

**Boursa Kuwait Securities Company K.P.S.C.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2024





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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.

Report on the Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bursa Kuwait Securities Company K.P.S.C. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2024, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning establishment of Capital Markets Authority “CMA” and organization of security activity and its executive regulations, as amended, during the three months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

5 May 2024
Kuwait

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
REVENUE			
Subscription fees		1,806,539	1,792,748
Share in trading commission		2,151,396	1,597,657
Clearing operations		1,203,367	1,025,275
Central depository services		1,106,395	1,083,635
Shareholders register services		700,456	794,771
Settlement operations		748,033	489,730
Miscellaneous fees		657,314	876,309
	3	8,373,500	7,660,125
EXPENSES			
Staff costs		(1,426,199)	(1,455,345)
General and administrative expense		(1,139,276)	(886,452)
Depreciation and amortization		(202,108)	(181,859)
Allowance for provision for expected credit losses	5	(26,418)	(55,650)
		(2,794,001)	(2,579,306)
OPERATING PROFIT		5,579,499	5,080,819
Net investment income		24,640	26,161
Interest income		819,004	677,990
Rental income		207,585	207,818
Other income		14,065	5,900
Interest on lease liabilities		(7,347)	(9,026)
PROFIT BEFORE TAX		6,637,446	5,989,662
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(30,984)	(29,917)
Zakat		(31,275)	(31,150)
National Labour Support Tax ("NLST")		(121,148)	(117,378)
PROFIT FOR THE PERIOD		6,454,039	5,811,217
Attributable to:			
Equity holders of the Parent Company		4,684,520	4,312,258
Non-controlling interests		1,769,519	1,498,959
		6,454,039	5,811,217
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	23.33 Fils	21.48 Fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2024

		<i>Three months ended</i>	
		<i>31 March</i>	
		2024	2023
<i>Note</i>		KD	KD
	PROFIT FOR THE PERIOD	6,454,039	5,811,217
	Other comprehensive income		
	<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
	Net income on equity instruments designated at fair value through other comprehensive income	-	122
13		-	122
	Other comprehensive income for the period	-	122
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,454,039	5,811,339
	Attributable to:		
	Equity holders of the Parent Company	4,684,520	4,312,319
	Non-controlling interests	1,769,519	1,499,020
		6,454,039	5,811,339

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

		(Audited)	
	Notes	31 March 2024 KD	31 December 2023 KD
		31 March 2023 KD	
ASSETS			
Non-current assets			
Intangible assets		33,855,769	33,712,768
Goodwill		9,492,308	9,492,308
Property and equipment		1,561,263	1,438,230
Right-of-use assets		631,533	682,880
Accounts receivable and other assets	5	273,053	281,506
Financial assets at fair value through other comprehensive income	13	338	338
Debt instruments at amortised cost	6	1,913,675	1,911,725
Restricted cash	8	2,600,000	2,600,000
		<u>50,327,939</u>	<u>50,119,755</u>
			<u>49,170,434</u>
Current assets			
Accounts receivable and other assets	5	3,209,187	3,937,092
Debt instruments at amortised cost	6	-	700,000
Term deposits	7	50,200,000	54,080,000
Cash and cash equivalents	8	19,831,107	10,749,120
		<u>73,240,294</u>	<u>68,766,212</u>
			<u>74,129,499</u>
TOTAL ASSETS		<u><u>123,568,233</u></u>	<u><u>118,885,967</u></u>
			<u><u>123,299,933</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		20,077,575	20,077,575
Statutory reserve		9,288,355	9,288,355
Voluntary reserve		9,288,355	9,288,355
Fair value reserve		(252,299)	(252,299)
Retained earnings		15,655,073	25,827,959
		<u>54,057,059</u>	<u>64,229,945</u>
Equity attributable to equity holders of the Parent Company		<u>54,057,059</u>	<u>64,229,945</u>
Non-controlling interests		41,443,219	44,179,325
		<u>95,500,278</u>	<u>108,409,270</u>
			<u>92,351,696</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		1,437,271	1,556,269
Lease liabilities		454,860	492,036
		<u>1,892,131</u>	<u>2,048,305</u>
			<u>2,176,779</u>
Current liabilities			
Accounts payable and other liabilities	10	26,074,630	8,206,747
Lease liabilities		101,194	221,645
		<u>26,175,824</u>	<u>8,428,392</u>
			<u>28,771,458</u>
Total liabilities		<u>28,067,955</u>	<u>10,476,697</u>
			<u>30,948,237</u>
TOTAL EQUITY AND LIABILITIES		<u><u>123,568,233</u></u>	<u><u>118,885,967</u></u>
			<u><u>123,299,933</u></u>


