

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



**CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2025**



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## 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 2025, and the related consolidated statement of profit or loss and other 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

#### *Basis for Opinion*

We conducted our audit in accordance with the 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 the International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities. 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 year. 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 report, 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)

### Report on the Audit of Consolidated Financial Statements (continued)

#### *Key Audit Matters (continued)*

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 KD 17,763,475 for the year ended 31 December 2025, representing 35.29% of the total revenues 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 involve multiple pricing structures based on product types, customer activity and volumes, all of which are heavily dependent on several IT systems for the processing and recording. This 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 heavy dependence on the IT systems 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.

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's 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;



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)

### Report on the Audit of Consolidated Financial Statements (continued)

#### *Key Audit Matters (continued)*

##### *Revenue recognition – Share in trading commission (continued)*

- ▶ 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 carrying values of KD 9,492,308 and KD 31,631,600, respectively, as at 31 December 2025. The individual goodwill and intangible assets amounts have been allocated to the cash-generating unit ("CGU") as disclosed in [Note 7](#) 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, 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 are disclosed in Notes [2.5.1](#), [2.5.10](#) and [2.5.11](#), respectively, to the consolidated financial statements.



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)

### Report on the Audit of Consolidated Financial Statements (continued)

#### *Key Audit Matters (continued)*

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

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;
- ▶ 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 7](#) to the consolidated financial statements, including disclosures of key assumptions, judgements and sensitivities.

#### ***Other information included in the 2025 Annual Report***

Management is responsible for the other information. Other information consists of the information included in the 2025 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 2025 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.



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)**

### **Report on the Audit of Consolidated Financial Statements (continued)**

#### ***Other information included in the 2025 Annual Report (continued)***

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 the IFRS Accounting Standards as issued by the IASB, 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 the 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 the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

- ▶ 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.
- ▶ 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.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group 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.



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)**

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

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 2025 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 Regarding the Establishment of the Capital Markets Authority ("CMA") and Regulating Securities Activities and its executive regulations, as amended, during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

.....  
SHEIKHA AL FULAIJ  
LICENCE NO. 289 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

23 February 2026  
Kuwait

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025 KD</b>	<b>2024 KD</b>
<b>REVENUES</b>			
Subscription fees	<a href="#">4</a>	<b>7,682,609</b>	7,046,454
Share in trading commission	<a href="#">4</a>	<b>17,763,475</b>	9,602,520
Clearing operations	<a href="#">4</a>	<b>7,301,763</b>	5,545,950
Settlement operations	<a href="#">4</a>	<b>5,471,698</b>	3,501,946
Central depository services	<a href="#">4</a>	<b>5,265,563</b>	4,393,456
Shareholders register services	<a href="#">4</a>	<b>3,438,514</b>	3,371,240
Miscellaneous fees	<a href="#">4</a>	<b>3,407,941</b>	2,850,113
Reversal of provision for expected credit losses	<a href="#">12</a>	-	3,002
		<b>50,331,563</b>	<b>36,314,681</b>
<b>EXPENSES</b>			
Staff costs		<b>(9,823,690)</b>	(8,302,765)
General and administrative expenses		<b>(4,800,553)</b>	(4,729,225)
Depreciation and amortisation		<b>(1,094,227)</b>	(855,281)
Allowance for provision for expected credit losses	<a href="#">9,10</a>	<b>(68,304)</b>	(26,418)
		<b>(15,786,774)</b>	<b>(13,913,689)</b>
<b>OPERATING PROFIT</b>		<b>34,544,789</b>	<b>22,400,992</b>
Investment income	<a href="#">5</a>	<b>3,218,678</b>	3,035,728
Rental income		<b>1,016,716</b>	959,885
Other income		<b>248,113</b>	69,752
Interest on lease liabilities		<b>(17,200)</b>	(23,949)
<b>PROFIT BEFORE TAX AND BOARD OF DIRECTORS' REMUNERATION</b>		<b>39,011,096</b>	<b>26,442,408</b>
Kuwait Foundation for Advancement of Sciences ("KFAS")		<b>(202,419)</b>	(100,971)
Zakat		<b>(210,345)</b>	(161,734)
National Labour Support Tax ("NLST")		<b>(772,083)</b>	(599,403)
Board of Directors' remuneration		<b>(240,000)</b>	(200,000)
<b>PROFIT FOR THE YEAR</b>		<b>37,586,249</b>	<b>25,380,300</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>37,586,249</b>	<b>25,380,300</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company		<b>28,181,291</b>	18,179,748
Non-controlling interests		<b>9,404,958</b>	7,200,552
		<b>37,586,249</b>	<b>25,380,300</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>	<a href="#">6</a>	<b>140.36 Fils</b>	<b>90.55 Fils</b>

The accompanying notes 1 to 22 form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 KD	2024 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	<u>7</u>	35,054,204	34,382,895
Goodwill	<u>7</u>	9,492,308	9,492,308
Property and equipment	<u>8</u>	2,356,543	2,253,482
Right-of-use assets		337,918	483,419
Accounts receivable and other assets	<u>9</u>	257,657	245,626
Financial assets at fair value through other comprehensive income	<u>22</u>	338	338
Debt instruments at amortised cost	<u>10</u>	4,312,474	1,915,775
Restricted cash	<u>12</u>	5,000,000	2,600,000
		<u>56,811,442</u>	<u>51,373,843</u>
<b>Current assets</b>			
Accounts receivable and other assets	<u>9</u>	5,704,505	4,652,053
Term deposits	<u>11</u>	76,140,000	66,721,000
Cash and cash equivalents	<u>12</u>	4,240,552	3,398,761
		<u>86,085,057</u>	<u>74,771,814</u>
<b>TOTAL ASSETS</b>		<u><b>142,896,499</b></u>	<u><b>126,145,657</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<u>13</u>	20,077,575	20,077,575
Statutory reserve	<u>13</u>	11,212,541	11,212,541
Voluntary reserve	<u>13</u>	11,212,541	11,212,541
Fair value reserve	<u>13</u>	(252,299)	(252,299)
Retained earnings		37,019,608	25,301,929
<b>Equity attributable to shareholders of the Parent Company</b>		<u><b>79,269,966</b></u>	<u><b>67,552,287</b></u>
Non-controlling interests	<u>13</u>	49,771,085	46,874,252
<b>Total equity</b>		<u><b>129,041,051</b></u>	<u><b>114,426,539</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	<u>14</u>	2,217,385	1,749,435
Lease liabilities		185,314	344,302
		<u><b>2,402,699</b></u>	<u><b>2,093,737</b></u>
<b>Current liabilities</b>			
Accounts payable and other liabilities	<u>15</u>	11,290,050	9,467,940
Lease liabilities		162,699	157,441
		<u><b>11,452,749</b></u>	<u><b>9,625,381</b></u>
<b>Total liabilities</b>		<u><b>13,855,448</b></u>	<u><b>11,719,118</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>142,896,499</b></u>	<u><b>126,145,657</b></u>


