

**THE ENERGY HOUSE HOLDING COMPANY
K.S.C.P. AND ITS SUBSIDIARIES**

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

31 MARCH 2021



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE ENERGY HOUSE HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Energy House Holding Company K.S.C.P. (“the Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2021, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cashflows for the three months period then ended. 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* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim 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 IAS 34.

Emphasis of Matter

We draw attention to Note 8 to the interim condensed consolidated financial information, which indicates that a subsidiary of the Company has an ongoing dispute with their joint operations partner for breach of the terms and conditions of the profit-sharing agreement and ownership of the equipment involved in the joint operations. The case is presently under arbitration with the London Court of International Arbitration (LCIA). The outcome of the arbitration cannot be ascertained with reasonable certainty. Our conclusion is not modified in respect of this matter.

Report on review of 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 Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of Association, during the three months period ended 31 March 2021 that might have had a material effect on the business of the Company or on its financial position.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE ENERGY HOUSE HOLDING COMPANY K.S.C.P. (continued)

Report on review of Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2021 that might have had a material effect on the business of the Company or on its financial position.



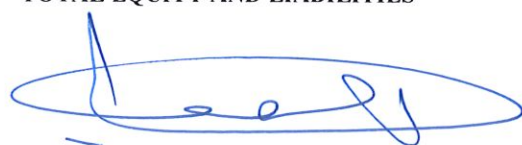
ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
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AL AIBAN, AL OSAIMI & PARTNERS

10 May 2021
Kuwait

The Energy House Holding Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION (UNAUDITED)

As at 31 March 2021

| | Note | 31 March 2021 KD | (Audited) 31 December 2020 KD | 31 March 2020 KD |
|---|------|--------------------------|--|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment | | 254,217 | 1,518,503 | 1,774,807 |
| Right-of-use assets | | 418,951 | 437,236 | 557,132 |
| Investment property | | 2,358,720 | 2,365,399 | 2,408,069 |
| Investment in associate | | 29,139 | 200,333 | 214,583 |
| Financial assets at fair value through other comprehensive income | | 31,687 | 156,175 | 159,014 |
| Financial assets at fair value through profit or loss | | 3,044,263 | 2,655,117 | 3,056,918 |
| | | <u>6,136,977</u> | <u>7,332,763</u> | <u>8,170,523</u> |
| Current assets | | | | |
| Inventories | | 46,116 | 121,395 | 1,052,455 |
| Account receivables and other debit balances | | 1,614,707 | 3,451,543 | 3,823,764 |
| Cash and cash equivalents | 3 | 15,831,082 | 17,136,317 | 16,018,560 |
| | | <u>17,491,905</u> | <u>20,709,255</u> | <u>20,894,779</u> |
| TOTAL ASSETS | | <u><u>23,628,882</u></u> | <u><u>28,042,018</u></u> | <u><u>29,065,302</u></u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 75,000,000 | 75,000,000 | 75,000,000 |
| Share premium | | 193,550 | 193,550 | 193,550 |
| Statutory reserve | | 472,723 | 472,723 | 472,723 |
| Voluntary reserve | | 314,957 | 314,957 | 314,957 |
| Other reserves | | (700,997) | (700,997) | (700,997) |
| Foreign currency translation reserve | | (10,344,069) | (8,385,121) | (8,563,764) |
| Fair value reserve | | 183,167 | 160,473 | 161,716 |
| Accumulated losses | | (45,495,453) | (45,926,178) | (44,908,476) |
| Equity attributable to equity holders of the Company | | <u>19,623,878</u> | <u>21,129,407</u> | <u>21,969,709</u> |
| Non-controlling interests | | 876,502 | 1,905,646 | 2,507,359 |
| Total equity | | <u><u>20,500,380</u></u> | <u><u>23,035,053</u></u> | <u><u>24,477,068</u></u> |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Employees' end of service benefits | | 109,959 | 104,959 | 114,883 |
| Lease liabilities | | 244,726 | 240,974 | 225,063 |
| | | <u>354,685</u> | <u>345,933</u> | <u>339,946</u> |
| Current liabilities | | | | |
| Account payables and other liabilities | | 2,740,936 | 4,623,535 | 4,106,841 |
| Murabaha payables | | 14,618 | 13,629 | 2,092 |
| Lease liabilities | | 18,263 | 23,868 | 139,355 |
| | | <u>2,773,817</u> | <u>4,661,032</u> | <u>4,248,288</u> |
| Total liabilities | | <u>3,128,502</u> | <u>5,006,965</u> | <u>4,588,234</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>23,628,882</u></u> | <u><u>28,042,018</u></u> | <u><u>29,065,302</u></u> |



