

**KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2022
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
STATE OF KUWAIT

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The Board of Directors
Kuwait Investment Company - K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kuwait Investment Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (the Group) as at March 31, 2022 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No.1 of 2016 and its Executive Regulations, as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the three months period ended March 31, 2022, that might have had a material effect on the Parent Company's financial position or result of its operations.

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We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three months period ended March 31, 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
May 10, 2022



Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2022
 (All amounts are in Kuwaiti Dinars)

| | Note | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|---|------|--------------------|-----------------------------------|--------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 3 | 20,023,508 | 20,379,753 | 22,686,988 |
| Term deposits | | 12,520,000 | 12,520,000 | 10,412,536 |
| Accounts receivable and other assets | | 16,672,350 | 15,054,548 | 15,401,825 |
| Loans and advances | | 3,344,356 | 3,184,453 | 3,194,476 |
| Investment in securities | 4 | 147,350,358 | 143,519,502 | 131,329,856 |
| Investment in associates | | 16,078,659 | 16,177,639 | 12,580,207 |
| Investment properties | | 24,147,272 | 24,239,810 | 25,898,239 |
| Intangible assets | | 11,042,602 | 11,042,602 | 11,042,602 |
| Property, plant and equipment | | 25,615,491 | 22,656,003 | 24,940,590 |
| Right-of-use assets | | 4,233,699 | 4,759,143 | 6,335,475 |
| Total assets | | 281,028,295 | 273,533,453 | 263,822,794 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities: | | | | |
| Deposits from banks and customers | | 75,294,576 | 72,344,354 | 80,506,043 |
| Islamic finance payables | | 8,682,783 | 7,356,284 | 10,529,746 |
| Accounts payable and other liabilities | 8 | 31,781,457 | 18,960,090 | 21,331,412 |
| Term loans | | 3,730,509 | 3,771,555 | 3,893,384 |
| Lease liabilities | | 4,521,606 | 6,167,296 | 6,037,325 |
| Total liabilities | | 124,010,931 | 108,599,579 | 122,297,910 |
| Equity: | | | | |
| Share capital | | 55,125,000 | 55,125,000 | 55,125,000 |
| Treasury shares | 5 | (734,629) | (734,629) | (734,629) |
| Statutory reserve | | 34,629,359 | 34,629,359 | 31,805,102 |
| Voluntary reserve | | 24,663,473 | 24,663,473 | 21,839,216 |
| Revaluation surplus of an associate | | 2,201,652 | 2,201,652 | 2,201,652 |
| Other reserves | | 21,700 | - | - |
| Fair value reserve | | (11,670,583) | (12,067,490) | (11,358,561) |
| Foreign currency translation reserve | | 1,636,425 | 1,557,662 | 1,744,985 |
| Retained earnings | | 17,409,884 | 26,275,761 | 9,087,879 |
| Equity attributable to shareholders of the Parent Company | | 123,282,281 | 131,650,788 | 109,710,644 |
| Non-controlling interests | | 33,735,083 | 33,283,086 | 31,814,240 |
| Total equity | | 157,017,364 | 164,933,874 | 141,524,884 |
| Total liabilities and equity | | 281,028,295 | 273,533,453 | 263,822,794 |

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.


 Dr. Yousef M. Al Ali
 Chairman


 Bader N. AlSubaiee
 Chief Executive Officer



KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

| | Note | For the three months ended | |
|---|------|----------------------------|--------------------|
| | | March 31, | |
| | | 2022 | 2021 |
| Operating revenue: | | | |
| Net fee and commission income | | 2,497,827 | 1,943,577 |
| Net rental income | | 1,877,908 | 1,606,434 |
| Net investment in securities income | 6 | 4,838,478 | 3,541,738 |
| Group's share of results from associates | | 64,926 | (72,142) |
| Gain on sale of investment properties | | - | 150,000 |
| Finance income | | 118,703 | 104,245 |
| Other income | | 212,028 | 32,336 |
| | | <u>9,609,870</u> | <u>7,306,188</u> |
| Operating expenses: | | | |
| General and administrative expenses | | (3,170,091) | (2,990,377) |
| Net allowance of expected credit losses | | (855) | 183,956 |
| Foreign exchange losses | | (148,379) | (43,020) |
| Finance cost | | (377,277) | (449,721) |
| | | <u>(3,696,602)</u> | <u>(3,299,162)</u> |
| Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat | | | |
| | | 5,913,268 | 4,007,026 |
| Contribution to KFAS | | (41,652) | (32,665) |
| Contribution to NLST | | (168,406) | (92,000) |
| Contribution to Zakat | | (46,543) | (29,335) |
| Profit for the period | | <u>5,656,667</u> | <u>3,853,026</u> |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 4,875,411 | 3,538,609 |
| Non-controlling interests | | 781,256 | 314,417 |
| | | <u>5,656,667</u> | <u>3,853,026</u> |
| Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils) | 7 | <u>8.90</u> | <u>6.46</u> |