  
 Bader Nasser Al-Kharafi  
 Chairman


  
 Mohammad Saud Al-Osaimi  
 Chief Executive Officer

The accompanying notes 1 to 22 form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Equity attributable to shareholders of the Parent Company</i>						<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Fair value reserve</i>	<i>Retained earnings</i>	<i>Sub-total</i>		
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>As at 1 January 2025</b>	<b>20,077,575</b>	<b>11,212,541</b>	<b>11,212,541</b>	<b>(252,299)</b>	<b>25,301,929</b>	<b>67,552,287</b>	<b>46,874,252</b>	<b>114,426,539</b>
Profit for the year	-	-	-	-	28,181,291	28,181,291	9,404,958	37,586,249
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	28,181,291	28,181,291	9,404,958	37,586,249
Cash dividend to shareholders of the Parent Company ( <a href="#">Note 13.2</a> )	-	-	-	-	(16,463,612)	(16,463,612)	-	(16,463,612)
Cash dividend to non-controlling interests	-	-	-	-	-	-	(6,508,125)	(6,508,125)
<b>At 31 December 2025</b>	<b>20,077,575</b>	<b>11,212,541</b>	<b>11,212,541</b>	<b>(252,299)</b>	<b>37,019,608</b>	<b>79,269,966</b>	<b>49,771,085</b>	<b>129,041,051</b>
As at 1 January 2024	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 year	-	-	-	-	18,179,748	18,179,748	7,200,552	25,380,300
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	18,179,748	18,179,748	7,200,552	25,380,300
Transfer to reserves	-	1,924,186	1,924,186	-	(3,848,372)	-	-	-
Cash dividend to shareholders of the Parent Company ( <a href="#">Note 13.2</a> )	-	-	-	-	(14,857,406)	(14,857,406)	-	(14,857,406)
Cash dividend to non-controlling interests	-	-	-	-	-	-	(4,505,625)	(4,505,625)
At 31 December 2024	20,077,575	11,212,541	11,212,541	(252,299)	25,301,929	67,552,287	46,874,252	114,426,539

The accompanying notes 1 to 22 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

	Notes	2025 KD	2024 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax and Board of Directors' remuneration		39,011,096	26,442,408
<i>Adjustments to reconcile profit before tax and Board of Directors' remuneration to net cash flows:</i>			
Amortisation of intangible assets	<u>7</u>	427,200	294,726
Depreciation of property and equipment	<u>8</u>	516,310	384,209
Depreciation of right-of-use assets		150,717	176,346
Allowance for provision for expected credit losses	<u>9,10</u>	68,304	26,418
Reversal of provision for expected credit losses	<u>12</u>	-	(3,002)
Investment income	<u>5</u>	(3,218,678)	(3,035,728)
Foreign exchange differences		8,100	(4,050)
Profit on sale of property and equipment		(9,050)	(10,791)
Gain on derecognition of lease		-	(3,643)
Interest on lease liabilities		17,200	23,949
Provision for employee's end of service benefits, net	<u>14</u>	478,757	395,873
		<u>37,449,956</u>	<u>24,686,715</u>
<i>Working capital changes:</i>			
Accounts receivable and other assets		(757,609)	(343,129)
Accounts payable and other liabilities		1,377,222	983,484
Net movement in restricted cash		(2,400,000)	-
Cash flows from operations		<u>35,669,569</u>	<u>25,327,070</u>
Employees' end of service benefits paid	<u>14</u>	(10,807)	(202,707)
Taxation paid		(730,232)	(614,833)
Board of Directors' remuneration paid		(200,000)	(176,000)
<b>Net cash flows from operating activities</b>		<u>34,728,530</u>	<u>24,333,530</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	<u>8</u>	(619,371)	(1,199,467)
Proceeds from sale of property and equipment		9,050	10,797
Additions of intangible assets	<u>7</u>	(1,098,509)	(964,853)
Proceeds from redemption of debt instruments at amortised cost		500,000	-
Purchase of debt instruments at amortised cost		(2,917,700)	-
Maturity of term deposits		72,571,000	74,580,000
Placement of term deposits		(81,990,000)	(87,221,000)
Investment income received		2,856,401	2,676,360
<b>Net cash flows used in investing activities</b>		<u>(10,689,129)</u>	<u>(12,118,163)</u>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(176,146)	(209,129)
Cash dividend paid to shareholders of the Parent Company		(16,513,339)	(14,850,972)
Cash dividend paid to non-controlling interests		(6,508,125)	(4,505,625)
<b>Net cash flows used in financing activities</b>		<u>(23,197,610)</u>	<u>(19,565,726)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>841,791</u>	<u>(7,350,359)</u>
Cash and cash equivalents as at 1 January		3,398,761	10,749,120
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>	<u>12</u>	<u>4,240,552</u>	<u>3,398,761</u>
<b>Non-cash transactions excluded from the consolidated statement of cash flows:</b>			
Additions to right-of-use assets		(5,216)	(117,163)
Additions to lease liabilities		5,216	117,163
Derecognition of leases (adjusted with right-of-use assets)		-	140,278
Derecognition of leases (adjusted with lease liabilities)		-	(143,921)

The accompanying notes 1 to 22 form part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2025

**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 2025 were authorised for issue in accordance with a resolution of the Board of Directors dated 23 February 2026, 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 2024 were approved by the shareholders at the AGM held on 24 March 2025. Distributions made and proposed are provided in [Note 13.2](#).

