility studies in the stock exchange field.
- Incorporate and participate in the incorporation of companies inside the State of Kuwait and abroad of different types and legal forms within the scope of the Company's objectives.
- Own securities in companies that work in the field of stock market or securities activities.
- The Company may have interests in, or cooperate or contribute or participate in any way in other financial markets or companies or entities engaged in any type of business, activities, or similar activities or those that may support the Company in achieving its purposes inside the State of Kuwait or abroad pursuant to the applicable laws and regulations.
- The Company may exploit the available financial surpluses by investing in bank deposits or government securities inside the State of Kuwait or abroad. The Company shall make any other types of investments inside the State of Kuwait and abroad.
- Any other purposes relating to stock exchanges provided for in the CMA Law and in the decisions issued by the CMA.

The Parent Company may carry out the above business in the State of Kuwait or abroad.

Information on the Group's structure is provided in Note 2.2. Information on other related parties' relationships of the Group is provided in Note 15.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for equity financial assets that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous year. Certain comparative information has been reclassified and represented to conform to classification in the current year. Such reclassification has been made to improve the quality of information presented.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS OF CONSOLIDATION (CONTINUED)

The consolidated financial statements of the Group include:

Subsidiaries	Country of incorporation	% equity interest		Principal activities
		2023	2022	
<i>Directly held</i>				
Boursa Kuwait Company for Business Economic and IT Consultancy S.P.C.	Kuwait	100%	100%	Administrative, economic and information technology consulting
Kuwait Clearing Company K.S.C. (Closed) (KCC)	Kuwait	50%	50%	Provides clearing, settlement, and depository services
<i>Held through KCC</i>				
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	100%	100%	Providing trustee services
Kuwait Clearing House K.S.C. (Closed)	Kuwait	100%	100%	Performing clearing and settlement between securities trading operations
Kuwait Central Securities Depository K.S.C. (Closed)	Kuwait	100%	100%	Providing central depository, register services and transfer of ownership services.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The significant amendments are as follows:

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million per year.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new and amended standards and interpretations are issued, but not yet effective, up to the date of issuance of the Group's financial statements. None of these are expected to have a significant impact on the Group's consolidated financial statements.

2.5 MATERIAL ACCOUNTING POLICIES

2.5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.1 Business combinations and goodwill (continued)

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.2 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5.3 Revenue from contracts with customers

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the control of the promised goods or services to its customers. The Group has generally concluded that it is principle in its revenue arrangements, except for the commission income below, because it is typically controls the services before transferring them to the customer. Revenue is measured at the fair value of the consideration received or receivable taking into account the following specific recognition criteria must also be met before revenue is recognised:

- Subscription fees, shareholder register services, trustee and investment controller services, collateral services, data services subscriptions, online trading lines and X-stream line subscription along with certain other operating income items are recognised on a time proportion basis over the period.
- Share in trading commission, clearing operations, settlement operations, central depository services, registration fees for listed entities, online trading lines and X-stream line registration, transferring of ownership and acquisition fees revenues along with certain other operating income items are recognised at the time when the underlying trade and service are provided to the customer.

2.5.4 Interest income

Interest income is recognised as the interest accrues using effective interest method.

2.5.5 Bank charges

Bank charges represents certain charges related to bank balances and letters of guarantee. All bank charges are expensed in the period they occur.

2.5.6 Cash dividends

The Parent Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the Companies Law of Kuwait, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.5.7 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.5.8 Taxes

Zakat

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

Kuwait Foundation for the Advancement of Sciences (KFAS)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.8 Taxes (continued)

National Labour Support Tax (NLST)

The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per the law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year.

2.5.9 Property and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Renovation	5-10 years
• Machinery and office equipment	3-5 years
• Furniture and decoration	5 years
• IT and trading	3-5 years
• Motor vehicles	5 years

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

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are presented in the statement of financial position and are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to 'Impairment of non-financial assets' accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.10 Leases (continued)

Group as a lessee (continued)

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii. Short-term leases and leases of low-value assets

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.11 Intangible assets (continued)

A summary of the policies applied to the Group's intangible assets is, as follows:

	Licence	Software	Other intangible assets
Useful lives	Indefinite	Finite (5-10 years)	Finite (3 years)
Amortisation method used	No amortisation	Amortised on a straight-line basis	Amortised on a straight-line basis