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

| | For the three months ended March 31, | |
|--|---|------------------|
| | 2022 | 2021 |
| Profit for the period | 5,656,667 | 3,853,026 |
| Other comprehensive income: | | |
| <u>Items that may be reclassified subsequently to consolidated statement of profit or loss</u> | | |
| Exchange differences on translating foreign operations | 78,763 | (263,718) |
| Group's share of other comprehensive income (loss) from associates | 465 | (40,610) |
| <u>Item that will not be reclassified subsequently to consolidated statement of profit or loss</u> | | |
| Revaluation reserve of associates | - | (58,439) |
| Changes in fair value of financial assets at FVOCI | 369,445 | 692,655 |
| Other comprehensive income for the period | 448,673 | 329,888 |
| Total comprehensive income for the period | 6,105,340 | 4,182,914 |
| Attributable to: | | |
| Shareholders of the Parent Company | 5,309,503 | 3,831,379 |
| Non-controlling interests | 795,837 | 351,535 |
| | 6,105,340 | 4,182,914 |

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2022
(All amounts are in Kuwaiti Dinars)

| | Equity attributable to shareholders of the Parent Company | | | | | | | | | | | |
|---|---|------------------|-------------------|-------------------|-------------------------------------|----------------|---------------------|--------------------------------------|-------------------|--------------------|---------------------------|--------------------|
| | Share capital | Treasury shares | Statutory reserve | Voluntary reserve | Revaluation surplus of an associate | Other reserves | Fair value reserve | Foreign currency translation reserve | Retained Earnings | Sub-total | Non-controlling interests | Total |
| Balance as of January 1, 2022 | 55,125,000 | (734,629) | 34,629,359 | 24,663,473 | 2,201,652 | - | (12,067,490) | 1,557,662 | 26,275,761 | 131,660,788 | 33,283,086 | 164,933,874 |
| Profit for the period | - | - | - | - | - | - | - | - | 4,875,411 | 4,875,411 | 781,256 | 5,656,667 |
| Other comprehensive income for the period | - | - | - | - | - | - | 355,329 | 78,763 | - | 434,092 | 14,581 | 448,673 |
| Total comprehensive income for the period | - | - | - | - | - | - | 355,329 | 78,763 | 4,875,411 | 5,309,503 | 795,837 | 6,105,340 |
| Effect of disposal of financial assets at FVOCI | - | - | - | - | - | - | 41,578 | - | (41,578) | - | - | - |
| Cash Dividend (Note 13) | - | - | - | - | - | - | - | - | (13,699,710) | (13,699,710) | - | (13,699,710) |
| Dividend to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (322,140) | (322,140) |
| Effect of changes in ownership interest of a subsidiary | - | - | - | - | - | 21,700 | - | - | - | 21,700 | (21,700) | - |
| Balance as of March 31, 2022 | 55,125,000 | (734,629) | 34,629,359 | 24,663,473 | 2,201,652 | 21,700 | (11,670,583) | 1,636,425 | 17,409,884 | 123,282,281 | 33,735,083 | 157,017,364 |
| Balance as of January 1, 2021 | 55,125,000 | (734,629) | 31,805,102 | 21,839,216 | 2,260,091 | - | (11,716,027) | 2,008,703 | 5,291,809 | 105,879,265 | 31,462,705 | 137,341,970 |
| Profit for the period | - | - | - | - | - | - | - | - | 3,538,609 | 3,538,609 | 314,417 | 3,853,026 |
| Other comprehensive (loss) income for the period | - | - | - | - | (58,439) | - | 614,927 | (263,718) | - | 292,770 | 37,118 | 329,888 |
| Total comprehensive (loss) income for the period | - | - | - | - | (58,439) | - | 614,927 | (263,718) | 3,538,609 | 3,831,379 | 351,535 | 4,182,914 |
| Effect of disposal of financial assets at FVOCI | - | - | - | - | - | - | (257,461) | - | 257,461 | - | - | - |
| Balance as of March 31, 2021 | 55,125,000 | (734,629) | 31,805,102 | 21,839,216 | 2,201,652 | - | (11,358,561) | 1,744,985 | 9,087,879 | 109,710,644 | 31,814,240 | 141,524,884 |