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 Kuwait 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 Law No. (7) of 2010 Regarding the Establishment of the CMA and Regulating Securities Activities and its executive regulations, as amended, and in the decisions issued by the CMA.

The Parent Company may carry out the above businesses 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 16](#).

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES****2.1 BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.2 BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2025. 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; and
- ▶ 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 in 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; and/or
- ▶ 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 shareholders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit value. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.2 BASIS OF CONSOLIDATION (continued)**

The consolidated financial statements of the Group include:

<i>Subsidiaries</i>	Country of incorporation	Paid-up capital	% equity interest		Principal activities
		<i>KD</i>	2025	2024	
<i>Directly held</i>					
Boursa Kuwait Company for Business Economic and IT Consultancy S.P.C.	Kuwait	3,000	100%	100%	Administrative, economic and information technology consulting
Kuwait Clearing Company K.S.C. (Closed) (“KCC”)	Kuwait	20,025,000	50%	50%	Provides clearing, settlement, and depository services
<i>Held through KCC</i>					
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	5,000,000	100%	100%	Providing trustee services
Kuwait Clearing House K.S.C. (Closed)	Kuwait	10,000,000	100%	100%	Performing clearing and settlement between securities trading operations
Kuwait Central Securities Depository K.S.C. (Closed)	Kuwait	10,000,000	100%	100%	Providing central depository, register services and transfer of ownership services

**2.3 CHANGES IN MATERIAL 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 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Lack of exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates**

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group’s consolidated financial statements.

**2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the Statement of Profit or Loss, including specified totals and subtotals. Furthermore, entities are required to classify all their incomes and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of incomes and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (“PFS”) and the notes.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)****IFRS 18 Presentation and Disclosure in Financial Statements (continued)**

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, allowing eligible entities to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with the IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The standard is not expected to have a material impact on the Group’s consolidated financial statements.

**Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial instruments: Disclosure**

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the “Amendments”). The Amendments include:

- A clarification that a financial liability is derecognised on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with Environmental, Social and Governance (“ESG”) and similar features should be assessed.
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments.
- The introduction of disclosures of financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (“FVOCI”).

The Amendments are effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group’s consolidated financial statements.

**Annual Improvements to IFRS Accounting Standards - Volume 11**

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of the IFRS Accounting Standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 and its accompanying Guidance on implementing IFRS 7, IFRS 9, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group’s consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)****Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7**

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity-Amendments to IFRS 9 and IFRS 7. The amendments apply only to contracts that reference nature-dependent electricity; that include:

- Clarification on the application of the ‘own-use’ requirements for in-scope contracts.
- Amendment to the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Addition of new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The amendments will take effect for reporting periods beginning on or after 1 January 2026. Early adoption is permitted and must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material 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 the 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 IFRS9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.1 Business combinations and goodwill (continued)**

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 ("CGU") 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 CGU 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 CGU 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between the levels in the hierarchy by re-assessing the 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 the 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 acted as a principle in its revenue arrangements, except for the Share in trading commission income below, because it is typically controlling 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 that must also be met before revenue is recognised:

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.3 Revenue from contracts with customers (continued)**

- ▶ Subscription fees, Shareholder register services, Trustee and investment controller services, Data services subscriptions, Online trading lines and X-stream line subscription from brokers, Collateral services along with certain other operating income items are recognised on a time proportion basis over the period.
- ▶ Share in trading commission, Clearing operations, Central depository services, Settlement operations, Transferring of ownership and acquisition fees revenues, Over The Counter (“OTC”) trading commission of non-listed companies, Registration fees for listed entities, Online trading lines and X-stream line registration fees from brokers 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/Profit income**

Interest/Profit income is recognised as the interest/profit accrues using Effective Interest Rate (“EIR”) method.

**2.5.5 Bank charges**

Bank charges represent certain charges related to bank balances, transactions and letters of guarantee, if any. 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. The corresponding amount is recognised directly in equity.

**2.5.7 Taxes*****Zakat***

Contribution to Zakat is calculated at 1% of the taxable profit of the Parent Company in accordance with the Ministry of Finance Resolution No. 58/2007 and charged to the consolidated statement of profit or loss and other comprehensive income.

***Kuwait Foundation for the Advancement of Sciences (“KFAS”)***

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation’s Board of Directors’ resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

***National Labour Support Tax (“NLST”)***

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

**2.5.8 Property and equipment**

Capital Work In Progress (“CWIP”) 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    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.8 Property and equipment (continued)**

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 and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are periodically reviewed and adjusted prospectively, if appropriate.

**2.5.9 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. For Impairment of non-financial assets accounting policy refer [Note 2.5.11](#).

***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 if 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 by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is any 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

## 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)



## 2.5 MATERIAL ACCOUNTING POLICIES (continued)

## 2.5.9 Leases (continued)

**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 a separate line in the statement of profit or loss and other comprehensive income due to its nature. Contingent rents are recognised as revenue in the period in which they are earned.

## 2.5.10 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 periodically. 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 for intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets.

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

	<b>Licence</b>	<b>Software</b>	<b>Other intangible assets</b>
<b>Useful lives</b>	Indefinite	Finite (5-10 years)	Finite (3 years)
<b>Amortisation method used</b>	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 CGU 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 2.5.11](#).

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 and other comprehensive income.

