

**SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026
WITH
INDEPENDENT AUDITOR'S REPORT**

SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026
WITH
INDEPENDENT AUDITOR'S REPORT

CONTENTS

	<u>Pages</u>
Independent auditor's report	1 - 3
Consolidated statement of financial position	4
Consolidated statement of profit or loss	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to consolidated financial statements	9 - 38

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T: +965 22961000
F: +965 22412761

www.rsm.global/kuwait

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Securities Group Company K.S.C. (Closed)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Securities Group Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards (IFRSs).

Basis for Opinion

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

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 IFRS Accounting Standards, 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.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements together with 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 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended March 31, 2026 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 and to the best of our knowledge and belief, we have not become aware, of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and the Organization of Security Activity, and its subsequent amendments and its Executive Regulations during the year ended March 31, 2026, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
June 9, 2026



Nayef M. Al Bazie
Licence No. 91-A
RSM Albazie & Co.




SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

	Note	2026	2025
<u>ASSETS</u>			
Cash on hand and at banks		12,556,714	11,575,555
Financial assets at fair value through profit or loss ("FVTPL")	23	3,959,378	-
Accounts receivable and other debit balances	3	2,218,314	1,163,034
Financial assets at fair value through other comprehensive income ("FVOCI")	4	50,378,651	55,502,910
Investment in associates	5	11,378,345	11,785,072
Investment properties	6	13,438,005	13,748,495
Total assets		93,929,407	93,775,066
<u>LIABILITIES AND EQUITY</u>			
Liabilities:			
Loan	7	23,435,701	17,158,764
Accounts payable and other credit balances	8	4,079,564	1,318,485
Provision for end of service indemnity	9	496,654	556,784
Total liabilities		28,011,919	19,034,033
Equity:			
Capital	10	20,000,000	20,000,000
Share premium		3,046,592	3,046,592
Treasury shares reserve		3,052	3,052
Statutory reserve	11	10,769,186	10,769,186
Voluntary reserve	12	2,005,892	2,005,892
Other reserves		328,179	327,782
Foreign currency translation adjustments		1,055,170	1,148,664
Fair value reserve		9,688,434	21,787,190
Retained earnings		18,955,012	15,586,692
Equity attributable to the shareholders of Parent Company		65,851,517	74,675,050
Non-controlling interests		65,971	65,983
Total equity		65,917,488	74,741,033
Total liabilities and equity		93,929,407	93,775,066
Fiduciary assets	19	3,563,533,927	3,329,942,202

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

Khaled S. Al – Ali
Chairman


Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

	Note	2026	2025
Revenues:			
Net income from financial assets	13	4,780,018	3,140,849
Fees and commission income	14	2,194,543	2,239,871
Net rental income		794,519	759,858
Group's share of results from associates	5	415,561	371,181
Gain on purchase of additional shares of an associate	5 (i)	-	1,326,507
Gain from sale of investment properties	6 (f)	31,566	-
Net allowance for ECL (charge) no longer required	3 (b)	(248,737)	34,343
Other income		-	8,420
		<u>7,967,470</u>	<u>7,881,029</u>
Expenses and other charges:			
General and administrative expenses	15	(2,259,668)	(2,032,612)
Marketing and commission expenses		(39,010)	(36,826)
Impairment losses on investment in associates	5 (ii)	-	(719,688)
Finance charges		(322,133)	(407,713)
Foreign exchange loss		(5,083)	(2,906)
		<u>(2,625,894)</u>	<u>(3,199,745)</u>
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat and Board of Directors' remuneration			
		5,341,576	4,681,284
Contribution to KFAS	16	(46,928)	(41,446)
Zakat		(19,410)	-
Board of Directors' remuneration	17	(25,000)	(25,000)
Profit for the year		<u>5,250,238</u>	<u>4,614,838</u>
Attributable to:			
Shareholders of the Parent Company		5,250,250	4,614,709
Non-controlling interests		(12)	129
Profit for the year		<u>5,250,238</u>	<u>4,614,838</u>
Basic and diluted earnings per share:			
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	18	<u>26.25</u>	<u>23.07</u>

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2026
 (All amounts are in Kuwaiti Dinars)

	Note	2026	2025
Profit for the year		<u>5,250,238</u>	<u>4,614,838</u>
Other comprehensive (loss) income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Share of other comprehensive income (loss) of associates	5	382	(3,387)
Exchange differences on translating foreign operations		(93,494)	83,991
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Changes in fair value of financial assets at FVOCI		(12,098,756)	18,391,945
Other comprehensive (loss) income for the year		<u>(12,191,868)</u>	<u>18,472,549</u>
Total comprehensive (loss) income for the year		<u>(6,941,630)</u>	<u>23,087,387</u>
Attributable to:			
Shareholders of the Parent Company		(6,941,618)	23,087,258
Non-controlling interests		(12)	129
Total comprehensive (loss) income for the year		<u>(6,941,630)</u>	<u>23,087,387</u>