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

| | For the three months ended March 31, | |
|--|---|--------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Profit for the period before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat | 5,913,268 | 4,007,026 |
| Adjustments for: | | |
| Net allowance of expected credit losses | 855 | (183,956) |
| Net investment in securities income | (4,838,478) | (3,541,738) |
| Group's share of results from associates | (64,926) | 72,142 |
| Gain on sale of investment properties | - | (150,000) |
| Depreciation and amortization | 1,763,937 | 1,948,788 |
| Foreign exchange loss | 148,379 | 43,020 |
| Finance cost | 377,277 | 449,721 |
| Finance income | (118,703) | (104,245) |
| Gain on sale of property, plant and equipment | (111,177) | (36,544) |
| | <u>3,070,432</u> | <u>2,504,214</u> |
| Changes in operating assets and liabilities: | | |
| Term deposits | - | 1,325,647 |
| Financial assets at fair value through profit or loss ("FVTPL") | 430,272 | (1,137,004) |
| Accounts receivable and other assets | (1,337,256) | 193,804 |
| Loans and advances | (161,418) | - |
| Accounts payable and other liabilities | (1,375,729) | 4,801,977 |
| Net cash flows generated from operating activities | <u>626,301</u> | <u>7,688,638</u> |
| Cash flows from investing activities: | | |
| Purchase of financial assets at FVOCI | (301,615) | 417,436 |
| Proceeds from disposal of financial assets at FVOCI | 1,097,213 | - |
| Purchase of property, plant and equipment | (4,820,837) | (2,593,551) |
| Proceeds from disposal of property, plant and equipment | 734,033 | 328,518 |
| Proceeds from disposal of investment properties | - | 1,050,000 |
| Payment to acquired additional ownership interest in a subsidiary | (21,700) | - |
| Cash dividends received | 208,014 | 700,490 |
| Finance income received | 100,974 | 125,298 |
| Net cash flows (used in) generated from investing activities | <u>(3,003,918)</u> | <u>28,191</u> |
| Cash flows from financing activities: | | |
| Net movement in deposits from banks and customers | 2,801,843 | (1,972,327) |
| Net movement in Islamic finance payables | 1,326,499 | 652,251 |
| Lease liabilities | (1,677,445) | (2,299,649) |
| Finance cost paid | (247,630) | (629,005) |
| Dividend paid to shareholders of the parent company | (29,246) | - |
| Dividend paid to non - controlling interests | (150,000) | - |
| Net cash flows generated from (used in) financing activities | <u>2,024,021</u> | <u>(4,248,730)</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(353,596)</u> | <u>3,468,099</u> |
| Effect of exchange rate changes on cash and cash equivalents in foreign currencies | (2,649) | (33,184) |
| Cash and cash equivalents at the beginning of the period | <u>20,379,753</u> | <u>19,252,073</u> |
| Cash and cash equivalents at the end of the period (Note 3) | <u>20,023,508</u> | <u>22,686,988</u> |

The accompanying notes from (1) to (15) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

Kuwait Investment Company - K.S.C. (Public) (the Parent Company) is a Kuwaiti public shareholding Company registered in the State of Kuwait and was incorporated based on Memorandum of Incorporation under Ref. No. 852 dated on December 3, 1961. The Parent Company is listed in Boursa Kuwait.

The Parent Company is 76% owned subsidiary of Kuwait Investment Authority ("KIA") ("The Ultimate Parent Company"). The Parent Company is principally engaged in investment and financial services.

The Parent Company is regulated and supervised by the Central Bank of Kuwait ("CBK") for financing activities and the Capital Markets Authority ("CMA") as an investment company.

The Parent Company's registered address is Sharq, Mubarak Al Kabeer Street, Souk Al Manakh Building, Floor 5 - P. O. Box 1005, Safat - Zip Code 13011 - State of Kuwait.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on May 10, 2022.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the three months period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2021.