## 2.5.11 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 ("VIU"). 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 VIU, the estimated future cash flows are discounted to their present value using Weighted Average Cost of Capital ("WACC") 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.11 Impairment of non-financial assets (continued)**

The Group bases its impairment calculation on detailed budgets and forecasts 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 Terminal Growth Rate ("TGR") is calculated and applied to the third year projection.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in the 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 or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

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.

**2.5.12 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 either amortised cost, fair value through other comprehensive income ("FVOCI") or 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 FVTPL, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.12 Financial instruments – initial recognition and subsequent measurement (continued)****i) Financial assets (continued)****Subsequent measurement**

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

- ▶ Financial assets at amortised cost
- ▶ 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**

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

Since the Group's financial assets at amortised cost (restricted cash, 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 FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income 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 FVOCI 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 in the statement of profit or loss and other comprehensive income 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 FVOCI 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 FVTPL 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 and other comprehensive income.

This category includes certain equity investments which the Group had not irrevocably elected to classify at FVOCI. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.12 Financial instruments – initial recognition and subsequent measurement (continued)****i) Financial assets (continued)****Derecognition (continued)**

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.

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 (“ECL”) for all debt instruments not held at FVTPL. 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 EIR. 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 the 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, either as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.12 Financial instruments – initial recognition and subsequent measurement (continued)****ii) Financial liabilities (continued)****Subsequent measurement**

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

- ▶ Financial liabilities at FVTPL
- ▶ Financial liabilities at amortised cost

The Group has not designated any financial liability as at FVTPL and financial liabilities at amortised cost is more relevant to the Group.

**Financial liabilities at amortised cost**

This is the category most relevant to the Group and generally applies to accounts payable and other liabilities.

**Accounts payable and other liabilities**

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 and other comprehensive income.

**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 an 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.

**2.5.13 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, if any, as they are considered an integral part of the Group's cash management.

**2.5.14 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.14 Current versus non-current classification (continued)**

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.

All other liabilities are classified as non-current.

**2.5.15 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 benefits 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.

**2.5.16 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 of the amount of the obligation can be made. 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 and other comprehensive income 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.

**2.5.17 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.

**2.5.18 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.

**2.5.19 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.

**2.5.20 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, taxes and Board of Directors remunerations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)****2.5 MATERIAL ACCOUNTING POLICIES (continued)****2.5.21 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.

**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.

***Revenue - Principal versus agent considerations***

The evaluation of whether the Group is acting as a principal or as an agent under IFRS 15 requires judgement and detailed analysis of the specific facts and circumstances of the transaction concerned. Management applies judgment when assessing the indicators of control and evaluates all relevant facts and circumstances of each arrangement to conclude whether it acts as a principal or an agent. Specifically, the determination of whether the Group a principal to a transaction (gross revenue) or an agent (net revenue) can require considerable judgment and careful consideration of the facts and circumstances. Indicators of control include, but are not limited to, the following:

- ▶ Primary responsibility for fulfilling the promise
- ▶ Inventory risk
- ▶ Price discretion

***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 the 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, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**  
(continued)**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters that were 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 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 periodically, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain IT related assets.

***Impairment of goodwill and other indefinite life intangible asset***

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible asset have suffered any impairment, in accordance with the accounting policy stated in [Note 2.5.10](#). The recoverable amounts of CGU have been determined based on VIU calculations. These calculations require the use of assumptions, including estimated WACC 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 asset***

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 VIU 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.

***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 2025

## 4 REVENUE FROM CONTRACTS WITH CUSTOMERS



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

	2025 KD	2024 KD
<b>Types of services:</b>		
<i>Subscription fees</i>	7,682,609	7,046,454
<b>Trade-related revenues:</b>		
<i>Share in trading commission</i>		
▪ Main commission	17,110,385	9,207,184
▪ Special transaction commission	653,090	395,336
	17,763,475	9,602,520
<i>Clearing operations</i>	7,301,763	5,545,950
<i>Settlement operations</i>	5,471,698	3,501,946
	30,536,936	18,650,416
<i>Central depository services</i>	5,265,563	4,393,456
<i>Shareholders register services</i>	3,438,514	3,371,240
<i>Miscellaneous fees</i>		
▪ Trustee and investment controller services	867,151	688,813
▪ OTC trading commission of non-listed companies	584,165	389,842
▪ Online trading lines and X-stream line registration and subscription fees from brokers	260,130	250,369
▪ Transferring of ownership and acquisition fees	908,231	799,803
▪ Data services subscriptions	463,071	446,889
▪ Registration fees for listed entities	20,000	10,000
▪ Collateral services	102,250	95,353
▪ Other operating income	202,943	169,044
	3,407,941	2,850,113
	50,331,563	36,311,679
<b>Geographical markets:</b>		
State of Kuwait	50,331,563	36,311,679
<b>Timing of revenue recognition:</b>		
Services transferred over time	12,794,992	11,870,582
Services transferred in a point in time	37,536,571	24,441,097
	50,331,563	36,311,679

Revenue with related parties for the year amounting to KD 1,023,017 (2024: KD 1,075,712) ([Note 16](#)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 5 INVESTMENT INCOME

	<i>2025</i> <i>KD</i>	<i>2024</i> <i>KD</i>
Interest/profit income from placements with banks	<b>3,103,637</b>	2,941,074
Investments income from bonds/Sukuk	<b>115,041</b>	94,654
	<b><u>3,218,678</u></b>	<b><u>3,035,728</u></b>

Includes transactions with related parties for the year amounting to KD 1,769,764 (2024: KD 1,241,919) ([Note 16](#)).

## 6 BASIC AND DILUTED EARNINGS PER SHARE (“EPS”)

Basic EPS amounts are calculated by dividing the profit for the year attributable to shareholders 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 shareholders 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.