Ahmed Eissa Al-Sumait
Chairman



Hamad A. Al-Qahtani
Chief Executive Officer

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

For the period ended 31 March 2021

| | Notes | Three months ended | |
|---|-------|--------------------|--------------------|
| | | 31 March | |
| | | 2021 | 2020 |
| | | KD | KD |
| REVENUE | | | |
| Contract revenue | | 296,096 | 342,611 |
| Services revenue | | 292,378 | 661,113 |
| | | <u>588,474</u> | <u>1,003,724</u> |
| COST OF REVENUE | | | |
| Contract costs | | (331,608) | (294,590) |
| Services costs | | (208,775) | (620,606) |
| | | <u>(540,383)</u> | <u>(915,196)</u> |
| GROSS PROFIT | | 48,091 | 88,528 |
| Other income | | 6,638 | 207 |
| Finance income | | 64,207 | 105,139 |
| Unrealised gain (loss) on financial assets at fair value through profit or loss | | 396,824 | (397,242) |
| Share of results of associate | | - | 2,368 |
| Allowance for expected credit losses of receivables | | - | (1,170,206) |
| Provision for slow moving inventory | | - | (295,546) |
| Staff costs | | (195,669) | (229,302) |
| General and administrative expenses | | (229,154) | (385,698) |
| Finance costs | | (12,720) | (9,742) |
| Foreign exchange differences | | 443,315 | 504,781 |
| OPERATING PROFIT (LOSS) BEFORE PROVISION FOR TAX | | 521,532 | (1,786,713) |
| Monetary (loss) gain from hyperinflation | 7 | (93,239) | 133,864 |
| PROFIT (LOSS) FOR THE PERIOD BEFORE PROVISION FOR TAX | | 428,293 | (1,652,849) |
| Taxation on foreign operations | | 550 | 47,409 |
| PROFIT (LOSS) FOR THE PERIOD BEFORE PROVISION FOR CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT | | 428,843 | (1,605,440) |
| NLST | | (11,292) | - |
| Zakat | | (4,517) | - |
| PROFIT (LOSS) FOR THE PERIOD | | 413,034 | (1,605,440) |
| Attributable to: | | | |
| Equity holders of the Company | | 375,256 | (1,649,822) |
| Non-controlling interests | | 37,778 | 44,382 |
| | | <u>413,034</u> | <u>(1,605,440)</u> |
| BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | 5 | 0.50 fils | (2.20) fils |

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)
 For the period ended 31 March 2021

| | <i>Three months ended</i> | |
|---|---------------------------|--------------------|
| | <i>31 March</i> | |
| | <u>2021</u> | <u>2020</u> |
| | <i>KD</i> | <i>KD</i> |
| Profit (loss) for the period | 413,034 | (1,605,440) |
| Other comprehensive loss: | | |
| <i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income</i> | | |
| Net exchange differences on translation of foreign operations | (3,069,361) | (1,346,678) |
| | <u>(3,069,361)</u> | <u>(1,346,678)</u> |
| <i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of income:</i> | | |
| Fair value gain on financial assets at fair value through other comprehensive income | 35,321 | 34,000 |
| Total other comprehensive loss for the period | (3,034,040) | (1,312,678) |
| Total comprehensive loss for the period | (2,621,006) | (2,918,118) |
| Attributable to: | | |
| Equity holders of the Company | (1,560,998) | (2,470,398) |
| Non-controlling interests | (1,060,008) | (447,720) |
| | <u>(2,621,006)</u> | <u>(2,918,118)</u> |

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

| | <i>Attributable to the equity holders of the Company</i> | | | | | | | | | | |
|--|--|-----------------------------|---------------------------------|---------------------------------|------------------------------|--|----------------------------------|----------------------------------|-------------------------|---|----------------------------|
| | <i>Share capital KD</i> | <i>Share premium KD</i> | <i>Statutory reserve KD</i> | <i>Voluntary reserve KD</i> | <i>Other reserves KD</i> | <i>Foreign currency translation reserve KD</i> | <i>Fair value reserve KD</i> | <i>Accumulated losses KD</i> | <i>Sub-total KD</i> | <i>Non-controlling interests KD</i> | <i>Total equity KD</i> |
| As at 1 January 2021 (<i>Audited</i>) | 75,000,000 | 193,550 | 472,723 | 314,957 | (700,997) | (8,385,121) | 160,473 | (45,926,178) | 21,129,407 | 1,905,646 | 23,035,053 |
| Profit for the period | | | | | | | | 375,256 | 375,256 | 37,778 | 413,034 |
| Other comprehensive (loss) income for the period | | | | | | (1,958,948) | 22,694 | - | (1,936,254) | (1,097,786) | (3,034,040) |
| Total comprehensive (loss) income for the period | | | | | | (1,958,948) | 22,694 | 375,256 | (1,560,998) | (1,060,008) | (2,621,006) |
| Hyperinflation adjustment (Note 7) | | | | | | - | - | 55,469 | 55,469 | 30,864 | 86,333 |
| As at 31 March 2021 | 75,000,000 | 193,550 | 472,723 | 314,957 | (700,997) | (10,344,069) | 183,167 | (45,495,453) | 19,623,878 | 876,502 | 20,500,380 |
| As at 1 January 2020 | 75,000,000 | 193,550 | 472,723 | 314,957 | (700,997) | (7,721,343) | 139,871 | (43,405,601) | 24,293,160 | 2,873,315 | 27,166,475 |
| (Loss) profit for the period | | | | | | - | - | (1,649,822) | (1,649,822) | 44,382 | (1,605,440) |
| Other comprehensive (loss) income for the period | | | | | | (842,421) | 21,845 | - | (820,576) | (492,102) | (1,312,678) |
| Total comprehensive income (loss) for the period | | | | | | (842,421) | 21,845 | (1,649,822) | (2,470,398) | (447,720) | (2,918,118) |
| Hyperinflation adjustment (Note 7) | | | | | | - | - | 146,947 | 146,947 | 81,764 | 228,711 |
| As at 31 March 2020 | 75,000,000 | 193,550 | 472,723 | 314,957 | (700,997) | (8,563,764) | 161,716 | (44,908,476) | 21,969,709 | 2,507,359 | 24,477,068 |