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

For the Group's accounting policy on impairment for goodwill and intangible assets with indefinite lives, refer to Note 2.5.12.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.5.12 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.12 Impairment of non-financial assets (continued)

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.5.13 Financial instruments - initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivable that does not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

a. Financial assets at amortised cost (debt instruments)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

a. Financial assets at amortised cost (debt instruments) (continued)

Since the Group's financial assets (accounts receivable and other assets, cash and cash equivalents, term deposits and debt instruments at amortised cost) meet these conditions, they are subsequently measured at amortised cost.

b. Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial assets classified under this category.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

d. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

The Group does not have any financial assets classified under this category.

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition (continued)

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

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and accruals and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.13 Financial instruments - initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost

This is the category most relevant to the Group and generally applies to accounts payable and accruals and payables to related parties.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

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

iii) Offsetting of financial instruments

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

2.5.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and non-restricted cash at banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.5.15 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.16 Employees' end of service benefits

The Group provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligation is limited to these contributions, which are expensed when due.

2.5.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.18 Fiduciary assets

The Group provides trust and other fiduciary services that result in controlling bank accounts on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the consolidated financial statements, as they are not assets of the Group.

2.5.19 Contingencies

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the statement of financial position but are disclosed when an inflow of economic benefit is probable.

2.5.20 Foreign currencies

The Group's financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5.20 Foreign currencies (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.5.21 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

2.5.22 Operating profit

Operating profit is the result generated from continuing principal revenue generating activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance costs, income taxes and board remunerations.

2.5.23 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group has some lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of assets with shorter non-cancellable period (i.e., three to five years), due to the significance of these assets to its operations and there will be a significant negative effect on operations if a replacement is not readily available.

3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year is discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 ESTIMATES AND ASSUMPTIONS (CONTINUED)

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.5.12. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accounting for business combinations

Business combinations require management to identify the fair value of assets acquired (including newly identified intangible assets), liabilities and contingent liabilities assumed as part of the Purchase Price Allocation (PPA) exercise. This requires significant management judgment and estimates made on the PPA.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue:

	2023 (KD)	2022 (KD)
TYPES OF SERVICES:		
Subscription fees	7,088,435	7,779,487
Share in trading commission		
• Main commission	6,112,508	9,429,607
• Special transaction commission	674,955	405,036
	6,787,463	9,834,643
Clearing operations	4,247,039	4,751,483
Central depository services	4,248,964	4,172,825
Settlement operations	2,148,095	2,622,986
Shareholders register services	3,446,720	3,597,546
Miscellaneous fees		
• Trustee and investment controller services	649,919	654,478
• Trading commission of non-listed companies	722,836	506,539
• Transferring of ownership and acquisition fees	448,697	428,965
• Data services subscriptions	376,733	339,871
• Online trading lines and X-stream line registration and subscription fees	226,294	244,228
• Registration fees for listed entities	-	10,000
• Collateral services	93,470	95,118
• Other operating income	143,590	157,346
	2,661,539	2,436,545
	30,628,255	35,195,515
GEOGRAPHICAL MARKETS:		
State of Kuwait	30,628,255	35,195,515
TIMING OF REVENUE RECOGNITION:		
Services transferred over time	11,885,417	12,704,479
Services transferred in a point in time	18,742,838	22,491,036
	30,628,255	35,195,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

5 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic, and diluted EPS are identical.

	2023	2022
Profit for the year attributable to equity holders of the Parent Company (KD)	15,797,881	18,002,979
Weighted average of shares (Number of shares)*	200,775,750	200,775,750
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	78.68	89.67

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares, if any during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