	<i>2025</i>	<i>2024</i>
Profit for the year attributable to shareholders of the Parent Company (KD)	<b>28,181,291</b>	18,179,748
Weighted average of shares (Number of shares)	<b>200,775,750</b>	200,775,750
Basic and diluted EPS attributable to shareholders of the Parent Company (Fils)	<b>140.36</b>	90.55

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

## 7 GOODWILL AND INTANGIBLE ASSETS



	<i>Intangible assets</i>				<i>Sub-total</i> KD	<i>Goodwill</i> KD	<i>Total</i> KD
	<i>Licence*</i> KD	<i>Software**</i> KD	<i>Other intangibles**</i> KD	<i>CWIP ***</i> KD			
<b>Cost:</b>							
At 1 January 2024	31,631,600	5,689,410	180,000	1,361,215	38,862,225	9,492,308	48,354,533
Additions	-	120,027	-	844,826	964,853	-	964,853
Transfer	-	366,631	-	(366,631)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	31,631,600	6,176,068	180,000	1,839,410	39,827,078	9,492,308	49,319,386
Additions	-	7,073	345,000	746,436	1,098,509	-	1,098,509
Written-off	-	-	(180,000)	-	(180,000)	-	(180,000)
Transfer	-	2,209,423	-	(2,209,423)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>31,631,600</b>	<b>8,392,564</b>	<b>345,000</b>	<b>376,423</b>	<b>40,745,587</b>	<b>9,492,308</b>	<b>50,237,895</b>
<b>Amortisation:</b>							
At 1 January 2024	-	5,059,457	90,000	-	5,149,457	-	5,149,457
Charge for the year	-	234,726	60,000	-	294,726	-	294,726
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	-	5,294,183	150,000	-	5,444,183	-	5,444,183
Charge for the year	-	340,968	86,232	-	427,200	-	427,200
Related to written-off	-	-	(180,000)	-	(180,000)	-	(180,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>-</b>	<b>5,635,151</b>	<b>56,232</b>	<b>-</b>	<b>5,691,383</b>	<b>-</b>	<b>5,691,383</b>
<b>Net book value:</b>							
At 31 December 2024	31,631,600	881,885	30,000	1,839,410	34,382,895	9,492,308	43,875,203
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>31,631,600</b>	<b>2,757,413</b>	<b>288,768</b>	<b>376,423</b>	<b>35,054,204</b>	<b>9,492,308</b>	<b>44,546,512</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 7 GOODWILL AND INTANGIBLE ASSETS (continued)

- \* Licence represents the regulatory license obtained from the CMA identified upon completion of the purchase price allocation (“PPA”) exercise following step-up acquisition of KCC. The regulatory license has been renewed and has 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.
- \*\*\* This mainly represents the Central Counterparty (“CCP”) platform launched during the year, which was transferred from CWIP to Software.

**Goodwill**

The carrying amount of the goodwill amounting to KD 9,492,308 (2024: 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 asset**

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

The Group performed its annual impairment test for these assets during December 2025. The recoverable amount of these assets has been determined based on VIU calculation of the CGU, using the budget which was approved by the Board of Directors of KCC covering a three-year period.

Based on the recoverable amount derived based on the indicative equity value of KCC, it was concluded that no impairment occurred to the CGU.

The analysis was carried out and primarily sensitised based on the WACC rate of 14% (2024: 13.07%) and the TGR of 2% (2024: 2%). The TGR does not exceed the long-term average growth rate of the State of Kuwait.

**Key assumptions used in VIU calculations and sensitivity to changes in assumptions:**

- ▶ WACC
- ▶ TGR
- ▶ Annual revenue growth rate during the forecast period

**Sensitivity to changes in assumptions**

The management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the CGU to reduce materially below the carrying value. The sensitivity analyses are based on a change in each of the respective assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The recoverable amount would decrease as result of the below changes of assumptions with no impairment loss required:

- An increase in the WACC by approximately 1%.
- A decrease in the TGR by 0.5%.
- A decline in the revenue during the forecast period by 5%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

## 8 PROPERTY AND EQUIPMENT



	<i>Renovation KD</i>	<i>Machinery and office equipment KD</i>	<i>Furniture and decoration KD</i>	<i>IT and trading KD</i>	<i>Motor vehicles KD</i>	<i>CWIP KD</i>	<i>Total KD</i>
<b>Cost:</b>							
At 1 January 2024	501,070	909,992	520,635	2,985,151	36,000	485,990	5,438,838
Additions	11,520	19,189	1,484	7,015	-	1,160,259	1,199,467
Disposal	-	-	-	-	(36,000)	-	(36,000)
Write-offs	-	-	(94,747)	-	-	-	(94,747)
Transfers	513,947	225,079	14,870	719,454	-	(1,473,350)	-
At 31 December 2024	1,026,537	1,154,260	442,242	3,711,620	-	172,899	6,507,558
Additions	27,960	13,106	8,813	57,296	-	512,196	619,371
Disposal	-	(17,380)	-	-	-	-	(17,380)
Transfers	66,338	68,478	1,140	24,989	-	(160,945)	-
<b>At 31 December 2025</b>	<b>1,120,835</b>	<b>1,218,464</b>	<b>452,195</b>	<b>3,793,905</b>	<b>-</b>	<b>524,150</b>	<b>7,109,549</b>
<b>Depreciation:</b>							
At 1 January 2024	222,820	714,210	494,704	2,532,889	35,985	-	4,000,608
Charge for the year	96,438	96,015	9,201	182,542	13	-	384,209
Disposal	-	-	-	-	(35,998)	-	(35,998)
Write-offs	-	-	(94,743)	-	-	-	(94,743)
At 31 December 2024	319,258	810,225	409,162	2,715,431	-	-	4,254,076
Charge for the year	125,391	110,698	12,161	268,060	-	-	516,310
Disposal	-	(17,380)	-	-	-	-	(17,380)
<b>At 31 December 2025</b>	<b>444,649</b>	<b>903,543</b>	<b>421,323</b>	<b>2,983,491</b>	<b>-</b>	<b>-</b>	<b>4,753,006</b>
<b>Net book value:</b>							
At 31 December 2024	707,279	344,035	33,080	996,189	-	172,899	2,253,482
<b>At 31 December 2025</b>	<b>676,186</b>	<b>314,921</b>	<b>30,872</b>	<b>810,414</b>	<b>-</b>	<b>524,150</b>	<b>2,356,543</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 9 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2025 KD	2024 KD
Trade receivables, gross*	2,836,657	2,466,328
Less: ECL allowance	(622,669)	(638,271)
Trade receivables, net	<u>2,213,988</u>	<u>1,828,057</u>
Prepayments and advances*	453,070	416,491
Amounts due from a related party (Note 16)	1,179,907	894,800
Refundable deposits	257,657	245,626
Accrued investment income*	1,805,739	1,464,168
Other receivables	51,801	48,537
	<u>5,962,162</u>	<u>4,897,679</u>
<i>Disclosed as:</i>		
Non-current	257,657	245,626
Current	5,704,505	4,652,053
	<u>5,962,162</u>	<u>4,897,679</u>