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company										Non-controlling interests	Total equity
	Capital	Share premium	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total		
Balance as at March 31, 2024	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,702	1,064,673	3,395,245	12,009,638	57,022,980	65,854	57,088,834
Transfer from reserves to retained earnings (Note 11, 12)	-	-	-	(2,000,000)	(2,400,000)	-	-	-	4,400,000	-	-	-
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	2,467	-	-	-	2,467	-	2,467
Transfer of loss on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(3,437,655)	(3,437,655)	-	(3,437,655)
Total comprehensive (loss) income for the year	-	-	-	-	-	(3,387)	83,991	18,391,945	4,614,709	23,087,258	129	23,087,387
Cash Dividends (Note 17 (c))	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)	-	(2,000,000)
Balance as at March 31, 2025	20,000,000	3,046,592	3,052	10,769,186	2,005,892	327,782	1,148,664	21,787,190	15,586,692	74,675,050	65,983	74,741,033
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	15	-	-	-	15	-	15
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	118,070	118,070	-	118,070
Total comprehensive income (loss) for the year	-	-	-	-	-	382	(93,494)	(12,098,756)	5,250,250	(6,941,618)	(12)	(6,941,630)
Cash Dividends (Note 17 (b))	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Balance as at March 31, 2026	20,000,000	3,046,592	3,052	10,769,186	2,005,892	328,179	1,055,170	9,688,434	18,955,012	65,851,517	65,971	65,917,488

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities:		
Profit for the year before contribution to KFAS, Zakat and Board of Directors' remuneration	5,341,576	4,681,284
Adjustments for:		
Net income from financial assets	(4,780,018)	(3,140,849)
Interest income	(153)	(164)
Group's share of results from associates	(415,561)	(371,181)
Gain on purchase of additional share of an associate	-	(1,326,507)
Gain from sale of investment properties	(31,566)	-
Impairment losses on investment in associates	-	719,688
Net allowance for ECL charge (no longer required)	248,737	(34,343)
Provision for end of service indemnity	89,695	121,850
Finance charges	322,133	407,713
Foreign exchange loss	5,083	2,906
Cash flows generated from operating activities	<u>779,926</u>	<u>1,060,397</u>
Changes in operating assets and liabilities:		
Financial assets at FVTPL	(3,702,188)	675,585
Accounts receivable and other debit balances	5,944	5,425
Accounts payable and other credit balances	162,505	(225,528)
Cash flows (used in) generated from operating activities	<u>(2,753,813)</u>	<u>1,515,879</u>
Payment of provision for end of service indemnity	(149,825)	(133,253)
KFAS paid	(41,446)	(29,192)
Board of Directors' remuneration paid	(25,000)	(25,000)
Net cash flows (used in) generated from operating activities	<u>(2,970,084)</u>	<u>1,328,434</u>
Cash flows from investing activities:		
Paid for purchase of financial assets at FVOCI	(6,074,548)	(1,208,330)
Proceeds from sale of financial assets at FVOCI	1,715,379	5,064
Paid for purchase of additional share of an associate	-	(1,845,000)
Proceeds from capital reduction of investment in an associate	186,140	117,274
Cash dividends received from investment in associates	590,295	252,178
Proceed from sale of investment properties	334,593	-
Interest income received	153	164
Dividends income received	3,212,867	2,437,377
Net cash flows used in investing activities	<u>(35,121)</u>	<u>(241,273)</u>
Cash flows from financing activities:		
Net movement in loan	6,276,937	1,265,366
Cash dividends paid	(2,004,464)	(1,995,892)
Paid to shareholder on account of capital reduction	(7,087)	(5,006)
Finance charges paid	(279,022)	(435,244)
Net cash flows generated from (used in) financing activities	<u>3,986,364</u>	<u>(1,170,776)</u>
Net increase (decrease) in cash on hand and at banks	981,159	(83,615)
Cash on hand and at banks at the beginning of the year	11,575,555	11,659,170
Cash on hand and at banks at the end of the year	<u>12,556,714</u>	<u>11,575,555</u>
Significant non-cash transactions:	<u>2026</u>	<u>2025</u>
Financial assets at FVOCI	(2,499,964)	-
Accounts payable and other credit balances (Note 8)	2,499,964	-
	-	-

The accompanying notes from (1) to (25) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the "Parent Company") is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981, and the latest amendment on August 4, 2022. The Parent Company's commercial registration number is 31846. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:

- Obtaining loans from financial market in accordance with the procedures and methods recognized for companies.
- Buying and selling securities listed in the Bursa Kuwait and the securities that are traded in the State of Kuwait and in the Gulf Cooperation Council countries to the account of the Parent Company.
- Investment consultants.
- The Parent Company may carry out some or all of its business outside Kuwait in accordance with the conditions and rules known in this regard.
- Investment in real estate inside and outside the State of Kuwait.
- Investment portfolio manager.

The Parent Company is under the supervision of the Capital Markets Authority ("CMA") according to Law No. 7/2010 for investment companies.

The Parent Company and its subsidiaries are referred to as the Group.

The consolidated financial statements were authorized for issue by the Board of Directors on June 9, 2026. The Shareholder's Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Material accounting policies information

(a) Basis of preparation

The accompanying consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB"). Material accounting policies information are summarized as follows:

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for financial assets at FVTPL and financial assets at FVOCI are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Material accounting judgments, estimates and assumptions are disclosed in Note 2(v). The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the year ended March 31, 2025.

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

Adoption of revised Standards

Amendments on the Standards that are effective for the current year

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised International Financial Reporting Standards as of April 1, 2025:

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

An entity is required to recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity.