6 GOODWILL AND INTANGIBLE ASSETS

	Intangible assets					GOODWILL (KD)	TOTAL (KD)
	LICENCE*(KD)	SOFTWARE** (KD)	OTHER INTANGIBLES** (KD)	SUB-TOTAL (KD)			
COST:							
At 1 January 2022	31,631,600	5,376,859	180,000	37,188,459	9,492,308	46,680,767	
Additions	-	1,066,629	180,000	1,246,629	-	1,246,629	
Write-off	-	-	(180,000)	(180,000)	-	(180,000)	
At 31 December 2022	31,631,600	6,443,488	180,000	38,255,088	9,492,308	47,747,396	
Additions	-	607,137	-	607,137	-	607,137	
At 31 December 2023	31,631,600	7,050,625	180,000	38,862,225	9,492,308	48,354,533	
Amortisation:							
At 1 January 2022	-	4,486,067	150,000	4,636,067	-	4,636,067	
Charge for the year	-	334,465	60,000	394,465	-	394,465	
Related to write-off	-	-	(180,000)	(180,000)	-	(180,000)	
At 31 December 2022	-	4,820,532	30,000	4,850,532	-	4,850,532	
Charge for the year	-	238,925	60,000	298,925	-	298,925	
At 31 December 2023	-	5,059,457	90,000	5,149,457	-	5,149,457	
Net book value:							
At 31 December 2022	31,631,600	1,622,956	150,000	33,404,556	9,492,308	42,896,864	
At 31 December 2023	31,631,600	1,991,168	90,000	33,712,768	9,492,308	43,205,076	

* Licence represents the regulatory license obtained from the CMA identified upon completion of PPA exercise at the step-up acquisition of KCC. The regulatory license has been renewed and have allowed the Group to determine that the asset has an indefinite useful life. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

** Software and other intangible assets that are having finite life are amortised on a straight-line basis over their useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

6 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Goodwill

The carrying amount of the goodwill amounting to KD 9,492,308 (2022: KD 9,492,308) has been allocated to the Group's investment in KCC. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment testing for goodwill and indefinite life intangible assets

The goodwill and indefinite life intangible assets identified on acquisition of KCC is allocated to a single CGU which consists of identifiable net assets.

The Group performed its annual impairment test for goodwill in December 2023. The recoverable amount of the goodwill has been determined based on a value in use calculation of the CGU, using cash flow projections approved by senior management covering a three-year period. The pre-tax discount rate in the range of 14% to 15% (2022: 12.5% to 13.5%) applied to cash flow projections beyond the three-year period are extrapolated using a terminal growth rate of 2.2% (2022: 2%), which does not exceed the long-term average growth rate of the State of Kuwait.

The Group has also performed a sensitivity analysis by varying these input factors by a reasonable possible margin.

As a result of this analysis, there is headroom in the range of KD 23.7 million to KD 27.9 million and management did not identify an impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

- Annual revenue growth rate during the forecast period
- Discount rate
- Long-term growth rates (terminal value) used to extrapolate cash flows beyond the forecast period

Sensitivity to changes in assumptions

With respect to management's assessment of value in use of the CGU, management performed a sensitivity analysis to assess the changes to key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. These are summarised below:

- A decline in the annual revenue growth rate during the forecast period by 1% would result in a headroom in the range of KD 22.5 million to KD 26.5 million with no impairment loss required.
- A rise in the discount rate by 1% would result in a headroom in the range of KD 20.1 million to KD 23.7 million with no impairment loss required.
- A reduction in the long-term growth rate by 0.5% would result in a headroom in the range of KD 22.2 million to KD 26.1 million with no impairment loss required.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

7 PROPERTY AND EQUIPMENT

	Renovation (KD)	Machinery and office equipment (KD)	Furniture and decoration (KD)	IT and trading (KD)	Motor vehicles (KD)	Capital work in progress (KD)	Total (KD)
COST:							
At 1 January 2022	278,750	741,628	596,051	2,533,293	36,000	406,402	4,592,124
Additions	44,176	44,686	14,239	35,095	-	282,267	420,463
Transfers	154,961	88,512	7,738	-	-	(251,211)	-
At 31 December 2022	477,887	874,826	618,028	2,568,388	36,000	437,458	5,012,587
Additions	23,183	41,774	255	55,540	-	446,167	566,919
Disposal	-	(40,270)	(100,398)	-	-	-	(140,668)
Transfers	-	33,662	2,750	361,223	-	(397,635)	-
At 31 December 2023	501,070	909,992	520,635	2,985,151	36,000	485,990	5,438,838
DEPRECIATION:							
At 1 January 2022	75,945	645,419	580,130	2,305,571	22,188	-	3,629,253
Charge for the year	71,870	53,916	7,267	102,119	7,197	-	242,369
At 31 December 2022	147,815	699,335	587,397	2,407,690	29,385	-	3,871,622
Charge for the year	75,005	55,130	7,680	125,199	6,600	-	269,614
Disposal	-	(40,255)	(100,373)	-	-	-	(140,628)
At 31 December 2023	222,820	714,210	494,704	2,532,889	35,985	-	4,000,608
NET BOOK VALUE:							
At 31 December 2022	330,072	175,491	30,631	160,698	6,615	437,458	1,140,965
At 31 December 2023	278,250	195,782	25,931	452,262	15	485,990	1,438,230

