

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

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

30 SEPTEMBER 2023





Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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

Report on the Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bursa Kuwait Securities Company K.P.S.C. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2023, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

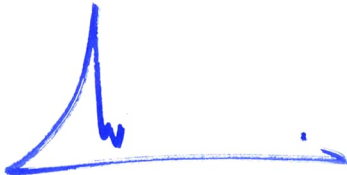
Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

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

Report on Other Legal and Regulatory Requirements (continued)

We further report that during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL ABDULJADER
LICENSE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

31 October 2023
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 KD	2022 KD	2023 KD	2022 KD
REVENUE					
Subscription fees		1,751,457	1,956,919	5,336,951	5,822,537
Share in trading commission		1,520,568	1,977,292	4,552,274	7,837,248
Clearing operations		1,105,975	1,240,955	3,131,332	3,651,627
Central depository services		1,057,589	1,054,449	3,204,594	3,053,781
Shareholders register services		842,657	714,389	2,670,738	2,398,672
Settlement operations		580,875	601,248	1,546,492	2,059,206
Miscellaneous fees		500,696	458,025	2,007,868	1,612,286
Reversal of provision for expected credit losses	4, 5	-	-	53,741	-
		7,359,817	8,003,277	22,503,990	26,435,357
EXPENSES					
Staff costs		(1,488,696)	(1,370,502)	(4,494,596)	(4,285,553)
General and administrative expense		(798,128)	(878,382)	(2,624,772)	(2,395,601)
Depreciation and amortization		(180,473)	(191,774)	(543,455)	(618,268)
Allowance for expected credit losses	4	-	-	(55,650)	(131,743)
		(2,467,297)	(2,440,658)	(7,718,473)	(7,431,165)
OPERATING PROFIT		4,892,520	5,562,619	14,785,517	19,004,192
Net investment income		16,889	26,133	60,802	75,662
Interest income		741,247	423,560	2,052,842	999,017
Rental income		208,247	120,854	624,107	381,066
Other income		187,885	20,302	430,843	53,391
Interest expense on lease liabilities		(7,345)	(9,183)	(24,209)	(29,514)
PROFIT BEFORE TAX		6,039,443	6,144,285	17,929,902	20,483,814
Taxation		(169,121)	(183,580)	(510,611)	(663,053)
PROFIT FOR THE PERIOD		5,870,322	5,960,705	17,419,291	19,820,761
Attributable to:					
Equity holders of the Parent Company		4,178,183	4,373,920	12,598,536	15,089,624
Non-controlling interests		1,692,139	1,586,785	4,820,755	4,731,137
		5,870,322	5,960,705	17,419,291	19,820,761
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	3	20.81 Fils	21.79 Fils	62.75 Fils	75.16 Fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2023

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		2023	2022	2023	2022
		KD	<i>KD</i>	KD	<i>KD</i>
PROFIT FOR THE PERIOD		5,870,322	5,960,705	17,419,291	19,820,761
Other comprehensive income					
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>					
Net gain upon remeasurement of equity instruments designated at fair value through other comprehensive income	12	-	-	122	-
Other comprehensive income for the period		-	-	122	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,870,322	5,960,705	17,419,413	19,820,761
Attributable to:					
Equity holders of the Parent Company		4,178,183	4,373,920	12,598,597	15,089,624
Non-controlling interests		1,692,139	1,586,785	4,820,816	4,731,137
		5,870,322	5,960,705	17,419,413	19,820,761