Hamad Mishari Al-Humaidhi
Chairman


Mohammad Saud Al-Osaimi
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	<i>Attributable to equity holders of the Parent Company</i>						<i>Non-controlling interests</i> <i>KD</i>	<i>Total equity</i> <i>KD</i>
	<i>Share capital</i> <i>KD</i>	<i>Statutory Reserve</i> <i>KD</i>	<i>Voluntary reserve</i> <i>KD</i>	<i>Fair value reserve</i> <i>KD</i>	<i>Retained earnings</i> <i>KD</i>	<i>Sub-total</i> <i>KD</i>		
As at 1 January 2024 (Audited)	20,077,575	9,288,355	9,288,355	(252,299)	25,827,959	64,229,945	44,179,325	108,409,270
Profit for the period	-	-	-	-	4,684,520	4,684,520	1,769,519	6,454,039
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	4,684,520	4,684,520	1,769,519	6,454,039
Dividend to equity holders of the Parent Company (Note 9)	-	-	-	-	(14,857,406)	(14,857,406)	-	(14,857,406)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,505,625)	(4,505,625)
At 31 March 2024	20,077,575	9,288,355	9,288,355	(252,299)	15,655,073	54,057,059	41,443,219	95,500,278
As at 1 January 2023 (Audited)	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 period	-	-	-	-	4,312,258	4,312,258	1,498,959	5,811,217
Other comprehensive income for the period	-	-	-	61	-	61	61	122
Total comprehensive income for the period	-	-	-	61	4,312,258	4,312,319	1,499,020	5,811,339
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	(636)	636	-	-	-
Dividend to equity holders of the Parent Company (Note 9)	-	-	-	-	(17,065,939)	(17,065,939)	-	(17,065,939)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,505,625)	(4,505,625)
At 31 March 2023	20,077,575	7,628,311	7,628,311	(252,299)	17,662,424	52,744,322	39,607,374	92,351,696

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before tax		6,637,446	5,989,662
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property and equipment		71,097	51,353
Depreciation of right-of-use assets		55,620	56,109
Amortisation of intangible asset		75,391	74,397
Allowance for provision for expected credit losses	5	26,418	55,650
Interest income		(819,004)	(677,990)
Net investment income		(24,640)	(26,161)
Foreign exchange differences		(1,950)	(750)
Interest on lease liabilities		7,347	9,026
Provision for employee's end of service benefits		79,821	101,065
		6,107,546	5,632,361
<i>Working capital changes:</i>			
Accounts receivable and other assets		(23,796)	(731,125)
Accounts payable and other liabilities		2,979,878	2,600,095
Cash flows from operations		9,063,628	7,501,331
Employees' end of service benefits paid		(198,819)	(15,023)
Taxation paid		(88,695)	-
Board of Directors' remuneration paid		-	(200,000)
Net cash flows from operating activities		8,776,114	7,286,308
INVESTING ACTIVITIES			
Purchase of property and equipment		(194,130)	(28,084)
Additions of intangible assets		(218,392)	(94,390)
Placement of term deposits		(40,400,000)	(4,700,000)
Maturity of term deposits		44,280,000	12,550,000
Proceeds on liquidation of investment securities	13	-	33,208
Net investment income received		-	19,139
Interest income received		1,577,380	735,929
Net cash flows from investing activities		5,044,858	8,515,802
FINANCING ACTIVITIES			
Payment of lease liabilities		(169,247)	(169,251)
Dividends paid to equity holders of the Parent Company		(64,113)	(64,555)
Dividends paid to non-controlling interests		(4,505,625)	(4,505,625)
Net cash flows used in financing activities		(4,738,985)	(4,739,431)
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,081,987	11,062,679
Cash and cash equivalents at 1 January		10,749,120	9,542,599
CASH AND CASH EQUIVALENTS AT 31 MARCH	8	19,831,107	20,605,278
Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:			
Additions to right-of-use assets		(4,273)	-
Additions to lease liabilities		4,273	-

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

1 CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial information of Boursa Kuwait Securities Company K.P.S.C. (“the Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2024 were authorised for issue in accordance with a resolution of the board of directors on 5 May 2024.