8 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2023 (KD)	2022 (KD)
Trade receivables, gross	2,174,523	2,419,194
Less: Allowance for expected credit losses	(710,666)	(1,084,286)
Trade receivables, net	1,463,857	1,334,908
Prepayments and advances	255,042	360,494
Amounts due from related parties (Note 15)	1,057,954	496,994
Refundable deposits	261,682	250,525
Accrued interest income	1,104,424	754,879
Other receivables*	75,639	75,430
	4,218,598	3,273,230
Non-current	281,506	285,896
Current	3,937,092	2,987,334
	4,218,598	3,273,230

* Other receivables balances are held with related parties amounting to KD 701 (2022: KD 1,735) (Note 15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

8 ACCOUNTS RECEIVABLE AND OTHER ASSETS (CONTINUED)

Set out below is the movement in allowance for trade receivable:

	2023 (KD)	2022 (KD)
As at 1 January	1,084,286	957,364
ECL allowance recognised during the year	55,650	131,743
Reversal of ECL allowance during the year	(46,440)	(4,821)
Net remeasurement of loss allowance recognised in profit or loss	9,210	126,922
ECL allowance written off during the year*	(382,830)	-
As at 31 December	710,666	1,084,286

* These represent receivables that have been written off as there is no reasonable expectation of recovering the contractual cash flows.

9 DEBT INSTRUMENTS AT AMORTISED COST

	2023 (KD)	2022 (KD)
Debt instrument at amortised cost	1,921,750	2,120,400
Less: Allowance for expected credit losses	(10,025)	(16,084)
Debt instrument at amortised cost, net	1,911,725	2,104,316
Non-current	1,911,725	1,404,316
Current	-	700,000
	1,911,725	2,104,316

Set out below is the movement in allowance for debt instruments at amortised cost:

	2023 (KD)	2022 (KD)
As at 1 January	16,084	16,084
ECL allowance recognised in profit or loss	1,242	-
Reversal of ECL allowance	(7,301)	-
As at 31 December	10,025	16,084

Debt instruments at amortised cost represent the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4% to 7.5% (2022: 4% to 6.5%) per annum and maturing within a period of 7 to 10 years.

Debt instruments at amortised cost represent investments in liquid bonds with counterparties of high credit ratings assigned by international rating agencies.

10 TERM DEPOSITS

Term deposits are placed with local banks, denominated in Kuwaiti Dinar, and carry an effective interest rate ranging from 4.45% to 5.28% as at 31 December 2023 (2022: 3.15% to 5.5%) per annum and maturing within twelve months from the date of placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

11 CASH AND CASH EQUIVALENTS

	2023 (KD)	2022 (KD)
Cash at banks	5,000,405	5,293,645
Cash on hands	1,717	1,956
Short term deposits*	8,350,000	6,850,000
Cash and short-term deposits	13,352,122	12,145,601
Less: restricted cash**	(2,600,000)	(2,600,000)
Less: expected credit loss	(3,002)	(3,002)
Cash and cash equivalents	10,749,120	9,542,599

* Short-term deposits are made for varying periods maturing within three months from the date of placements, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

** Restricted cash represents a balance deposited in a local bank in accordance with the financial clearance guarantee policy stipulated by the CMA to be used to cover defaults resulting from the trading of the broker's clients or custodian's clients, after the financial guarantee provided to these clients (the broker and custodian) has been exhausted. These amounts are not available for day-to-day operations.

Cash at banks contains cash at a related party bank of KD 1,000 (2022: KD 995) (Note 15).