\* Include balances with related parties amounting to KD 1,335,155 (2024: KD 1,197,009) (Note 16).

Set out below are the movements in the ECL allowance for trade receivables:

	2025 KD	2024 KD
As at 1 January	638,271	710,666
Recognised during the year	55,403	26,418
Written-off during the year*	(71,005)	(98,813)
<b>As at 31 December</b>	<u>622,669</u>	<u>638,271</u>

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

## 10 DEBT INSTRUMENTS AT AMORTISED COST

	2025 KD	2024 KD
Debt instrument at amortised cost	4,335,400	1,925,800
Less: ECL allowance	(22,926)	(10,025)
Debt instrument at amortised cost, net	<u>4,312,474</u>	<u>1,915,775</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**10 DEBT INSTRUMENTS AT AMORTISED COST (continued)**

Set out below are the movements in the ECL allowance for debt instruments at amortised cost:

	2025 KD	2024 KD
As at 1 January	10,025	10,025
Recognised in profit or loss	12,901	-
<b>As at 31 December</b>	<b>22,926</b>	<b>10,025</b>

Debt instruments at amortised cost represent the Group's investment in locally issued bonds/sukuk that carry an EIR ranging from 4% to 6.25% (2024: 4% to 7%) per annum and maturing over a period ranging from approximately 5 to 10 years.

Debt instruments at amortised cost include balances with a related party amounting to KD 917,700 (2024: KD Nil) ([Note 16](#)).

**11 TERM DEPOSITS**

Term deposits are placed with financial institutions, denominated in KD, and carry an EIR ranging from 3.90% to 4.68% as at 31 December 2025 (2024: 3.80% to 4.90%) per annum and maturing within twelve months from the date of placements.

Certain term deposits are held with a related party bank of KD 35,480,000 (31 December 2024: KD 35,000,000) ([Note 16](#)).

**12 CASH AND CASH EQUIVALENTS**

	2025 KD	2024 KD
Cash at banks	6,975,552	5,198,761
Short term deposits*	2,265,000	800,000
<b>Cash and short-term deposits</b>	<b>9,240,552</b>	<b>5,998,761</b>
Less: Restricted cash**	(5,000,000)	(2,600,000)
<b>Cash and cash equivalents</b>	<b>4,240,552</b>	<b>3,398,761</b>

\* 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/profit at the respective short-term EIR.

\*\* Restricted cash represents balances 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 brokers' clients or custodians' clients, after the financial guarantee provided by the broker and the custodian have been exhausted. These amounts are not available for day-to-day operations.

During the year ended 31 December 2024, the Group recorded a reversal of ECL allowance of KD 3,002 in the consolidated statement of profit or loss and other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**13 EQUITY****13.1 Share capital**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
<b>Authorised share capital:</b>		
600,000,000 (2024: 600,000,000) shares of 100 (2024: 100) fils each	<b>60,000,000</b>	60,000,000
<b>Issued and paid-up share capital:</b>		
200,775,750 (2024: 200,775,750) shares of 100 (2024: 100) fils each paid in cash	<b>20,077,575</b>	20,077,575

**13.2 Distributions made and proposed**

	<b>2025</b>	<b>2024</b>
	<b>KD</b>	<b>KD</b>
<b>Cash dividends on ordinary shares declared and paid:</b>		
2024: 82 fils per share (2023: 74 fils per share)	<b>16,463,612</b>	14,857,406
<b>Proposed dividends on ordinary shares:</b>		
Proposed cash dividend for 2025: 127 fils per share (2024: 82 fils per share)	<b>25,498,520</b>	16,463,612

Proposed dividends on ordinary shares are subject to approval at the AGM and are not recognised as a liability as at 31 December.

**13.3 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 shareholders of the Parent Company before contribution to the KFAS, Zakat, NLST and Board of Directors' remuneration less accumulated losses brought forward, if any shall be transferred to the statutory reserve until this reserve reaches a minimum of 50% of the paid-up share capital.

The AGM of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the paid-up 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.

At the AGM held on 24 March 2025, the shareholders approved the discontinuation of transfers to statutory reserve as the reserve had exceeded 50% of the Parent Company's share capital.

**13.4 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 shareholders of the Parent Company before contribution to the KFAS, Zakat, NLST and Board of Directors' remuneration less accumulated losses brought forward, if any 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.

At the AGM held on 24 March 2025, the shareholders approved the discontinuation of transfers to voluntary reserve.