The consolidated financial statements for the year ended 31 December 2023 were approved by the shareholders at the Annual General Assembly meeting (“AGM”) held on 28 March 2024. Dividends declaration and payment by the Parent Company for the year then ended are provided in Note 9.

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 Parent Company’s objectives.
- ▶ Own securities in companies that work in the field of stock market or securities activities.
- ▶ The Parent 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 Parent Company in achieving its purposes inside the State of Kuwait or abroad pursuant to the applicable laws and regulations.
- ▶ The Parent Company may exploit the available financial surpluses by investing in bank deposits or government securities inside the State of Kuwait or abroad. The Parent 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.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

1 CORPORATE AND GROUP INFORMATION (continued)

The interim condensed consolidated financial information of the Group include:

Name of the subsidiary	Country of incorporation	% equity interest			Principal activities
		31 March 2024	31 December 2023	31 March 2023	
<i>Directly held:</i>					
Boursa Kuwait Company for Business Economic and IT Consultancy S.P.C.	Kuwait	100%	100%	100%	Administrative, economic and information technology consulting
Kuwait Clearing Company K.S.C. (Closed) (“KCC”)	Kuwait	50%	50%	50%	Provides clearing, settlement and depository services
<i>Held through KCC:</i>					
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	100%	100%	100%	Providing trustee services
Kuwait Clearing House K.S.C. (Closed)	Kuwait	100%	100%	100%	Performing clearing and settlement between securities trading operations
Kuwait Central Securities Depository K.S.C. (Closed)	Kuwait	100%	100%	100%	Providing central depository, register services and transfer of ownership services.

2 BASIS OF PREPARATION AND CHANGES TO GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Group.

The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (continued)

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Types of services:		
<i>Subscription fees</i>	1,806,539	1,792,748
<i>Share in trading commission</i>		
▪ Main commission	2,100,740	1,577,898
▪ Special transaction commission	50,656	19,759
	2,151,396	1,597,657
<i>Clearing operations</i>	1,203,367	1,025,275
<i>Central depository services</i>	1,106,395	1,083,635
<i>Settlement operations</i>	748,033	489,730
<i>Shareholders register services</i>	700,456	794,771
<i>Miscellaneous fees</i>		
▪ Trustee and investment controller services	166,084	153,881
▪ Trading commission of non-listed companies	81,712	292,135
▪ Transferring of ownership and acquisition fees	175,751	227,040
▪ Data services subscriptions	109,530	89,844
▪ Online trading lines and X-stream line registration and subscription fees	54,685	57,643
▪ Collateral services	24,990	22,044
▪ Other operating income	44,562	33,722
	657,314	876,309
	8,373,500	7,660,125
Geographical markets:		
State of Kuwait	8,373,500	7,660,125
Timing of revenue recognition:		
Services transferred over time	2,863,515	2,912,323
Services transferred in a point in time	5,509,985	4,747,802
	8,373,500	7,660,125

4 BASIC AND DILUTED EARNINGS PER SHARE "(EPS)"

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. 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 period 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 earnings per share are identical.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

4 BASIC AND DILUTED EARNINGS PER SHARE "(EPS)" (continued)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2024	2023
Profit for the period attributable to equity holders of the Parent Company (KD)	4,684,520	4,312,258
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)	23.33	21.48

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

5 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	2024	<i>31 December</i>	<i>31 March</i>
	KD	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Trade receivables, gross	2,295,097	2,174,523	2,494,903
Less: Allowance for expected credit losses	(671,312)	(710,666)	(1,139,936)
Trade receivables, net	1,623,785	1,463,857	1,354,967
Prepayments and advances	684,801	255,042	701,491
Amounts due from related parties (Note 11)	526,613	1,057,954	532,458
Refundable deposits	232,158	261,682	253,398
Accrued interest income	346,048	1,104,424	964,986
Other receivables*	27,940	75,639	90,488
	3,482,240	4,218,598	3,897,788
Non-current	273,053	281,506	288,012
Current	3,209,187	3,937,092	3,609,776
	3,482,240	4,218,598	3,897,788

* Other receivables balances include balances held with related parties amounting to KD 73,211 (31 December 2023: KD 701 and 31 March 2023: KD 1,052) (Note 11).