12 EQUITY

12.1 SHARE CAPITAL

	2023 (KD)	2022 (KD)
AUTHORISED SHARE CAPITAL:		
600,000,000 (2022: 600,000,000) shares of 100 (2022: 100) fils each	60,000,000	60,000,000
ISSUED AND PAID-UP SHARE CAPITAL:		
200,775,750 (2022: 200,775,750) shares of 100 (2022: 100) fils each paid in cash	20,077,575	20,077,575

12.2 DISTRIBUTIONS MADE AND PROPOSED

	2023 (KD)	2022 (KD)
CASH DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID:		
2022: 85 fils per share (2021: 65 fils per share)	17,065,939	13,050,424
PROPOSED DIVIDENDS ON ORDINARY SHARES:		
Proposed cash dividend for 2023: 74 fils per share (2022: 85 fils per share)	14,857,406	17,065,939

Proposed dividends on ordinary shares are subject to approval at the AGM and are not recognised as a liability as at 31 December.

12.3 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat, NLST and Directors' remuneration less accumulated losses brought forward shall be transferred to the statutory reserve until this reserve reaches a minimum of 50% of the paid-up share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

12 EQUITY (CONTINUED)

12.3 STATUTORY RESERVE (CONTINUED)

The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

12.4 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year attributable to equity holders of the Parent Company before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat, NLST and Directors' remuneration less accumulated losses brought forward shall be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

12.5 FAIR VALUE RESERVE

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets at fair value through other comprehensive income (e.g., equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are not reclassified to the profit or loss when the associated assets are sold or impaired.

13 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2023 (KD)	2022 (KD)
As at 1 January	1,542,531	1,227,170
Provided during the year	411,390	358,901
Reversal of provision during the year	(43,821)	-
Paid during the year	(353,831)	(43,540)
As at 31 December	1,556,269	1,542,531

14 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2023 (KD)	2022 (KD)
Unearned revenues*	1,476,576	1,571,266
Trade payables	419,136	495,488
Accrued expenses**	3,743,407	4,195,094
Commission payable to Capital Market Authority	237,574	322,957
Staff leave provision	692,908	834,612
Dividends payable	1,278,802	1,037,607
Other payables	358,344	514,651
	8,206,747	8,971,675

* Includes amounts due to related parties of KD 11,968 (2022: KD 10,310) (Note 15).

** As at 31 December 2023, the Parent Company has KFAS payables of KD 88,695. During the year, the Parent Company settled KFAS payables of KD 110,483.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

15 RELATED PARTY TRANSACTIONS

Related parties represent the major shareholders, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Transactions with related parties were made on substantially the same terms, prevailing at the same time for comparable transactions with unrelated parties and are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Major Shareholders (KD)	Other related parties (KD)	2023 (KD)	2022 (KD)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS:				
Subscription fees	259,973	334,798	594,771	574,757
General and administrative expense	-	(1,435)	(1,435)	(1,722)
Miscellaneous fees	9,477	3,000	12,477	12,492
Interest income	-	-	-	76,961
Rental income	-	9,365	9,365	9,482
Other income	-	283,553	283,553	-

The following table provides the total balances with related parties as at 31 December:

	Major Shareholders (KD)	Other related parties (KD)	2023 (KD)	2022 (KD)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION:				
Amounts due from related parties (Note 8)	-	1,057,954	1,057,954	496,994
Accounts receivable and other assets (Note 8)	-	701	701	1,735
Cash and cash equivalents (Note 11)	-	1,000	1,000	995
Trade and other payables (Note 14)	5,000	6,968	11,968	10,310

Compensation of key management personnel and Board of Directors

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing, and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	Transaction values		Balance outstanding as at	
	2023 (KD)	2022 (KD)	2023 (KD)	2022 (KD)
Salaries and other short-term benefits	1,095,445	1,128,788	576,632	623,604
Employees end of service benefits	57,288	51,496	263,399	206,110
Board of Directors' remuneration	176,000	200,000	176,000	200,000
Board of Directors' committee remuneration	52,000	40,000	52,000	40,000
	1,380,733	1,420,284	1,068,031	1,069,714

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 176,000 for the year ended 31 December 2023 (2022: KD 200,000). This proposal is subject to the approval of the shareholders of the Parent Company at the AGM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

16 FIDUCIARY ASSETS

The Group's subsidiary manages client asset in a fiduciary capacity. The client assets have no recourse to the general assets of the Group and the Group has no recourse to the assets under management. Accordingly, assets under management are not included in the consolidated financial statements, as they are not assets of the Group.