The adoption of the above amendment did not have material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New standards and amendments issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised Standards that have been issued but are not yet effective:

IFRS 18 - Presentation and Disclosure in Financial Statements

The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss,
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements, improve aggregation and disaggregation.

IFRS 18 requires retrospective application with specific transition provisions. An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The new standard, IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An entity is required to apply IFRS 19 for annual reporting periods beginning on or after January 1, 2027. This standard is not expected to have an impact on the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

Amendments to IFRS (9) and IFRS (7) - Classification and Measurement of Financial Instruments

An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2026. The amendments include:

- A clarification that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognize 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 corporate 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 for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Group is in the process of assessing the impact of the above new standards on the consolidated financial statements of the Group.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

The amendments are required to be applied retrospectively with specific transition provisions. The amendment are applicable for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted. These amendments are not expected to have any material impact on the consolidated financial statements

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Percentage of holding</u>	
			<u>2026</u>	<u>2025</u>
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	100%	100%
North African Investment Company Limited	Cayman Islands	Investment	100%	100%
SG Real Estate Company W.L.L..	State of Kuwait	Real Estate	99%	99%
Securities Group Morocco SARL AU	Kingdom of Morocco	Industrial	100%	100%
Al-Ataya International Holding Company K.S.C. (Closed)	State of Kuwait	Holding	75%	75%

Subsidiaries (investees) are those enterprises controlled by the Group. Control is achieved when the Group:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess 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 listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The Group classifies its financial instruments as "Financial assets" and "Financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, accounts receivable and other debit balances, financial assets at FVTPL, financial assets at FVOCI, loan and accounts payable and other credit balances.

(A) **Financial assets**

I. **Initial recognition**

Purchases and sales of those financial assets are recognized on trade-date - the date on which the asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

II. **Categories of financial assets**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

III. **Measurement and categories of financial assets**

The Group classifies its financial assets upon initial recognition into the following categories:

- Debt instruments at amortized cost.
- Financial assets at fair value through profit or loss (FVTPL).
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

Debt instruments at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Gain and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash on hand and at banks and accounts receivables are classified as debt instruments at amortized cost.

Trade receivables

Receivables are amounts due from customers for services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment as at FVTOCI on initial recognition (see above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity securities under financial assets at FVTPL in the consolidated statement of financial position.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

The Group classifies investments in quoted, unquoted equity securities and Fund under financial assets at FVOCI in the consolidated statement of financial position.

IV. Derecognition

A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

V. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

'12-month expected credit losses' are recognized for Stage 1 while 'lifetime expected credit losses' are recognized for Stages 2 and 3. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For accounts receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

(B) Financial liabilities

I. Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using effective interest rate method.

II. Measurement categories of financial liabilities

Financial liabilities at amortized cost

Financial liabilities that are not at FVTPL are measured subsequently at amortized cost using the effective interest method.

i) Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

ii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

III. Derecognition

A financial liability is derecognized 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

(C) Offsetting of financial assets and liabilities

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

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group accounted for its investment in associates based on audited financial statements of the associates as at December 31, 2025 with amendments for any material transactions for the period from January 1 up to March 31, 2026.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associates and in its other comprehensive income for its share of changes in other comprehensive income of associates.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate. Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determines if necessary, to recognize any impairment loss with respect to the investment. If this is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining financial assets at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

e) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Freehold land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 years.

All repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of its development for selling purposes. If a property being used by the owner is transferred to investment property, the Group will account for such property as per the applicable accounting policy for property, plant and equipment up to date of the usage change and transfer.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

f) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

h) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

j) Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

k) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

l) Other reserves

Other equity items are used to record the effect of changes in ownership interest in subsidiaries, without loss of control, the effect of changes in ownership interest in associates and other reserves.

m) Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

n) Dividend distribution to shareholders

The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss. Distributions for the year that are approved after the reporting date are disclosed as an event after the date of the consolidated statement of financial position.

o) Leases

Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All other leases are classified as finance leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

(i) Finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(ii) Operating lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

p) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model as follows to account for revenue arising from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time is met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The Customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The Customer has the significant risks and rewards of ownership of the asset.
- The Customer has accepted the asset.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

i) Management fees

Management fees are recognized on a cash basis when the service rendered (at a point in time).

ii) Fees and commission income

Fees and commission income is recognized at the time the related services are provided (at a point in time).

iii) Revenue on sale of properties

Revenue on sale of properties is recognized on the basis of the full accrual method as and when all of the following conditions are met:

- A sale is consummated, and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

Revenue on sale of properties are recognized at a point in time.

iv) Other income

Other income are recognized on accrual basis.

q) Foreign currencies

Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as financial assets at fair value through other comprehensive income are included in "fair value reserve" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Zakat

Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their Executive Regulations.

t) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

u) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

v) Material accounting judgements, estimates and assumptions

The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) **Judgments**

In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note 2(p) are met requires significant judgment.

(ii) Allowance for expected credit losses

The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables involve significant judgment.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

(iii) Classification of financial assets

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortized cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets as explained in Note 2(c).