**13.5 Fair value reserve**

Changes in the fair value and exchange differences arising on translation of investments that are classified as financial assets at FVOCI (e.g. equities), are recognised in OCI 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 13 EQUITY (continued)

## 13.6 Non-controlling interests

Name	Country of incorporation	% equity interest held by NCI		NCI balance as at		Profit attributable to NCI	
		2025	2024	2025	2024	2025	2024
				KD	KD	KD	KD
KCC	Kuwait	50%	50%	<u>49,771,085</u>	<u>46,874,252</u>	<u>9,404,958</u>	<u>7,200,552</u>

Summary of KCC's consolidated financial information gross of inter-company eliminations is provided below:

	2025	2024
	KD	KD
<b>Statement of profit or loss and other comprehensive income:</b>		
Revenues	25,616,272	20,522,316
Expenses	(6,806,356)	(6,121,212)
Profit for the year	<u>18,809,916</u>	<u>14,401,104</u>
Attributable to NCI	<u>9,404,958</u>	<u>7,200,552</u>
<b>Statement of financial position:</b>		
Total assets	105,102,339	97,933,533
Total liabilities	(5,628,830)	(4,253,690)
Total equity	<u>99,473,509</u>	<u>93,679,843</u>
Attributable to NCI	<u>49,771,085</u>	<u>46,874,252</u>
<b>Statement of cash flows information:</b>		
Operating activities	17,618,822	12,577,834
Investing activities	(2,190,048)	(3,367,846)
Financing activities	(13,395,240)	(9,377,680)
Net increase (decrease) in cash and cash equivalents	<u>2,033,534</u>	<u>(167,692)</u>

Summary of KCC's consolidated financial information net of inter-company eliminations is provided under "Clearing" segment in [Note 19](#).

## 14 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2025	2024
	KD	KD
As at 1 January	1,749,435	1,556,269
Provided during the year	479,869	400,073
Reversal of provision during the year	(1,112)	(4,200)
Paid during the year	(10,807)	(202,707)
As at 31 December	<u>2,217,385</u>	<u>1,749,435</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 15 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2025 KD	2024 KD
Unearned revenues*	1,488,692	1,497,548
Trade payables	903,032	598,787
Accrued expenses**	6,438,899	4,752,410
Commission payable to the CMA	153,278	323,131
Staff leave provision	775,791	718,592
Dividends payable	1,235,509	1,285,236
Other payables	294,849	292,236
	<b>11,290,050</b>	<b>9,467,940</b>

\* Includes amounts due to related parties of KD 9,583 (2024: KD 10,567) ([Note 16](#)).

\*\* As at 31 December 2025, the Parent Company has KFAS payable of KD 202,419 (2024: KD 100,971). During the year, the Parent Company settled KFAS payable of KD 100,971 (2024: KD 88,695).

## 16 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 included in the consolidated statement of profit or loss and other comprehensive income that have been entered into with related parties for the relevant financial year:

	<i>Major Shareholders KD</i>	<i>Other related parties KD</i>	2025 KD	2024 KD
Subscription fees ( <a href="#">Note 4</a> )	304,028	450,933	754,961	798,167
Shareholders register services ( <a href="#">Note 4</a> )	26,554	109,181	135,735	145,285
Miscellaneous fees ( <a href="#">Note 4</a> )	127,065	5,256	132,321	132,260
General and administrative expenses	(30,000)	(88,835)	(118,835)	(97,193)
Investment income ( <a href="#">Note 5</a> )	-	1,769,764	1,769,764	1,241,919
Rental income	-	3,500	3,500	6,500

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

	<i>Major Shareholders KD</i>	<i>Other related parties KD</i>	2025 KD	2024 KD
Amounts due from a related party ( <a href="#">Note 9</a> )	-	1,179,907	1,179,907	894,800
Accounts receivable and other assets ( <a href="#">Note 9</a> )	24,027	1,311,128	1,335,155	1,197,009
Debt instruments at amortised cost ( <a href="#">Note 10</a> )	-	917,700	917,700	-
Term deposits ( <a href="#">Note 11</a> )	-	35,480,000	35,480,000	35,000,000
Accounts payable and other liabilities ( <a href="#">Note 15</a> )	5,000	4,583	9,583	10,567

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**16 RELATED PARTY TRANSACTIONS (continued)****Compensation of key management personnel and Board of Directors**

Key management personnel comprise of the Board of Directors and key members of the 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 the key management personnel were as follows:

	<i>Transaction values</i>		<i>Balance outstanding as at</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	<b>1,358,014</b>	1,102,404	<b>888,966</b>	636,844
Employees end of service benefits	<b>56,657</b>	54,903	<b>374,958</b>	318,301
Board of Directors' remuneration	<b>240,000</b>	200,000	<b>240,000</b>	200,000
Board of Directors' committee remuneration	<b>40,000</b>	40,000	<b>40,000</b>	40,000
	<b>1,694,671</b>	1,397,307	<b>1,543,924</b>	1,195,145

The Board of Directors of the Parent Company proposed a total remuneration of KD 240,000 for the directors for the year ended 31 December 2025 (2024: KD 200,000). This proposal is subject to the approval of the shareholders of the Parent Company at the AGM.

**17 FIDUCIARY ASSETS**

KCC, the Group's subsidiary provides trust and other fiduciary services that result in controlling bank accounts on behalf of its clients. The client assets have no recourse to the general assets of the Group and the Group has no recourse to such bank accounts. Accordingly, such assets are not included in the consolidated financial statements as they do not belong to the Group.

**18 COMMITMENTS AND CONTINGENT LIABILITIES****18.1 Capital commitments**

The Group has commitments in respect of future capital expenditure amounting to KD 989,355 (2024: KD 539,241) relating to the additions of property and equipment and intangible assets.

**18.2 Contingent liabilities**

The Group had no contingent liabilities as at 31 December 2025 and 2024.