17 COMMITMENTS AND CONTINGENT LIABILITIES

17.1 CAPITAL COMMITMENTS

The Group has commitments in respect of future capital expenditure amounting to KD 1,090,001 (2022: KD 651,850) relating to the additions of property and equipment and intangible assets.

17.2 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2023 and 2022.

18 SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services; class of customers and marketing strategies of these segments are different.

Operating revenue recognised in the consolidated statement of profit or loss represents revenue from external customers and originated in the State of Kuwait.

The Group is primarily engaged in operating securities exchange related activities in the State of Kuwait. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments.

The following tables present information regarding the Group's segments activities:

	2023			2022		
	SECURITIES EXCHANGE (KD)	CLEARING (KD)	TOTAL (KD)	SECURITIES EXCHANGE (KD)	CLEARING (KD)	TOTAL (KD)
Operating revenue	15,679,763	15,002,233	30,681,996	19,153,483	16,046,853	35,200,336
Operating expenses	(7,155,646)	(4,763,087)	(11,918,733)	(7,209,343)	(4,896,396)	(12,105,739)
Tax and Board of Directors' remuneration of clearing	-	(490,573)	(490,573)	-	(477,240)	(477,240)
Operating profit	8,524,117	9,748,573	18,272,690	11,944,140	10,673,217	22,617,357
Non-operating revenue	2,002,382	2,427,790	4,430,172	998,788	1,436,658	2,435,446
Non-operating expenses	(830,352)	(3,719)	(834,071)	(1,010,658)	(5,244)	(1,015,902)
Segment result	9,696,147	12,172,644	21,868,791	11,932,270	12,104,631	24,036,901
Segment assets	58,469,241	60,416,726	118,885,967	61,713,696	57,840,721	119,554,417
Segment liabilities	6,718,363	3,758,334	10,476,697	7,129,474	4,313,022	11,442,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's principal financial liabilities comprise of accounts payables and accruals and lease liabilities. The Group's financial assets comprise of accounts receivables, cash and cash equivalents, term deposits, debt instruments at amortised cost and financial assets at FVOCI that arrive directly from its operations.

The management of the Group is responsible for the overall risk management approach and for approving the risk strategy. The management reviews and agrees policies for managing each of these risks which are summarised below:

19.1 CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating and investing activities.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2023 (KD)	2022 (KD)
Accounts receivable and other assets (excluding prepayments and advances)	3,963,556	2,912,736
Debt instruments at amortised cost	1,911,725	2,104,316
Term deposits	54,080,000	57,064,445
Cash and short-term deposits (excluding cash on hand)	13,347,403	12,140,643
	73,302,684	74,222,140

Term deposits and cash and short-term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on term deposits and cash and short-term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

Trade receivables

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Days past due					TOTAL (KD)
	CURRENT (KD)	31-90 DAYS (KD)	91-120 DAYS (KD)	121-365 DAYS (KD)	>365 DAYS (KD)	
2023						
Expected credit loss rate	0.28%	12.88%	53.59%	100%	100%	32.68%
Estimated total gross carrying amount at default	1,359,754	108,709	28,487	89,725	587,848	2,174,523
Expected credit loss	3,830	13,997	15,266	89,725	587,848	710,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

19.1 CREDIT RISK (CONTINUED)

Trade receivables (continued)

2022	CURRENT (KD)	Days past due				TOTAL (KD)
		31-90 DAYS (KD)	91-120 DAYS (KD)	121-365 DAYS (KD)	>365 DAYS (KD)	
Expected credit loss rate	6.49%	8.05%	45.19%	78.95%	100 %	44.82%
Estimated total gross carrying amount at default	1,353,548	50,260	19,752	57,923	937,711	2,419,194
Expected credit loss	87,873	4,047	8,926	45,729	937,711	1,084,286

The Group generally trades only with recognised and creditworthy counterparties. The Group has policies and procedures in place to limit the amount of credit exposure to any counterparty. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables on a regular basis.

With respect to trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on days past due and customer segments with similar loss patterns (i.e., product and customer type, etc.). The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due more than one year are not subject to enforcement activity and there is no possibility to recover these amounts in the near future. The maximum exposure to credit risk at the reporting date is the carrying value of each trade receivables. The Group does not have a policy to obtain collaterals against trade receivables.