(iv) Classification of land

Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development

When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress

When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading

When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties

When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

(v) Significant influence assessment

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

(vi) Control assessment

When determining control over an investee, management considers whether the Group has a 'de facto' power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Group's power to affect the investee's variable returns requires significant judgment.

(vii) Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for the Group.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2026**

(All amounts are in Kuwaiti Dinars)

b) Estimation and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted financial assets

If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Allowances for expected credit losses

The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note 2(c). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future financial assets that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iv) Taxes

The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

3. Accounts receivable and other debit balances

	2026	2025
Accrued revenue (a)	3,404,687	3,335,305
Less: allowance for ECL (b)	(2,742,565)	(2,769,658)
	662,122	565,647
Accrued rent	401,747	383,791
Less: allowance for ECL (b)	(347,178)	(138,479)
	54,569	245,312
Accrued dividend income	1,310,270	27,887
Less: allowance for ECL (b)	(55,858)	-
	1,254,412	27,887
Other receivables	247,211	324,188
	2,218,314	1,163,034

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

- (a) Accrued revenue includes management fees and consultancy fees which are recognized based on the applicable contractual percentage of the value of portfolios managed by the Group over the period in which the related services are rendered. Management fees are generally settled through direct deduction from the managed portfolios in accordance with the respective management agreements.

The Group manages the underlying investment portfolios from which the management fees are generated and maintains control over the portfolios and related cash flows. Accordingly, the Group is not exposed to significant credit risk in respect of management fee receivables and, therefore, no formal credit policy is maintained for such balances. Nevertheless, management assesses the recoverability of outstanding balances on an ongoing basis and recognizes an allowance for expected credit losses where necessary.

The Group applies the simplified approach to measure expected credit losses on management fee receivables. The ECL allowance is measured at an amount equal to lifetime expected credit losses, taking into consideration historical recovery patterns, aging of balances, current economic conditions and forward-looking information.

- (b) The movement in the allowance for ECL is as follows:

	<u>2026</u>	<u>2025</u>
Balance as at the beginning of the year	2,908,137	2,949,170
Charge during the year	294,108	16,569
Utilized during the year	(11,273)	(6,690)
Provision no longer required	(45,371)	(50,912)
Balance as at the end of the year	<u>3,145,601</u>	<u>2,908,137</u>

Subsequent to the reporting date, the Group has collected KD 373,124 from accrued revenue and the full balance of accrued dividend amounting to KD 1,254,412.

4. Financial assets at fair value through other comprehensive income ("FVOCI")

	<u>2026</u>	<u>2025</u>
Quoted equity securities	42,432,756	46,503,637
Unquoted equity securities	7,306,886	8,388,477
Fund	639,009	610,796
	<u>50,378,651</u>	<u>55,502,910</u>

Equity securities with a carrying value of KD 23,338,238 (2025: KD 32,142,152) are pledged with a local bank against a loan (Note 7).

During the year, the Group has purchased additional investments classified as financial assets at FVOCI amounting to KD 8,574,512 (2025: KD 1,208,330).

Financial assets at FVOCI are denominated in the following currencies:

	<u>2026</u>	<u>2025</u>
Kuwaiti Dinar	49,016,272	53,498,170
Saudi Riyal	639,009	610,796
US Dollar	723,370	1,393,944
	<u>50,378,651</u>	<u>55,502,910</u>

Financial assets at FVOCI was valued based on the valuation basis as described in Note 23.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

5. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding		2026	2025
		2026	2025		
Al Madar Al Thahabia Co. W.L.L ("Al Madar") (i)	Kingdom of Saudi Arabia	38%	38%	8,135,838	8,600,739
Future Communication Co. K.S.C.C. ("FCC") (iii)	State of Kuwait	34.50%	34.50%	1,262,674	1,183,208
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ("Al-Jazeera") (iv)	State of Kuwait	20%	20%	1,979,830	2,001,122
Alpha Atlantique Du Sahara S.A.	Kingdom of Morocco	22.52%	22.52%	1	1
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	State of Kuwait	40.72%	40.72%	1	1
Mena Equities Ltd.	British Virgin Islands	44.15%	44.15%	1	1
				<u>11,378,345</u>	<u>11,785,072</u>

(a) The movement during the year is as follows:

	2026	2025
Balance as at the beginning of the year	11,785,072	9,300,541
Additions (i)	-	3,171,507
Capital reduction of investment in an associate	(186,140)	(117,274)
Change in other equity items	15	2,467
Group's share of results from associates	415,561	371,181
Impairment losses on investment in associates (ii)	-	(719,688)
Share of other comprehensive income (loss)	382	(3,387)
Cash dividends received	(590,295)	(252,178)
Foreign currency translation adjustments	(46,250)	31,903
Balance as at the end of the year	<u>11,378,345</u>	<u>11,785,072</u>

(i) During the previous year, the Group acquired additional equity interest in Al Madar Al Thahabia Co. W.L.L ("an Associate of the Group") based on a contract signed on October 3, 2024, for a consideration of KD 1,845,000. The fair value of acquired additional equity interest exceeded the consideration paid, which resulted in a gain on bargain purchase of KD 1,326,507 recognized in the consolidated statement of profit or loss.

As a result, the Group's holding percentage increased from 24% to 38%. The Group has determined that it continues to exercise significant influence over Al Madar Al Thahabia, consistent with its current accounting treatment under the equity method under "IAS 28": Investments in "Associates and Joint Ventures".