3. Cash and cash equivalents

| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|--|---------------------------|--|---------------------------|
| Cash on hand, at banks and in portfolios | <u>11,543,678</u> | <u>11,916,167</u> | <u>13,941,766</u> |
| Short-term deposits | <u>8,479,830</u> | <u>8,463,586</u> | <u>8,745,222</u> |
| | <u>20,023,508</u> | <u>20,379,753</u> | <u>22,686,988</u> |

The effective rate of return on short-term deposits is 1% (December 31, 2021 - 1%, March 31, 2021 – 0.95%) per annum. These deposits have a contractual maturity less than three months.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

4. Investment in securities

| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|---------------------------|--------------------|-----------------------------------|--------------------|
| Financial assets at FVTPL | 133,320,777 | 129,240,213 | 117,398,673 |
| Financial assets at FVOCI | 14,029,581 | 14,279,289 | 13,931,183 |
| | <u>147,350,358</u> | <u>143,519,502</u> | <u>131,329,856</u> |

5. Treasury shares

| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|---------------------------------|-------------------|-----------------------------------|-------------------|
| Number of shares (shares) | 3,261,581 | 3,261,581 | 3,261,581 |
| Percentage of issued shares (%) | 0.5917 | 0.5917 | 0.5917 |
| Market value (KD) | 952,382 | 896,935 | 407,698 |
| Cost (KD) | 734,629 | 734,629 | 734,629 |

The Parent Company's management has allotted an amount equal to treasury shares balance from the retained earnings as of March 31, 2022. This balance is not available for distribution during the Parent Company's retention period of these treasury shares as per CMA guidelines.

6. Net investment in securities income

| | For the three months ended March 31, | |
|---|---|------------------|
| | 2022 | 2021 |
| Unrealized gain from financial assets at FVTPL | 4,626,941 | 1,934,666 |
| Realized (loss) gain on sale of financial assets at FVTPL | (120,396) | 906,582 |
| Dividend income | 331,933 | 700,490 |
| | <u>4,838,478</u> | <u>3,541,738</u> |

7. Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)

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

| | For the three months ended March 31, | |
|--|---|--------------------|
| | 2022 | 2021 |
| Earnings for the period attributable to shareholders of the Parent Company | 4,875,411 | 3,538,609 |
| <u>Weighted average number of shares outstanding:</u> | | |
| Number of issued and fully paid-up shares at the beginning of the period | 551,250,000 | 551,250,000 |
| Less: weighted average number of treasury shares | (3,261,581) | (3,261,581) |
| Weighted average number of shares outstanding | <u>547,988,419</u> | <u>547,988,419</u> |
| | <u>Fils</u> | <u>Fils</u> |
| Basic and diluted earnings per share attributable to shareholders of the Parent Company | <u>8.90</u> | <u>6.46</u> |

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

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2022

(All amounts are in Kuwaiti Dinars)

8. Related party balances and transactions

The Group has entered into various transactions with related parties i.e. Major shareholders, Board of Directors and Key management personnel of the Group. Prices and terms of payment are to be approved by the Group's management. Significant related party balances and transactions during the period / year are as follows:

| <u>Balances included in the interim condensed consolidated statement of financial position:</u> | Major shareholders | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|---|-----------------------|-------------------|-----------------------------------|-------------------|
| Deposits from customers | 31,222,458 | 31,222,458 | 31,158,029 | 31,315,360 |
| Accounts payable and other liabilities | 13,740,742 | 13,740,742 | 40,701 | 38,455 |

| <u>Transactions included in the interim condensed consolidated statement of profit or loss:</u> | Major shareholders | For the three months ended March 31, | |
|---|-----------------------|---|---------|
| | | 2022 | 2021 |
| Net fee and commission income | 906,988 | 906,988 | 910,715 |
| Finance charges | 67,967 | 67,967 | 63,536 |

| <u>Compensation to key management personnel of the Parent Company:</u> | | | |
|--|--|----------------|----------------|
| Salaries, incentives and remuneration | | 160,960 | 155,497 |
| Post-employment benefits | | 20,623 | 27,619 |
| | | <u>181,583</u> | <u>183,116</u> |

9. Fiduciary assets

The Group manages investment portfolios on behalf of KIA, government agencies and other financial institutions. The total carrying value of these portfolios as of March 31, 2022 amounting to KD 2.159 billion (December 31, 2021 - KD 2.220 billion and March 31, 2021 - KD 2.046 billion) which are not reflected in the interim condensed consolidated financial information. The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

During the year ended December 31, 2021, the Parent Company had obtained market making license, which the Parent Company trades on the shares related to customers, consequently, these shares are not reflected in the interim condensed consolidated financial information, in addition, no unrealized gains or losses resulted from trading on these shares has been recorded, based on the contractual agreements between customers and Parent Company.