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

5 ACCOUNTS RECEIVABLE AND OTHER ASSETS (continued)

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

	31 March 2024 KD	<i>(Audited)</i> 31 December 2023 KD	31 March 2023 KD
As at 1 January	710,666	1,084,286	1,084,286
ECL allowance recognised during the period/year	26,418	55,650	55,650
Reversal of ECL allowance during the period/year	-	(46,440)	-
	<hr/>	<hr/>	<hr/>
Net remeasurement of loss allowance recognised in profit or loss	26,418	9,210	55,650
ECL allowance written off during the period/year	(65,772)	(382,830)	-
	<hr/>	<hr/>	<hr/>
As at the end of the period/year	671,312	710,666	1,139,936
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6 DEBT INSTRUMENTS AT AMORTISED COST

	31 March 2024 KD	<i>(Audited)</i> 31 December 2023 KD	31 March 2023 KD
Debt instrument at amortised cost	1,923,700	1,921,750	2,121,150
Less: Allowance for expected credit losses	(10,025)	(10,025)	(16,084)
	<hr/>	<hr/>	<hr/>
Debt instrument at amortised cost, net	1,913,675	1,911,725	2,105,066
	<hr/>	<hr/>	<hr/>
Non-current	1,913,675	1,911,725	1,405,066
Current	-	-	700,000
	<hr/>	<hr/>	<hr/>
	1,913,675	1,911,725	2,105,066
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	31 March 2024 KD	<i>(Audited)</i> 31 December 2023 KD	31 March 2023 KD
As at 1 January	10,025	16,084	16,084
ECL allowance recognised in profit or loss	-	1,242	-
Reversal of ECL allowance	-	(7,301)	-
	<hr/>	<hr/>	<hr/>
As at the end of the period/year	10,025	10,025	16,084
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Debt instruments at amortised cost represents the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4% to 7.25% (31 December 2023: 4% to 7.5% and 31 March 2023: 4% to 7%) per annum and maturing over a period ranging from 6 to 9 years.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

7 TERM DEPOSITS

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate ranging from 4.5% to 4.95% as at 31 March 2024 (31 December 2023: 4.45% to 5.28% and 31 March 2023: 3.3% to 5.5%) per annum and maturing within twelve months from the date of placement.

Certain term deposits are held with a related party bank of KD 26,550,000 (31 December 2023 and 31 March 2023: Nil) (Note 11).

8 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2024</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Cash at banks	22,178,882	5,000,405	22,000,486
Cash on hands	5,227	1,717	6,048
Short term deposits *	250,000	8,350,000	1,201,746
Cash and short-term deposits	22,434,109	13,352,122	23,208,280
Less: restricted cash **	(2,600,000)	(2,600,000)	(2,600,000)
Less: expected credit loss	(3,002)	(3,002)	(3,002)
Cash and cash equivalents	19,831,107	10,749,120	20,605,278

* 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 default 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 as at 31 March 2024 (31 December 2023: KD 1,000 and 31 March 2023: KD 1,000) (Note 11).

9 DIVIDENDS DECLARED AND PAID

On 28 March 2024, the shareholders approved in the AGM the distribution of cash dividends of 74 fils per share to the shareholders registered on 21 April 2024 aggregating to KD 14,857,406 for the year ended 31 December 2023. The dividends were recorded in the interim condensed consolidated financial information as a liability and would be paid subsequently.