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2023

		(Audited)	
	30 September 2023	31 December 2022	30 September 2022
	Notes	KD	KD
ASSETS			
Non-current assets			
Intangible assets		33,563,553	33,404,556
Goodwill		9,492,308	9,492,308
Property and equipment		1,431,480	1,140,965
Right-of-use assets		738,830	898,574
Accounts receivable and other assets	4	291,583	285,896
Financial assets at fair value through other comprehensive income	12	338	33,424
Debt instruments at amortised cost	5	1,419,717	1,404,316
Restricted cash	7	2,600,000	2,600,000
		<u>49,537,809</u>	<u>49,260,039</u>
Current assets			
Accounts receivable and other assets	4	3,287,520	2,987,334
Debt instruments at amortised cost	5	-	700,000
Term deposits	6	58,130,000	57,064,445
Cash and cash equivalents	7	3,084,453	9,542,599
		<u>64,501,973</u>	<u>70,294,378</u>
TOTAL ASSETS		<u><u>114,039,782</u></u>	<u><u>119,554,417</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		20,077,575	20,077,575
Statutory reserve		7,628,311	7,628,311
Voluntary reserve		7,628,311	7,628,311
Fair value reserve		(252,299)	(251,724)
Retained earnings		25,948,702	30,415,469
Equity attributable to equity holders of the Parent Company		<u>61,030,600</u>	<u>65,497,942</u>
Non-controlling interests		42,929,170	42,613,979
Total equity		<u>103,959,770</u>	<u>108,111,921</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		1,886,339	1,542,531
Lease liabilities		512,699	705,415
		<u>2,399,038</u>	<u>2,247,946</u>
Current liabilities			
Accounts payable and other liabilities	9	7,458,502	8,971,675
Lease liabilities		222,472	222,875
		<u>7,680,974</u>	<u>9,194,550</u>
Total liabilities		<u>10,080,012</u>	<u>11,442,496</u>
TOTAL EQUITY AND LIABILITIES		<u><u>114,039,782</u></u>	<u><u>119,554,417</u></u>


Hamad Mishari Al-Humaidhi
Chairman


Mohammad Saud Al-Osaimi
Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2023

	<i>Attributable to equity holders of the Parent Company</i>					<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total equity KD</i>
	<i>Share Capital KD</i>	<i>Statutory Reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Fair value reserve KD</i>	<i>Retained earnings KD</i>			
As at 1 January 2023 (Audited)	20,077,575	7,628,311	7,628,311	(251,724)	30,415,469	65,497,942	42,613,979	108,111,921
Profit for the period	-	-	-	-	12,598,536	12,598,536	4,820,755	17,419,291
Other comprehensive income for the period	-	-	-	61	-	61	61	122
Total comprehensive income for the period	-	-	-	61	12,598,536	12,598,597	4,820,816	17,419,413
Transfer of reserve on disposal of equity investments designated at FVOCI to retained earnings	-	-	-	(636)	636	-	-	-
Cash dividends (Note 8)	-	-	-	-	(17,065,939)	(17,065,939)	(4,505,625)	(21,571,564)
At 30 September 2023	20,077,575	7,628,311	7,628,311	(252,299)	25,948,702	61,030,600	42,929,170	103,959,770
As at 1 January 2022 (Audited)	20,077,575	5,730,290	5,730,290	(188,808)	29,258,956	60,608,303	39,246,222	99,854,525
Profit for the period	-	-	-	-	15,089,624	15,089,624	4,731,137	19,820,761
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	15,089,624	15,089,624	4,731,137	19,820,761
Cash dividends (Note 8)	-	-	-	-	(13,050,424)	(13,050,424)	(2,603,250)	(15,653,674)
At 30 September 2022	20,077,575	5,730,290	5,730,290	(188,808)	31,298,156	62,647,503	41,374,109	104,021,612