Debt instruments at amortised cost

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have appropriate credit ratings and, therefore, are considered to be low credit risk investments. Debt instruments are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term.

As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

Other receivables (including receivables from a related party)

As to other receivables, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts. Accordingly, management identified impairment loss to be immaterial.

19.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by monitoring on a regular basis that sufficient funds are available to meet liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2023	Less than 3 months (KD)	3 to 12 months (KD)	More than 12 months (KD)	Total (KD)
Lease liabilities	28,630	217,456	520,021	766,107
Accounts payable and accruals*	4,891,206	1,838,965	-	6,730,171
	4,919,836	2,056,421	520,021	7,496,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

19.2 LIQUIDITY RISK (CONTINUED)

2022	Less than 3 months (KD)	3 to 12 months (KD)	More than 12 months (KD)	Total (KD)
Lease liabilities	29,480	223,636	757,964	1,011,080
Accounts payable and accruals*	5,213,541	2,186,868	-	7,400,409
	5,243,021	2,410,504	757,964	8,411,489

*Excluding unearned revenue.

19.3 MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in market prices. Market risks arise for open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

19.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's term deposits with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	2023 (KD)	2022 (KD)
FIXED-RATE INSTRUMENTS		
Financial assets	63,851,750	65,784,845
Financial liabilities	-	-
	63,851,750	65,784,845
VARIABLE-RATE INSTRUMENTS		
Financial assets	500,000	250,000
Financial liabilities	-	-
	500,000	250,000

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have resulted in change in profit for the year by KD 2,500 (2022: KD 1,250). This analysis assumes that all other variables remain constant, in particular foreign currency exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

19.3 MARKET RISK (CONTINUED)

19.3.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is managed by the management of the Parent Company on the basis of limits determined by the Board of Directors and a continuous assessment of the Group's open positions and current and expected exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposures.

The Group had the following significant net exposures denominated in foreign currencies as of 31 December:

	2023 Equivalent in (KD)	2022 Equivalent in (KD)
US Dollar (USD)	931,990	940,412
Euro	(27,697)	(22,823)
Others	(7,626)	(7,309)
	896,667	910,280

The following table demonstrates the sensitivity of the Group's profit (due to changes in the fair value of financial assets and liabilities) and other comprehensive income to a 5% possible change in the exchange rates, with all other variables held constant.

CURRENCY	31 December 2023			31 December 2022		
	CHANGE IN CURRENCY RATE %	EFFECT		CHANGE IN CURRENCY RATE %	EFFECT ON	
		ON PROFIT OR LOSS (KD)	EFFECT ON OCI (KD)		PROFIT OR LOSS (KD)	EFFECT ON OCI (KD)
USD	+/-5	46,599	-	+/-5	47,021	-
Euro	+/-5	(1,385)	-	+/-5	(1,141)	-
Others	+/-5	(381)	-	+/-5	(365)	-

19.3.3 Equity price risk

Equity price risk arises from changes in the fair values of equity financial assets. The Group's exposure to equity securities price risk arises from unlisted equity investments held by the Group and classified as at FVOCI.

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's Senior Management on a regular basis. The Group's Senior Management reviews and approves all major equity investment decisions. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

At the reporting date, the exposure to non-listed equity investments at fair value was KD 338 (2022: KD 33,424). Sensitivity analyses of these investments have been provided in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

20 CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the CMA in supervising the Group.

The Group's regulatory capital and capital adequacy ratios for the year ended 31 December 2023 and 31 December 2022 are calculated in accordance with provisions of Module Seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

	2023	2022
Available (eligible) regulatory Capital (KD)	65,204,194	65,215,057
Required regulatory capital (KD)	26,024,001	25,317,858
Capital adequacy ratio (%)	251%	258%

As of the reporting date, the Company/Group is in compliance with minimum required regulatory capital adequacy ratio.

21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

21 FAIR VALUE MEASUREMENT (CONTINUED)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Financial assets and liabilities at amortised cost

Fair value of financial instruments at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	2023 (KD)	2022 (KD)
As at 1 January	33,424	159,256
Remeasurement recognised in OCI	122	(125,832)
Purchases / (sales), net	(33,208)	-
As at 31 December	338	33,424

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 per cent.

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