Income earned from the above fiduciary assets amounting to KD 1,933,719 for the three-month period ended March 31, 2022 (for the year ended December 31, 2021 - KD 7,392,062 and for the three-month period ended March 31, 2021 - KD 1,617,535).

10. Capital commitments and contingent liabilities

a) Capital commitments

| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|------------------------|-------------------|-----------------------------------|-------------------|
| Investment commitments | <u>52,935</u> | <u>62,028</u> | <u>71,079</u> |

b) Contingent liabilities

| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 |
|----------------------|-------------------|-----------------------------------|-------------------|
| Letters of guarantee | <u>2,293,122</u> | <u>2,293,122</u> | <u>2,293,122</u> |

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11. Financial assets and liabilities

The maturity profile of assets and liabilities of the Group are as follows:

| | March 31, 2022 | | |
|--|--------------------|------------------------|--------------------|
| | Current portion | Non-current portion | Total |
| Assets: | | | |
| Cash and cash equivalents | 20,023,508 | - | 20,023,508 |
| Term deposits | 12,520,000 | - | 12,520,000 |
| Accounts receivable and other assets | 16,672,350 | - | 16,672,350 |
| Loans and advances | 3,344,356 | - | 3,344,356 |
| Investment in securities | 133,320,777 | 14,029,581 | 147,350,358 |
| Investment in associates | - | 16,078,659 | 16,078,659 |
| Investment properties | - | 24,147,272 | 24,147,272 |
| Intangible assets | - | 11,042,602 | 11,042,602 |
| Property, plant and equipment | - | 25,615,491 | 25,615,491 |
| Right-of-use assets | - | 4,233,699 | 4,233,699 |
| Total assets | 185,880,991 | 95,147,304 | 281,028,295 |
| Liabilities: | | | |
| Deposits from banks and customers | 75,294,576 | - | 75,294,576 |
| Islamic finance payables | 8,682,783 | - | 8,682,783 |
| Accounts payable and other liabilities | 25,221,202 | 6,560,255 | 31,781,457 |
| Term loans | 3,730,509 | - | 3,730,509 |
| Lease liabilities | 2,853,551 | 1,668,055 | 4,521,606 |
| Total liabilities | 115,782,621 | 8,228,310 | 124,010,931 |
| December 31, 2021 (Audited) | | | |
| | Current portion | Non-current portion | Total |
| Assets: | | | |
| Cash and cash equivalents | 20,379,753 | - | 20,379,753 |
| Term deposits | 12,520,000 | - | 12,520,000 |
| Accounts receivable and other assets | 15,054,548 | - | 15,054,548 |
| Loans and advances | 3,184,453 | - | 3,184,453 |
| Investment in securities | 129,240,213 | 14,279,289 | 143,519,502 |
| Investment in associates | - | 16,177,639 | 16,177,639 |
| Investment properties | - | 24,239,810 | 24,239,810 |
| Intangible assets | - | 11,042,602 | 11,042,602 |
| Property, plant and equipment | - | 22,656,003 | 22,656,003 |
| Right-of-use assets | - | 4,759,143 | 4,759,143 |
| Total assets | 180,378,967 | 93,154,486 | 273,533,453 |
| Liabilities: | | | |
| Deposits from banks and customers | 72,344,354 | - | 72,344,354 |
| Islamic finance payables | 7,356,284 | - | 7,356,284 |
| Accounts payable and other liabilities | 12,325,336 | 6,634,754 | 18,960,090 |
| Term loans | 3,771,555 | - | 3,771,555 |
| Lease liabilities | 3,021,212 | 3,146,084 | 6,167,296 |
| Total liabilities | 98,818,741 | 9,780,838 | 108,599,579 |