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2023

		<i>Nine months ended</i>	
		<i>30 September</i>	
		2023	2022
		KD	KD
OPERATING ACTIVITIES	<i>Notes</i>		
Profit before tax		17,929,902	20,483,814
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property and equipment		155,681	134,068
Depreciation of right-of-use assets		168,288	166,888
Amortisation of intangible asset		219,486	317,312
Allowance for expected credit losses, net	4, 5	1,909	131,743
Interest income		(2,052,842)	(999,017)
Net investment income		(60,802)	(75,662)
Foreign exchange differences		(8,100)	(24,900)
Interest expense on lease liabilities		24,209	29,514
Profit or loss on sale of property and equipment		(1,460)	-
Gain on derecognition of lease liabilities		-	(365)
Provision for employee's end of service benefits		361,426	271,479
		16,737,697	20,434,874
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(88,991)	108,010
Accounts payable and other liabilities		(1,374,631)	(273,976)
Cash flows from operations		15,274,075	20,268,908
Employees' end of service benefits paid		(17,618)	(37,295)
Taxation paid		(745,833)	(542,362)
Board of Directors' remuneration paid		(200,000)	(176,000)
Net cash flows from operating activities		14,310,624	19,513,251
INVESTING ACTIVITIES			
Purchase of property and equipment		(446,236)	(331,339)
Proceed from sale of property and equipment		1,500	-
Additions on intangible assets		(378,483)	(900,419)
Proceeds from recovery of debt instruments at amortised cost		700,000	-
Placement of term deposits		(51,348,403)	(58,720,000)
Maturity of term deposits		50,282,848	53,275,836
Proceeds from sale of financial assets through other comprehensive income	12	33,208	-
Net investment income received		92,393	41,750
Interest income received		1,795,159	882,259
Net cash flows from (used in) investing activities		731,986	(5,751,913)
FINANCING ACTIVITIES			
Payment of lease liabilities		(225,872)	(224,692)
Dividends paid to equity holders of the Parent Company		(16,769,259)	(12,605,095)
Dividends paid to non-controlling interests		(4,505,625)	(2,603,250)
Net cash flows used in financing activities		(21,500,756)	(15,433,037)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,458,146)	(1,671,699)
Cash and cash equivalents as at 1 January		9,542,599	7,111,817
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	3,084,453	5,440,118
Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:			
Additions to right-of-use assets		(8,544)	(42,465)
Additions to lease liabilities		8,544	42,465
Derecognition of leases (adjusted with right-of-use assets)		-	29,269
Derecognition of leases (adjusted with lease liabilities)		-	(29,269)

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

1 CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial information of Boursa Kuwait Securities Company K.P.S.C. ("the Parent Company") and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2023 were authorised for issue in accordance with a resolution of the board of directors on 31 October 2023.

The consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders at the Annual General Assembly meeting ("AGM") held on 23 March 2023. Dividends declared and paid by the Group for the year then ended are provided in Note 8.

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

1 CORPORATE AND GROUP INFORMATION (continued)

The interim condensed consolidated financial information of the Group include:

Name of the subsidiary	Country of incorporation	% equity interest			Principal activities
		30 September 2023	(Audited) 31 December 2022	30 September 2022	
Directly held:					
Boursa Kuwait Company for Business Economic and IT Consultancy S.P.C.	Kuwait	100%	100%	100%	Administrative, economic and information technology consulting
Kuwait Clearing Company K.S.C. (Closed) (“KCC”)	Kuwait	50%	50%	50%	Provides clearing, settlement and depository services
Held through KCC:					
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	100%	100%	100%	Providing trustee services Performing clearing and settlement between securities trading operations
Kuwait Clearing House K.S.C. (Closed)	Kuwait	100%	100%	100%	Providing central depository, saving and transfer of ownership services.
Kuwait Central Securities Depository K.S.C. (Closed)	Kuwait	100%	100%	100%	

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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

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

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity and profit for the period then ended. Such reclassification has been made to improve the quality of information presented.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

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

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

Definition of Accounting Estimates - Amendments to IAS 8 continued)

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

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

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

The amendments had no impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

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

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	4,178,183	4,373,920	12,598,536	15,089,624
Weighted average of shares (number of shares)	200,775,750	200,775,750	200,775,750	200,775,750
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	20.81	21.79	62.75	75.16

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

4 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
Trade receivables, gross	2,464,299	2,419,194	2,496,990
Less: Allowance for expected credit losses	(1,093,496)	(1,084,286)	(1,089,107)
Trade receivables, net	1,370,803	1,334,908	1,407,883
Amounts due from related parties (Note 10)	495,654	496,994	565,604
Refundable deposits, advances and prepayments	662,535	611,019	734,465
Accrued interest income	962,639	754,879	298,801
Other receivables*	87,472	75,430	90,456
	3,579,103	3,273,230	3,097,209
Non-current	291,583	285,896	488,973
Current	3,287,520	2,987,334	2,608,236
	3,579,103	3,273,230	3,097,209

* Other receivables balances include balances held with related parties amounting to KD 1,818 (31 December 2022: KD 1,735 and 30 September 2022: KD 78) (Note 10).