(ii) During the previous year, the Group recorded an impairment loss of KD 719,688 against its investment in associates based on a study conducted by external evaluator wherein the recoverable value of the associates were lower than carrying values.

(iii) 3,405,898 shares (2025: 3,405,898 shares) of FCC are pledged with a local bank against a loan (Note 7).

(iv) 9,999,999 shares (2025: 9,999,999 shares) of Al-Jazeera are pledged with a local bank against a loan (Note 7).

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

(b) The summarized financial information of associates which are material to the Group is as follows:

	<u>Al Madar</u>	<u>FCC</u>	<u>Al-Jazeera</u>	<u>2026</u>	<u>2025</u>
Statement of financial position					
Current assets	1,352,981	18,110,755	1,418,840	20,882,576	18,891,640
Non-current assets	23,274,173	499,755	21,917,254	45,691,182	44,059,667
Current liabilities	(489,760)	(13,120,644)	(5,698,925)	(19,309,329)	(16,834,810)
Non-current liabilities	(279,768)	(858,092)	(7,738,020)	(8,875,880)	(6,628,401)
Net assets	<u>23,857,626</u>	<u>4,631,774</u>	<u>9,899,149</u>	<u>38,388,549</u>	<u>39,488,096</u>
Statement of profit or loss					
Revenue	2,315,356	25,899,806	8,052,687	36,267,849	29,883,887
Expenses	(2,929,090)	(25,174,959)	(6,059,146)	(34,163,195)	(27,892,550)
Net (loss) income for the year	<u>(613,734)</u>	<u>724,847</u>	<u>1,993,541</u>	<u>2,104,654</u>	<u>1,991,337</u>
Dividends received	-	170,295	420,000	590,295	252,178
Contingent liabilities and commitments	-	1,304,902	-	1,304,902	624,200

(c) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

	<u>Al Madar</u>	<u>FCC</u>	<u>Al-Jazeera</u>
2026			
Net assets of the associate	23,857,626	4,631,774	9,899,149
Group's percentage of ownership	38%	34.50%	20%
	<u>9,065,898</u>	<u>1,597,962</u>	<u>1,979,830</u>
Impairment losses on investment in associates	(584,512)	(335,288)	-
Other adjustments	(345,548)	-	-
Carrying amount of Group's investment in the associate	<u>8,135,838</u>	<u>1,262,674</u>	<u>1,979,830</u>
Group's share of results from associates	<u>(233,219)</u>	<u>250,072</u>	<u>398,708</u>
2025			
Net assets of the associate	25,081,050	4,401,438	10,005,608
Group's percentage of ownership	38%	34.50%	20%
	<u>9,530,799</u>	<u>1,518,496</u>	<u>2,001,122</u>
Impairment losses on investment in associates	(584,512)	(335,288)	-
Other adjustments	(345,548)	-	-
Carrying amount of Group's investment in the associate	<u>8,600,739</u>	<u>1,183,208</u>	<u>2,001,122</u>
Group's share of results from associates	<u>(110,726)</u>	<u>190,440</u>	<u>346,144</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

6. Investment properties

The movement during the year was as follows:

	Freehold land (a)	Buildings (b)	Total
Gross carrying amount:			
As of March 31, 2025	13,748,495	3,050,812	16,799,307
Disposals (e)	(303,027)	-	(303,027)
Foreign currency translation adjustments	(7,463)	-	(7,463)
As of March 31, 2026	13,438,005	3,050,812	16,488,817
Accumulated depreciation:			
As of March 31, 2025	-	(3,050,812)	(3,050,812)
As of March 31, 2026	-	(3,050,812)	(3,050,812)
Net carrying amount:			
As of March 31, 2026	13,438,005	-	13,438,005
As of March 31, 2025	13,748,495	-	13,748,495

- (a) Freehold land represent plots of land located in the State of Kuwait and Kingdom of Saudi Arabia. The Group's buildings classified as investment properties are constructed on these freehold lands.
- (b) The investment properties buildings have been fully depreciated, as the accumulated depreciation has reached the historical cost of the buildings upon the end of their estimated useful life of 20 years.
- (c) Management of the Parent Company has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.
- (d) The fair value of investment properties as at March 31, 2026 was KD 20,016,418 (2025: KD 19,182,162) based on the lowest of valuations carried out by two external valuers. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 2 and level 3 fair value based on inputs to the valuation technique used.
- (e) During the year, the Government of the Kingdom of Saudi Arabia announced its intention to expropriate a portion of the properties located in the Al Qadisiyah district of Riyadh for public benefit purposes. The carrying value of these properties amounted to KD 2,421,998 as of March 31, 2026 (March 31, 2025: KD 2,725,025). As of the reporting date, the expropriation procedures are still in progress, and the Group has not yet received the final compensation assessment. Accordingly, management is currently unable to determine the financial impact that may arise from this matter.
- (f) During the year, the Group sold investment properties with a carrying value of KD 303,027 for an amount of KD 334,593 that resulted in a gain of KD 31,566 recognized in the consolidated statement of profit or loss.
- (g) Investment properties with a carrying value amounting to KD 1,403,554 (2025: KD 1,403,554) are pledged with a local bank against a loan (Note 7).