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| | March 31, 2021 | | |
|--|--------------------|------------------------|--------------------|
| | Current portion | Non-current portion | Total |
| Assets: | | | |
| Cash and cash equivalents | 22,686,988 | - | 22,686,988 |
| Term deposits | 10,412,536 | - | 10,412,536 |
| Accounts receivable and other assets | 15,401,825 | - | 15,401,825 |
| Loans and advances | 3,194,476 | - | 3,194,476 |
| Investment in securities | 117,398,673 | 13,931,183 | 131,329,856 |
| Investment in associates | - | 12,580,207 | 12,580,207 |
| Investment properties | - | 25,898,239 | 25,898,239 |
| Intangible assets | - | 11,042,602 | 11,042,602 |
| Property, plant and equipment | - | 24,940,590 | 24,940,590 |
| Right-of-use assets | - | 6,335,475 | 6,335,475 |
| Total assets | <u>169,094,498</u> | <u>94,728,296</u> | <u>263,822,794</u> |
| Liabilities: | | | |
| Deposits from banks and customers | 80,506,043 | - | 80,506,043 |
| Islamic finance payables | 10,529,746 | - | 10,529,746 |
| Accounts payable and other liabilities | 14,869,308 | 6,462,104 | 21,331,412 |
| Term loans | - | 3,893,384 | 3,893,384 |
| Lease liabilities | 3,023,575 | 3,013,750 | 6,037,325 |
| Total liabilities | <u>108,928,672</u> | <u>13,369,238</u> | <u>122,297,910</u> |

12. Segment reporting

a) **Operating segments:**

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- Asset Management: Consists of quoted securities trading and management of funds and portfolios.
- Direct Investments and Corporate Finance (DICF): Consists of managing subsidiaries, associates, long term strategic investments, lending, real estate and rental activities.
- Treasury: Consists of foreign exchange contracts and money market activities.
- Other operations: Management and support activities.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

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The information relates to Group's segment reporting are as follows:

| | Asset management | DICF | Treasury | Other operations | Total |
|-----------------------------------|---------------------|-------------|------------|---------------------|-------------|
| For the three months ended | | | | | |
| March 31, 2022 | | | | | |
| Segment revenue | 5,329,798 | 2,333,326 | 386,439 | 3,046,605 | 11,096,168 |
| Segment expenses | (814,345) | (774,177) | (275,135) | (1,876,833) | (3,740,490) |
| Segment result | 4,515,453 | 1,559,149 | 111,304 | 1,169,772 | 7,355,678 |
| Depreciation and amortization | (1,742) | (344,023) | (3) | (1,418,169) | (1,763,937) |
| Share of results of associates | - | 64,926 | - | - | 64,926 |
| Segment profit (loss) | 4,513,711 | 1,280,052 | 111,301 | (248,397) | 5,656,667 |
| Total assets | 108,156,666 | 114,211,204 | - | 58,660,425 | 281,028,295 |
| Total liabilities | 49,388 | 3,177,545 | 75,404,172 | 45,379,826 | 124,010,931 |
| For the three months ended | | | | | |
| March 31, 2021 | | | | | |
| Segment revenue | 3,330,811 | 2,503,376 | 366,251 | 3,113,346 | 9,313,784 |
| Segment expenses | (642,890) | (487,556) | (300,687) | (2,008,695) | (3,439,828) |
| Segment result | 2,687,921 | 2,015,820 | 65,564 | 1,104,651 | 5,873,956 |
| Depreciation and amortization | (46) | (343,925) | (3) | (1,604,814) | (1,948,788) |
| Share of results of associates | - | (72,142) | - | - | (72,142) |
| Segment profit (loss) | 2,687,875 | 1,599,753 | 65,561 | (500,163) | 3,853,026 |
| Total assets | 94,220,163 | 107,929,692 | - | 61,672,939 | 263,822,794 |
| Total liabilities | 80,740 | 4,675,269 | 83,124,258 | 34,417,643 | 122,297,910 |

b) Geographical segments

The Group classified its revenues and assets according to the following geographical segments and based on the geographical location of customers and assets of each sector separately:

| | March 31, 2022 | | |
|---|-----------------------------|--------------------|-------------------------|
| | Revenue | Assets | Capital expenditures |
| Kuwait | 14,380,105 | 190,581,756 | 4,820,837 |
| Other GCC countries | 660,682 | 36,454,845 | - |
| Other Middle East and North Africa (MENA) | (75,226) | 2,808,587 | - |
| Europe | (2,002,625) | 36,729,535 | - |
| United states of America | (801,390) | 9,722,790 | - |
| Asia | (1,065,378) | 4,730,782 | - |
| | 11,096,168 | 281,028,295 | 4,820,837 |
| | December 31, 2021 (Audited) | | |
| | Revenue | Assets | Capital expenditures |
| Kuwait | 42,175,805 | 176,663,736 | 5,225,357 |
| Other GCC countries | 2,309,995 | 38,345,670 | - |
| Other Middle East and North Africa (MENA) | 809,357 | 2,888,966 | - |
| Europe | 3,408,079 | 39,065,480 | - |
| United states of America | 1,650,573 | 10,730,538 | - |
| Asia | 1,232,645 | 5,839,063 | - |
| | 51,586,454 | 273,533,453 | 5,225,357 |