**19 SEGMENT INFORMATION**

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for making 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 revenues recognised in the consolidated statement of profit or loss and other comprehensive income represents revenues 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025



## 19 SEGMENT INFORMATION (continued)

The following tables present information regarding the Group's segments activities and balances:

	2025			2024		
	Securities exchange KD	Clearing* KD	Total KD	Securities exchange KD	Clearing* KD	Total KD
Operating revenues	27,706,706	22,624,857	50,331,563	18,558,235	17,756,446	36,314,681
Operating expenses	(9,385,117)	(5,713,135)	(15,098,252)	(8,141,697)	(5,192,181)	(13,333,878)
Operating profit	18,321,589	16,911,722	35,233,311	10,416,538	12,564,265	22,980,803
Non-operating revenues	1,728,295	2,755,212	4,483,507	1,537,511	2,527,854	4,065,365
Non-operating expenses	(15,939)	(1,261)	(17,200)	(22,534)	(1,415)	(23,949)
Tax and Board of Directors' remuneration	(1,424,847)	(688,522)	(2,113,369)	(1,062,108)	(579,811)	(1,641,919)
Segment result	18,609,098	18,977,151	37,586,249	10,869,407	14,510,893	25,380,300
Segment assets	70,153,541	72,742,958	142,896,499	60,038,020	66,107,637	126,145,657
Segment liabilities	8,954,401	4,901,047	13,855,448	7,659,727	4,059,391	11,719,118

\* Summary of KCC's ("Clearing" segment) consolidated financial information gross of inter-company eliminations is provided in [Note 13.6](#).

## 20 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 other liabilities and lease liabilities. The Group's financial assets comprise of restricted cash, accounts receivables and other assets, 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:

## 20.1 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 net exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2025 KD	2024 KD
Accounts receivable and other assets (excluding prepayments and advances)	5,509,092	4,481,188
Debt instruments at amortised cost	4,312,474	1,915,775
Term deposits	76,140,000	66,721,000
Cash at bank and short-term deposits (including restricted cash)	9,240,552	5,998,761
	95,202,118	79,116,724

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
(continued)**20.1 Credit risk (continued)*****Restricted cash, term deposits, cash at banks 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 balances with banks and financial institutions 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:

	<i>Current</i>	<i>Days past due</i>				<i>Total</i>
		<i>31-90 days</i>	<i>91-120 days</i>	<i>121-365 days</i>	<i>&gt;365 days</i>	
<i>2025</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
ECL rate	1.28%	14.74%	73.24%	100%	100%	21.95%
Estimated total gross carrying amount at default	2,126,356	126,296	26,746	64,076	493,183	2,836,657
ECL allowance	27,201	18,619	19,590	64,076	493,183	622,669
<i>2024</i>						
ECL rate	0.19%	30.88%	93.58%	92.40%	100%	25.88%
Estimated total gross carrying amount at default	1,811,068	16,946	9,526	107,734	521,054	2,466,328
ECL allowance	3,526	5,233	8,914	99,544	521,054	638,271

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 ECL. 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 strong capacities to meet contractual cash flow obligations in the near term.

***Other assets (including receivables from related parties)***

As to other assets, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025


**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
(continued)
**20.2 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:

	<i>Less than 3 months KD</i>	<i>3 to 12 months KD</i>	<i>More than 12 months KD</i>	<i>Total KD</i>
<b>2025</b>				
Lease liabilities	8,621	161,469	192,494	362,584
Accounts payable and accruals*	7,277,695	2,523,663	-	9,801,358
	<u>7,286,316</u>	<u>2,685,132</u>	<u>192,494</u>	<u>10,163,942</u>
<b>2024</b>				
Lease liabilities	9,870	166,324	357,859	534,053
Accounts payable and accruals*	5,717,225	2,253,167	-	7,970,392
	<u>5,727,095</u>	<u>2,419,491</u>	<u>357,859</u>	<u>8,504,445</u>

\*Excluding unearned revenues (Note 15).

**20.3 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.

**20.3.1 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 debt instruments at amortised cost, short-term and 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:

	<i>2025 KD</i>	<i>2024 KD</i>
<b>Fixed-rate instruments</b>		
Financial assets	81,940,797	69,486,656
<b>Variable-rate instruments</b>		
Financial assets	1,243,516	498,758

**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 6,218 (2024: KD 2,494). This analysis assumes that all other variables remain constant, in particular, foreign currency exchange rates, if applicable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025


**20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**  
(continued)
**20.3.2 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:

	<i>2025</i>	<i>2024</i>
	<i>Equivalent in</i>	<i>Equivalent in</i>
	<i>KD</i>	<i>KD</i>
US Dollar (USD)	<b>1,833,947</b>	864,992
Euro	<b>(31,624)</b>	(31,474)
Others	<b>(11,086)</b>	(10,972)
	<b>1,791,237</b>	822,546

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.

<i>Currency</i>	<i>31 December 2025</i>			<i>31 December 2024</i>		
	<i>Change in</i>	<i>Effect on</i>	<i>Effect on</i>	<i>Change in</i>	<i>Effect on</i>	<i>Effect on</i>
	<i>currency rate</i>	<i>profit or loss</i>	<i>OCI</i>	<i>currency rate</i>	<i>profit or loss</i>	<i>OCI</i>
	<i>%</i>	<i>KD</i>	<i>KD</i>	<i>%</i>	<i>KD</i>	<i>KD</i>
USD	<u>±5</u>	<b>91,681</b>	<b>17</b>	<u>±5</u>	43,233	17
Euro	<u>±5</u>	<b>(1,581)</b>	-	<u>±5</u>	(1,574)	-
Others	<u>±5</u>	<b>(554)</b>	-	<u>±5</u>	(549)	-

**20.3.3 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 management on a regular basis. The Group's 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 (2024: KD 338).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2025

**21 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 2025 and 31 December 2024 are calculated in accordance with the provisions of Module Seventeen "Capital Adequacy Regulations for Licensed Persons" of the Executive Bylaws of Law No. (7) of 2010 Regarding the Establishment of the CMA and Regulating Securities Activities and its executive regulations, as amended.

	2025	2024
Available (eligible) regulatory capital (KD)	<b>58,996,019</b>	54,087,724
Required regulatory capital (KD)	<b>32,224,918</b>	26,845,309
Capital adequacy ratio (%)	<b>183%</b>	201%

As of the reporting date, the Group is in compliance with the minimum required regulatory capital adequacy ratio.

**22 FAIR VALUE MEASUREMENT**

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

The methodologies and assumptions used to determine fair values of financial instruments are described in the fair value section of material accounting policy information ([Note 2.5.2](#)).

**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 these instruments are either 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.