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2026**

(All amounts are in Kuwaiti Dinars)

7. Loan

Revolving loan carry an annual interest rate 0.7% (2025: 0.7%) over the Central Bank of Kuwait discount rate (effective: 4.2% (2025: 4.95%)) and due for settlement on May 15, 2027.

Loan is secured by pledge of the following first-degree collaterals:

- (i) Pledge of FVOCI with a carrying value amounting to KD 23,338,238 (2025: KD 32,142,152) (Note 4).
- (ii) Pledge of 3,405,898 shares (2025: 3,405,898 shares) of Future Communication Co. K.S.C.P. ("FCC") classified as investment in associates (Note 5).
- (iii) Pledge of 9,999,999 shares (2025: 9,999,999 shares) of Al-Jazeera Real Estate Development Co. K.S.C. (Closed) classified as investment in associates (Note 5).
- (iv) Pledge of investment properties with a carrying value of KD 1,403,554 (2025: KD 1,403,554) (Note 6).

8. Accounts payable and other credit balances

	<u>2026</u>	<u>2025</u>
Trade payables (a)	2,499,964	-
Accrued expenses	607,700	406,013
Dividends payable (Note 21)	256,365	260,829
Payable to shareholder on account of capital reduction (Note 21)	38,140	45,227
Accrued loan interest	117,856	74,745
KFAS payable (Note 16)	46,928	41,446
Zakat payable	19,410	-
Board of Directors' remuneration payable (Note 21)	25,000	25,000
Other credit balances	468,201	465,225
	<u>4,079,564</u>	<u>1,318,485</u>

(a) Represents amount due as a result of purchasing quoted equity securities classified as financial assets at FVOCI. These investments were initially recognised at fair value on the trade date and subsequently settled in full.

9. Provision for end of service indemnity

	<u>2026</u>	<u>2025</u>
Balance as at the beginning of the year	556,784	568,187
Charge for the year	89,695	121,850
Paid during the year	(149,825)	(133,253)
Balance as at the end of the year	<u>496,654</u>	<u>556,784</u>

10. Capital

The authorized, issued and paid-up capital amounts to KD 20,000,000 divided into 200,000,000 shares (2025: KD 20,000,000 divided into 200,000,000 shares) with a par value of 100 fils each and all shares are paid in cash.

11. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. Distribution of this reserve is limited to the amount required to enable payment of a dividend of 5% of share capital in years when accumulated profits are not sufficient for the payment of a dividend of that amount. Since the statutory reserve exceeds 50% of the Parent Company's capital, the Parent Company had discontinued transferring any amounts to statutory reserve.

During the previous year, the Board of Directors of the Parent Company proposed the transfer of KD 2,000,000 to retained earnings. This transfer was approved in the Shareholders' general assembly dated July 1, 2025.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2026**

(All amounts are in Kuwaiti Dinars)

12. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders' General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

During the previous year, the Board of Directors of the Parent Company proposed the transfer of KD 2,400,000 to retained earnings. This transfer was approved in the Shareholders' general assembly dated July 1, 2025.

13. Net income from financial assets

	<u>2026</u>	<u>2025</u>
Realized gain on sale of financial assets at FVTPL	200,193	675,585
Unrealized gain from financial assets at FVTPL	56,997	-
Dividend income	4,522,828	2,465,264
	<u>4,780,018</u>	<u>3,140,849</u>

14. Fees and commission income

	<u>2026</u>	<u>2025</u>
Portfolio management fees	1,056,007	1,048,724
Consultancy and advisory fees	1,074,551	1,122,768
Commission	63,985	68,379
	<u>2,194,543</u>	<u>2,239,871</u>

15. General and administrative expenses

	<u>2026</u>	<u>2025</u>
Staff costs	1,887,785	1,588,071
Management fees	51,641	46,774
Professional fees	60,734	65,950
Other expenses	259,508	331,817
	<u>2,259,668</u>	<u>2,032,612</u>

16. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to KFAS is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve.

The movement in KFAS is as follows:

	<u>2026</u>	<u>2025</u>
Balance at the beginning of the year	41,446	29,192
Charge for the year	46,928	41,446
Paid during the year	(41,446)	(29,192)
Balance as at the end of the year (Note 8)	<u>46,928</u>	<u>41,446</u>

17. Board of Directors' meeting and Shareholders Annual General Assembly

(a) The Board of Directors meeting held on June 9, 2026, proposed to distribute cash dividends of 10 fils per share amounting to KD 2,000,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2026. These proposals are subject to the approval of the Shareholders' Annual General Assembly.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

- (b) The Shareholders' Annual General Assembly held on July 1, 2025, approved the distribution of cash dividends of 10 fils per share amounting to KD 2,000,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2025.
- (c) The Shareholders' Annual General Assembly held on June 25, 2024, approved the distribution of cash dividends of 10 fils per share amounting to KD 2,000,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2024.

18. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted earnings per share is computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	<u>2026</u>	<u>2025</u>
Profit for the year attributable to shareholders of the Parent Company	<u>5,250,250</u>	<u>4,614,709</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>200,000,000</u>	<u>200,000,000</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>26.25</u>	<u>23.07</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

19. Fiduciary assets

The Parent Company manages investment portfolios for its customers amounting to KD 3,563,533,927 as at March 31, 2026 (2025: KD 3,329,942,202) to earn management fees. These investment portfolios are registered in the name of the Parent Company and are not accounted in the accompanying consolidated financial statements (accounts off the consolidated statement of financial position).