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| | March 31, 2021 | | |
|---|------------------|--------------------|----------------------|
| | Revenue | Assets | Capital expenditures |
| Kuwait | 9,558,974 | 177,481,112 | 2,593,551 |
| Other GCC countries | 267,003 | 27,842,016 | - |
| Other Middle East and North Africa (MENA) | 136,573 | 2,494,159 | - |
| Europe | (1,053,818) | 41,616,072 | - |
| United states of America | 264,696 | 8,284,387 | - |
| Asia | 140,356 | 6,105,048 | - |
| | <u>9,313,784</u> | <u>263,822,794</u> | <u>2,593,551</u> |

13. General Assembly

The Shareholders' Annual General Assembly held on March 20, 2022 approved the consolidated financial statements for the financial year ended December 31, 2021 and approved to distribute cash dividends of 25 fils per share amounting to KD 13,699,710 and pay KD 225,000 Board of Directors' remuneration for the financial year ended December 31, 2021.

The Shareholders' Annual General Assembly held on March 30, 2021 approved the consolidated financial statements for the financial year ended December 31, 2020 and approved not to distribute cash dividends and not to pay Board of Directors' remuneration, except for KD 5,000 for Independent Board member for the financial year ended December 31, 2020.

14. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI and non-financial assets such as investment properties at fair value at each reporting date.

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 assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

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The following table shows an analysis of the assets recorded at fair value by level of the fair value hierarchy:

| | March 31, 2022 | | | Total |
|-----------------------------------|-----------------------------|-------------------|-------------------|--------------------|
| | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL: | | | | |
| Quoted securities | 23,948,001 | - | - | 23,948,001 |
| Unquoted securities | - | - | 31,657,362 | 31,657,362 |
| Investment funds | - | 77,715,414 | - | 77,715,414 |
| | <u>23,948,001</u> | <u>77,715,414</u> | <u>31,657,362</u> | <u>133,320,777</u> |
| Financial assets at FVOCI: | | | | |
| Quoted securities | 1,022,049 | - | - | 1,022,049 |
| Unquoted securities | - | - | 13,007,532 | 13,007,532 |
| | <u>1,022,049</u> | <u>-</u> | <u>13,007,532</u> | <u>14,029,581</u> |
| Investment properties | - | 17,558,961 | 6,588,311 | 24,147,272 |
| Total | <u>24,970,050</u> | <u>95,274,375</u> | <u>51,253,205</u> | <u>171,497,630</u> |
| | | | | |
| | December 31, 2021 (Audited) | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL: | | | | |
| Quoted securities | 25,259,618 | - | - | 25,259,618 |
| Unquoted securities | - | - | 30,907,239 | 30,907,239 |
| Investment funds | - | 73,073,356 | - | 73,073,356 |
| | <u>25,259,618</u> | <u>73,073,356</u> | <u>30,907,239</u> | <u>129,240,213</u> |
| Financial assets at FVOCI: | | | | |
| Quoted securities | 949,782 | - | - | 949,782 |
| Unquoted securities | - | - | 13,329,507 | 13,329,507 |
| | <u>949,782</u> | <u>-</u> | <u>13,329,507</u> | <u>14,279,289</u> |
| Investment properties | - | 17,651,499 | 6,588,311 | 24,239,810 |
| Total | <u>26,209,400</u> | <u>90,724,855</u> | <u>50,825,057</u> | <u>167,759,312</u> |
| | | | | |
| | March 31, 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL: | | | | |
| Quoted securities | 19,847,019 | - | - | 19,847,019 |
| Unquoted securities | - | - | 27,424,966 | 27,424,966 |
| Investment funds | - | 70,126,688 | - | 70,126,688 |
| | <u>19,847,019</u> | <u>70,126,688</u> | <u>27,424,966</u> | <u>117,398,673</u> |
| Financial assets at FVOCI: | | | | |
| Quoted securities | 777,047 | - | - | 777,047 |
| Unquoted securities | - | - | 13,154,136 | 13,154,136 |
| | <u>777,047</u> | <u>-</u> | <u>13,154,136</u> | <u>13,931,183</u> |
| Investment properties | - | 8,244,778 | 17,653,461 | 25,898,239 |
| Total | <u>20,624,066</u> | <u>78,371,466</u> | <u>58,232,563</u> | <u>157,228,095</u> |

During the period / year, there were no transfers between different levels of fair value measurement.