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

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
As at 1 January	1,084,286	957,364	957,364
ECL allowance included in the interim condensed consolidated statement of profit or loss	55,650	131,743	131,743
Unused amounts reversed	(46,440)	(4,821)	-
As at the end of the period/year	1,093,496	1,084,286	1,089,107

5 DEBT INSTRUMENTS AT AMORTISED COST

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
Debt instrument at amortised cost	1,428,500	2,120,400	2,133,900
Less: Allowance for expected credit losses	(8,783)	(16,084)	(16,084)
Debt instrument at amortised cost, net	1,419,717	2,104,316	2,117,816
Non-current	1,419,717	1,404,316	1,417,816
Current	-	700,000	700,000
	1,419,717	2,104,316	2,117,816

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

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5 DEBT INSTRUMENTS AT AMORTISED COST (continued)

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

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
As at 1 January	16,084	16,084	16,084
Reversal of provision no longer required	(7,301)	-	-
As at the end of the period / year	<u>8,783</u>	<u>16,084</u>	<u>16,084</u>

Debt instruments at amortised cost represents the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4% to 7.25% per annum (31 December 2022: 4% to 6.5% and 30 September 2022: 4% to 6%) and maturing over a period ranging from 2 to 7 years.

6 TERM DEPOSITS

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate ranging from 4.45% to 5.30% as at 30 September 2023 (31 December 2022: 3.15% to 5.5% and 30 September 2022: 2.38% to 4.25%) per annum and maturing within twelve months from the date of placement.

7 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
Cash at banks *	5,184,238	5,293,645	5,887,476
Cash balances	3,217	1,956	5,644
Short term deposits **	500,000	6,850,000	2,150,000
Cash and short-term deposits	<u>5,687,455</u>	<u>12,145,601</u>	<u>8,043,120</u>
Less: restricted cash ***	(2,600,000)	(2,600,000)	(2,600,000)
Less: expected credit loss	(3,002)	(3,002)	(3,002)
Cash and cash equivalents	<u>3,084,453</u>	<u>9,542,599</u>	<u>5,440,118</u>

* Certain cash at banks are held with related parties amounting to KD 1,000 as at 30 September 2023 (31 December 2022: KD 995 and 30 September 2022: KD 995) (Note 10).

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

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

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

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8 DIVIDENDS DECLARED AND PAID

On 23 March 2023, the shareholders approved in the AGM the distribution of cash dividends of 85 fils per share to the shareholders registered on the date of AGM aggregating to KD 17,065,939 for the year ended 31 December 2022. The dividends were recorded in the interim condensed consolidated financial information as a liability and were paid subsequently. Dividends amounting to KD 1,334,287 were payable as at the reporting date (Note 9).

On 24 March 2022, the shareholders approved in the AGM the distribution of cash dividends of 65 fils per share to the shareholders registered on the date of AGM amounting to KD 13,050,424 for the year ended 31 December 2021. The dividends were recorded in the interim condensed consolidated financial information as a liability and were paid subsequently. Dividends amounting to KD 1,282,673 were payable as at the reporting date (Note 9).

9 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2023</i>	<i>31 December</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unearned revenue *	3,122,418	1,503,282	3,356,356
Trade payables	352,366	495,488	477,567
Accrued expenses	1,317,695	4,195,094	1,740,874
Commission payable to CMA	162,410	322,957	249,198
Accrued staff leave gratuity	815,212	834,612	819,730
Dividends payable	1,334,287	1,037,607	1,282,673
Other payables *	354,114	582,635	371,577
	7,458,502	8,971,675	8,297,975

* Included within accounts payable and other liabilities amounts due to related parties amounting to KD 168,152 (31 December 2022: KD 10,310 and 30 September 2022: KD 148,024) (Note 10).