20. Segment information

The Group is divided into three operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- **Investment activities:** Direct investment for the Group's benefit in securities, portfolios and funds
- **Asset management services:** Portfolio and Fund management services for clients
- **Real estate activities:** Investment in real estate and managing real estate portfolios.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

(All amounts are in Kuwaiti Dinars)

	For the year ended March 31,				
	2026		2025		
	Investment activities	Asset management services	Real estate activities	Total	Total
Segment operating revenue	4,780,018	2,194,543	794,519	7,769,080	6,140,578
Segment operating expenses	(322,133)	-	(71,985)	(394,118)	(458,953)
Unallocated operating expense	-	-	-	(2,187,663)	(1,981,372)
Operating profit	415,561	-	-	5,187,279	3,700,253
Group's share of results from associates	-	-	-	415,561	371,181
Gain on purchase of additional shares of an associate	-	-	-	-	1,326,507
Gain from sale of investment properties	-	-	31,566	31,566	-
Net allowance for ECL (charge) no longer required	-	-	(248,737)	(248,737)	34,343
Other income	-	-	-	-	8,420
Marketing and commission expenses	-	-	-	(39,010)	(36,826)
Impairment losses on investment in associates	-	-	-	-	(719,688)
Foreign exchange loss	-	-	-	(5,083)	(2,906)
Profit for the year before contribution to KFAS, Zakat and Board of Directors' remuneration	-	-	-	5,341,576	4,681,284
Contribution to KFAS	-	-	-	(46,928)	(41,446)
Zakat	-	-	-	(19,410)	-
Board of Directors' remuneration	-	-	-	(25,000)	(25,000)
Profit for the year	-	-	-	5,250,238	4,614,838
Other information					
Segment assets	78,273,088	305,685	13,438,005	92,016,778	92,949,926
Unallocated assets	-	-	-	1,912,629	825,140
Total assets	-	-	-	93,929,407	93,775,066
Segment liabilities	23,435,701	-	-	23,435,701	17,158,764
Unallocated liabilities	-	-	-	4,576,218	1,875,269
Total liabilities	-	-	-	28,011,919	19,034,033

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

21. Related party disclosures

The Group has entered into various transactions with related parties such as Shareholders, Board of Directors, Key management personnel, Executive officers of the Group and other related parties. Prices and payment conditions of these transactions are approved by the Group's management. Material related party balances and transactions are as follows:

	Key management personnel	Board of Directors	Shareholders	2026	2025
(i) Consolidated statement of financial position:					
Accounts receivable and other debit balances	65,496	-	-	65,496	61,016
Dividends payable included in "accounts payable and other credit balances" (Note 8)	-	-	256,365	256,365	260,829
Payable to shareholder on account of capital reduction included in "accounts payable and other credit balances" (Note 8)	-	-	38,140	38,140	45,227
Board of Directors' remuneration payable included in "accounts payable and other credit balances" (Note 8)	-	25,000	-	25,000	25,000
(ii) Consolidated statement of profit or loss:					
Compensation to key management personnel					
Short-term benefits	504,654	-	-	504,654	504,654
Board of Directors' remuneration (Note 17)	-	25,000	-	25,000	25,000
Termination benefits	31,250	-	-	31,250	31,250
Committees remuneration	27,500	-	-	27,500	27,500

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

22. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, accounts receivable and other debit balances, financial assets at FVTPL, financial assets at FVOCI, loan and accounts payable and other credit balances and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and debt instruments at amortized cost. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and debt instruments at amortized cost are presented net of allowance for ECL.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

Cash at banks

The Group's cash at banks measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the ECL impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

The Group's maximum exposure arising from default of the counter-party is limited to the following:

	<u>2026</u>	<u>2025</u>
Cash at banks	12,553,714	11,572,555
Accounts receivable and other debit balances	2,218,314	1,163,034
	<u>14,772,028</u>	<u>12,735,589</u>

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

<u>2026</u>	<u>Up to 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>Assets</u>						
Cash on hand and at banks	12,556,714	-	-	-	-	12,556,714
Financial assets at FVTPL	3,959,378	-	-	-	-	3,959,378
Accounts receivable and other debit balances	1,573,555	69,843	574,916	-	-	2,218,314
Financial assets at FVOCI	42,432,756	-	-	7,945,895	-	50,378,651
Investment in associates	-	-	-	11,378,345	-	11,378,345
Investment properties	-	-	-	2,863,460	10,574,545	13,438,005
	<u>60,522,403</u>	<u>69,843</u>	<u>574,916</u>	<u>22,187,700</u>	<u>10,574,545</u>	<u>93,929,407</u>
<u>Liabilities</u>						
Loan	-	-	-	23,435,701	-	23,435,701
Accounts payable and other credit balances	2,934,849	66,446	697,450	380,819	-	4,079,564
Provision for end of service indemnity	-	-	-	496,654	-	496,654
	<u>2,934,849</u>	<u>66,446</u>	<u>697,450</u>	<u>24,313,174</u>	<u>-</u>	<u>28,011,919</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