The management assessed that the fair values of cash and cash equivalent, term deposits, accounts receivables and other assets, deposits from banks and customers, islamic finance payables, accounts payable and other liabilities and term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

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The movements in level 3 assets during the current and previous period are set out below:

| | March 31, 2022 | | | |
|---|--------------------------|---------------------------|-----------------------|-------------------|
| | Financial assets at FVPL | Financial assets at FVOCI | Investment properties | Total |
| Balance as of January 1, 2022 | 30,907,239 | 13,329,507 | 6,588,311 | 50,825,057 |
| Gains recognised in the consolidated statement of profit or loss | 750,123 | - | - | 750,123 |
| Gains recognised in the consolidated statement of profit or loss and other comprehensive income | - | 473,623 | - | 473,623 |
| Disposals | - | (795,598) | - | (795,598) |
| Balance as of March 31, 2022 | 31,657,362 | 13,007,532 | 6,588,311 | 51,253,205 |

| | December 31, 2021 (Audited) | | | |
|---|------------------------------------|---------------------------|-----------------------|-------------------|
| | Financial assets at FVPL | Financial assets at FVOCI | Investment properties | Total |
| Balance as of January 1, 2021 | 27,021,977 | 12,521,655 | 8,744,761 | 48,288,393 |
| Gains recognised in the consolidated statement of profit or loss | 4,357,068 | - | 443,550 | 4,800,618 |
| Gains recognised in the consolidated statement of profit or loss and other comprehensive income | - | 18,280 | - | 18,280 |
| Net disposals / additions | (471,806) | 789,572 | (2,600,000) | (2,282,234) |
| Balance as of December 31, 2021 | 30,907,239 | 13,329,507 | 6,588,311 | 50,825,057 |

| | March 31, 2021 | | | |
|---|--------------------------|---------------------------|-----------------------|-------------------|
| | Financial assets at FVPL | Financial assets at FVOCI | Investment properties | Total |
| Balance as of January 1, 2021 | 27,021,977 | 12,521,655 | 18,454,086 | 57,997,718 |
| Gains recognised in the consolidated statement of profit or loss | 768,046 | - | - | 768,046 |
| Gains recognised in the consolidated statement of profit or loss and other comprehensive income | - | 632,481 | - | 632,481 |
| Disposals | (365,057) | - | (800,625) | (1,165,682) |
| Balance as of March 31, 2021 | 27,424,966 | 13,154,136 | 17,653,461 | 58,232,563 |

The level 3 assets unobservable inputs and sensitivity are as follows:

Financial assets:

| | Fair value as at | | | Significant unobservable inputs | Sensitivity of unobservable inputs to fair value |
|---------------------------|------------------|-----------------------------|----------------|-----------------------------------|---|
| | March 31, 2022 | December 31, 2021 (Audited) | March 31, 2021 | | |
| Financial assets at FVTPL | 31,657,362 | 30,907,239 | 27,424,966 | liquidity discount from 5% to 50% | The increase (decrease) of liquidity discount by 10% would increase (decrease) fair value by KD 3,165,736 |
| Financial assets at FVOCI | 13,007,532 | 13,329,507 | 13,154,136 | liquidity discount from 5% to 50% | The increase (decrease) of liquidity discount by 10% would increase (decrease) fair value by KD 1,300,753 |

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15. Impact of Covid-19

The recent spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at March 31, 2022.

- **Credit risk management**

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward looking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at March 31, 2022. The Group concluded that there is no impact to the Group with respect to credit risk as at March 31, 2022.

- **Liquidity risk management**

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

- **Fair value measurement of financial instruments**

The Group has considered potential impacts of the current market volatility in determination of the amounts reported of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario.

Further information on the Group's policy in relation to fair value measurements is disclosed in (Note 14).

- **Fair value measurement of non-financial assets (property, plant and equipment, right of use assets, investment properties and Investment in associates)**

As at the reporting date, the Group has identified the impact on the carrying values of its non-financial assets as at March 31, 2022 due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at March 31, 2022. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.

- **Going concern**

The Group has performed an assessment of going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2021. As a result, this interim condensed consolidated financial information has been prepared on a going concern basis.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a impact on the consolidated financial statements in the future.