10 RELATED PARTY DISCLOSURES

These represents transactions with related parties, i.e. major shareholders, associate, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties were made on substantially the same terms, prevailing at the same time for comparable transactions with unrelated parties and are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered with related parties during the nine months period ended 30 September 2023 and 2022, as well as balances with related parties as at 30 September 2023, 31 December 2022 and 30 September 2022:

	<i>Three months ended 30 September</i>			
	<i>Major</i>	<i>Other related</i>	<i>2023</i>	<i>2022</i>
	<i>shareholders</i>	<i>parties</i>	<i>KD</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	64,993	91,822	156,815	143,689
General and administrative expense	-	519	519	369
Miscellaneous fees	2,375	750	3,125	3,167
Interest income	-	-	-	14,541
Rental income	-	2,376	2,376	2,375
Other income *	-	141,777	141,777	-

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10 RELATED PARTY DISCLOSURES (continued)

	<i>Nine months ended 30 September</i>			
	<i>Major</i>	<i>Other related</i>	<i>2023</i>	<i>2022</i>
	<i>shareholders</i>	<i>parties</i>	<i>KD</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	194,979	242,974	437,953	431,066
General and administrative expense	-	1,279	1,279	989
Miscellaneous fees	7,102	2,250	9,352	9,417
Interest income	-	-	-	77,454
Rental income	-	7,124	7,124	7,125
Other income*	-	141,777	141,777	-

* During the period, the Group received unconditional cash grants from a board member amounting to KD 141,777 included in the interim condensed consolidated statement of profit or loss under 'Other income'.

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

	<i>Major</i>	<i>Other related</i>	<i>30 September</i>	<i>(Audited)</i>			
				<i>shareholders</i>	<i>parties</i>	<i>30 September</i>	<i>30 September</i>
						<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>		
<i>Interim condensed consolidated statement of financial position:</i>							
Amounts due from related parties (Note 4)	-	495,654	495,654	496,994	565,604		
Accounts receivable and other assets (Note 4)	-	1,818	1,818	1,735	78		
Cash and cash equivalents (Note 7)	-	1,000	1,000	995	995		
Accounts payable and other liabilities (Note 9)	72,369	95,783	168,152	10,310	148,024		

Compensation of key management personnel and Board of Directors

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

Compensation of key management personnel and Board of Directors (continued)

	<i>Transaction values for the</i>		<i>Balance outstanding as at</i>		
	<i>Nine months ended</i>		<i>(Audited)</i>		
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	1,090,719	986,791	163,754	132,369	225,851
Employees end of service benefits	49,303	45,405	293,482	206,110	229,385
Board of Directors' remuneration	-	-	-	200,000	-
Board of Directors' committee remuneration	-	-	-	40,000	-
	<u>1,140,022</u>	<u>1,032,196</u>	<u>457,236</u>	<u>578,479</u>	<u>455,236</u>

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 200,000 for the year ended 31 December 2022. This proposal was approved by the shareholders of the Parent Company at the AGM held on 23 March 2023.

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11 SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services; class of customers and marketing strategies of these segments are different.

Operating revenue recognised in the interim condensed consolidated statement of comprehensive income represents revenue from external customers and originated in the State of Kuwait.

The Group is primarily engaged in operating securities exchange related activities in the State of Kuwait. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments.

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

	<i>As at and for the Nine-month period ended 30 September 2023</i>			<i>As at and for the Nine-month period ended 30 September 2022</i>		
	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>
Operating revenue	11,262,215	11,241,775	22,503,990	14,584,435	11,850,922	26,435,357
Non-operating revenue	1,399,921	1,768,673	3,168,594	600,671	908,465	1,509,136
Operating expenses	(4,376,287)	(3,144,105)	(7,520,392)	(4,164,076)	(3,084,736)	(7,248,812)
Non-operating expenses	(531,896)	(201,005)	(732,901)	(688,591)	(186,329)	(874,920)
Segment results	7,753,953	9,665,338	17,419,291	10,332,439	9,488,322	19,820,761
Segment assets	56,855,277	57,184,505	114,039,782	60,582,660	54,121,607	114,704,267
Segment liabilities	7,053,588	3,026,424	10,080,012	7,609,008	3,073,647	10,682,655

12 FAIR VALUE MEASUREMENT

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

12 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Financial assets and liabilities at amortised cost

Fair value of financial instruments at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>Unquoted equity shares</i>		
	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 January	33,424	159,256	159,256
Remeasurement recognised in OCI	122	(125,832)	-
Purchases / (sales), net	(33,208)	-	-
As at end of the period/year	338	33,424	159,256

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors.

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12 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values (continued)

Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

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