<u>2025</u>	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	11,575,555	-	-	-	-	11,575,555
Accounts receivable and other debit balances	342,782	22,844	797,408	-	-	1,163,034
Financial assets at FVOCI	46,503,637	-	-	8,999,273	-	55,502,910
Investment in associates	-	-	-	11,785,072	-	11,785,072
Investment properties	-	-	-	4,570,043	9,178,452	13,748,495
	<u>58,421,974</u>	<u>22,844</u>	<u>797,408</u>	<u>25,354,388</u>	<u>9,178,452</u>	<u>93,775,066</u>
Liabilities						
Loan	-	-	-	17,158,764	-	17,158,764
Accounts payable and other credit balances	385,051	66,446	389,274	477,714	-	1,318,485
Provision for end of service indemnity	-	-	-	556,784	-	556,784
	<u>385,051</u>	<u>66,446</u>	<u>389,274</u>	<u>18,193,262</u>	<u>-</u>	<u>19,034,033</u>

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest-bearing financial liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

	Increase / (Decrease) in interest rate	Balance on March 31 KD	Effect on consolidated statement of profit or loss
<u>2026</u>			
Loan	± 50 basis points	23,435,701	± 117,179
<u>2025</u>			
Loan	± 50 basis points	17,158,764	± 85,794

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

<u>Currency</u>	<u>Change in foreign currency rate</u>	<u>Effect on consolidated statement of profit or loss</u>	<u>Effect on Consolidated statement of profit or loss and other comprehensive income</u>
2026			
US Dollar	± 5%	± 5	± 36,168
Saudi Riyal	± 5%	± 1,516	± 31,950
Tunisian Dinar	± 5%	± 7	-
Euro	± 5%	± 12	-
Morocco Dirhams	± 5%	± 621	-
2025			
US Dollar	± 5%	± 545	± 69,697
Saudi Riyal	± 5%	± 16,910	± 30,540
Tunisian Dinar	± 5%	± 7	-
Euro	± 5%	± 12	-
Morocco Dirhams	± 5%	± 608	-

iii) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at FVTPL and financial assets at FVOCI.

To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

<u>Market index</u>	<u>2026</u>			<u>2025</u>	
	<u>Change in equity price %</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>	<u>Change in equity price %</u>	<u>Effect on other comprehensive income</u>
Boursa Kuwait	± 5%	± 197,969	± 2,121,638	± 5%	± 2,325,182

23. Fair value measurement

The Group measures its financial assets such as financial assets at FVOCI at fair value at each reporting period.

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.

All financial instruments for which fair value is measured or disclosed in the consolidated 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.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31:

<u>2026</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVTPL	3,959,378	-	3,959,378
Financial assets at FVOCI	42,432,756	7,945,895	50,378,651
	<u>46,392,134</u>	<u>7,945,895</u>	<u>54,338,029</u>
<u>2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVOCI	46,503,637	8,999,273	55,502,910

At March 31, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers among Level 1, Level 2 and Level 3.

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

24. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	<u>2026</u>	<u>2025</u>
Loan	23,435,701	17,158,764
Less: cash on hand and at banks	(12,556,714)	(11,575,555)
Net debt	10,878,987	5,583,209
Total equity	65,917,488	74,741,033
Total capital resources	<u>76,796,475</u>	<u>80,324,242</u>
Gearing Ratio	<u>14.17%</u>	<u>6.95%</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(All amounts are in Kuwaiti Dinars)

25. Outbreak of geopolitical conflict

The Group operates in a global and regional economic environment that continues to be affected by heightened geopolitical tensions in the Middle East. Recent developments in the region have increased uncertainty in financial markets, energy supply and costs, regional security conditions, and global trade routes. The wider regional impact of these events may affect economic conditions relevant to the various sectors. Management has assessed the potential impacts of the geopolitical situation on the Group's operations and financial position, taking into consideration:

- Macroeconomic conditions, including inflationary pressures, interest rate volatility, and economic growth trends.
- Fair value volatility of investments, particularly those exposed to emerging markets, energy-sensitive sectors, or regions indirectly affected by supply-chain disruptions and energy market instability.
- Market liquidity risk, including the ability to realise investments at quoted or observable market prices in periods of heightened volatility.
- Foreign exchange risk, arising from increased currency volatility in markets linked to the region.

As at the reporting date, the Group has not experienced any material disruption to its core operations. Accordingly, management has not identified any material adverse impacts on the overall valuation of the investment properties or investment portfolios that require specific adjustment beyond those reflected in observable market prices and valuation inputs. However, future adverse developments in the geopolitical environment may result in changes to key valuation assumptions.

The Group maintains liquidity buffers and capital resources that management considers sufficient to meet its commitments and operating expenses as they fall due. The Group has assessed the potential impact of adverse market movements on its ability to realize investments or access funding, including under stressed market scenarios. No breaches of liquidity thresholds, investment restrictions, or capital management policies were identified as at the reporting date.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and concluded that the going concern remains appropriate. The geopolitical situation remains dynamic, and the extent and duration of potential impacts on global financial markets are uncertain. Management continues to monitor developments closely and will reflect any material impacts in future valuations, risk disclosures, and financial reporting as appropriate.