On 23 March 2023, the shareholders approved in the AGM the distribution of cash dividends of 85 fils per share to the shareholders aggregating to KD 17,065,939 for the year ended 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

10 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<i>31 March</i>	<i>(Audited)</i>	
	<i>2024</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Unearned revenue *	6,608,924	1,476,576	6,791,894
Trade payables	409,001	419,136	386,302
Accrued expenses	1,581,250	3,743,407	2,110,009
Commission payable to CMA	309,840	237,574	63,505
Staff leave provision	698,815	692,908	877,872
Dividends payable	16,072,096	1,278,802	18,038,991
Other payables*	394,704	358,344	283,026
	26,074,630	8,206,747	28,551,599

* Includes amounts payable to related parties of KD 546,604 (31 December 2023: KD 11,968 and 31 March 2023: KD 429,532) (Note 11).

11 RELATED PARTY DISCLOSURES

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 during the three months period ended 31 March 2024 and 2023, as well as balances with related parties as at 31 March 2024, 31 December 2023 and 31 March 2023:

	<i>Three months ended 31 March</i>			
	<i>Major</i>	<i>Other related</i>	<i>2024</i>	<i>2023</i>
	<i>shareholders</i>	<i>parties</i>	<i>KD</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	72,500	101,000	173,500	140,569
General and administrative expense	-	-	-	370
Miscellaneous fees	2,375	750	3,125	3,113
Interest income	-	91,888	91,888	-
Rental income	-	2,375	2,375	2,373

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

11 RELATED PARTY DISCLOSURES (continued)

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>31 March 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from related parties (Note 5)	-	526,613	526,613	1,057,954	532,458
Accounts receivable and other assets (Note 5)	-	73,211	73,211	701	1,052
Term deposits (Note 7)	-	26,550,000	26,550,000	-	-
Cash and cash equivalents (Note 8)	-	1,000	1,000	1,000	1,000
Accounts payable and other liabilities (Note 10)	220,125	326,479	546,604	11,968	429,532
Dividends payable	7,470,303	376,139	7,846,442	-	9,206,793

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:

	<i>Transaction values for the Three months ended</i>		<i>Balances outstanding as at (Audited)</i>		
	<i>31 March 2024 KD</i>	<i>31 March 2023 KD</i>	<i>31 March 2024 KD</i>	<i>31 December 2023 KD</i>	<i>31 March 2023 KD</i>
Salaries and other short-term benefits	610,240	644,360	142,033	576,632	138,688
Employees end of service benefits	10,438	13,551	273,837	263,399	219,662
Board of Directors' remuneration	-	-	176,000	176,000	-
Board of Directors' committee remuneration	-	-	32,000	32,000	-
	620,678	657,911	623,870	1,048,031	358,350

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 176,000 for the year ended 31 December 2023. This proposal was approved by the shareholders of the Parent Company at the AGM held on 28 March 2024.

12 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 interim condensed consolidated statement of profit or loss represents revenue from external customers and originated in the State of Kuwait.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

12 SEGMENT INFORMATION (continued)

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:

	<i>As at and for the three-month period ended 31 March 2024</i>			<i>As at and for the three-month period ended 31 March 2023</i>		
	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>
Operating revenue	4,383,330	3,990,170	8,373,500	4,058,412	3,601,713	7,660,125
Operating expenses	(1,697,715)	(1,025,698)	(2,723,413)	(1,439,750)	(1,076,846)	(2,516,596)
Operating profit	2,685,615	2,964,472	5,650,087	2,618,662	2,524,867	5,143,529
Non-operating revenue	412,112	653,182	1,065,294	372,072	545,797	917,869
Non-operating expenses	(190,048)	(71,294)	(261,342)	(186,408)	(63,773)	(250,181)
Segment results	2,907,679	3,546,360	6,454,039	2,804,326	3,006,891	5,811,217
Segment assets	69,949,826	53,618,407	123,568,233	72,513,408	50,786,525	123,299,933
Segment liabilities	25,635,728	2,432,227	28,067,955	27,676,200	3,272,037	30,948,237

13 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed 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

For assets and liabilities that are recognised 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:

	<i>Unquoted equity shares</i>		
	<i>31 March 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>31 March 2023 KD</i>
As at 1 January	338	33,424	33,424
Remeasurement recognised in OCI	-	122	122
Purchases / (sales), net	-	(33,208)	(33,208)
As at end of the period/year	338	338	338

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

13 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values (continued)

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 profit or loss or 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 percent.

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