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2021

| | Note | Three months ended | |
|--|------|--------------------|-------------|
| | | 31 March | |
| | | 2021 | 2020 |
| | | KD | KD |
| OPERATING ACTIVITIES | | | |
| Profit (loss) for the period before provision for tax | | 428,293 | (1,652,849) |
| <i>Adjustments to reconcile profit (loss) for the period before provision for tax to net cash flows:</i> | | | |
| Loss on sale of property and equipment | | - | 7,008 |
| Finance income | | (64,207) | (105,139) |
| Unrealised (gain) loss on financial assets at fair value through profit or loss | | (396,824) | 397,242 |
| Share of results of associates | | - | (2,368) |
| Allowance for expected credit losses of receivables | | - | 1,170,206 |
| Provision for slow moving inventory | | - | 295,546 |
| Employees' end of service benefits provided | | 5,139 | 8,869 |
| Depreciation | | 5,364 | 262,903 |
| Depreciation of right-of-use assets | | 17,058 | 25,771 |
| Finance costs | | 12,720 | 9,742 |
| Foreign exchange differences | | (443,315) | (504,781) |
| Monetary (gain) loss from hyperinflation | | 93,239 | (133,864) |
| | | (342,533) | (221,714) |
| Working capital adjustments: | | | |
| Inventories | | 75,279 | 119,383 |
| Account receivables and other debit balances | | 2,234,023 | 1,122,647 |
| Account payables and other liabilities | | (1,897,858) | (204,808) |
| Cash flows from operations | | 68,911 | 815,508 |
| Employees' end of service benefits paid | | - | (14,348) |
| Net cash flows from operating activities | | 68,911 | 801,160 |
| INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (28,039) | (8,124) |
| Proceeds from sale of property and equipment | | 706 | 24,022 |
| Finance income received | | 110,336 | 160,922 |
| Net movement in restricted bank balances and deposits | | 725 | 2,074 |
| Net cash flows from investing activities | | 83,728 | 178,894 |
| FINANCING ACTIVITIES | | | |
| Finance costs paid | | (5,488) | (990) |
| Proceeds from murabaha payables | | 49,752 | - |
| Repayment of murabaha payables | | - | (23,510) |
| Payment of lease liabilities | | (5,850) | (51,620) |
| Net cash flows from (used in) financing activities | | 38,414 | (76,120) |
| Effect of foreign currency translation and hyperinflation adjustments | | (1,495,563) | (508,565) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (1,304,510) | 395,369 |
| Cash and cash equivalents as at the beginning of the period | | 17,131,475 | 15,597,810 |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD | 3 | 15,826,965 | 15,993,179 |

The attached notes from 1 to 10 form an integral part of this interim condensed consolidated financial information.

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2021

1 CORPORATE INFORMATION AND ACTIVITIES

The Energy House Holding Company K.S.C.P. (the “Company”) is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait under commercial registration no. 68770 dated 30 July 1996. The Company’s shares were listed on Boursa Kuwait on 23 May 2005.

The Company’s registered office is located at Al Enmaa Tower, Mirqab, 14th floor, Kuwait City and its registered postal address is P.O. Box 21909, Safat 13080, State of Kuwait.

The Company’s principal activities are, as follows:

- ▶ Ownership of shares of Kuwaiti or foreign shareholding companies or companies with limited liability, or establishing, managing, lending and sponsoring such companies;
- ▶ Financing and sponsoring entities in which the Company has an ownership interest of not less than 20%;
- ▶ Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such as rights for the benefit of the Company inside or outside the State of Kuwait;
- ▶ Owing portables and real-estates to promote its activities in permissible limits according to the law; and
- ▶ Utilizing available financial surplus of the Company by investing them in portfolios managed by specialized companies.

The Group carries out its activities as per Islamic Shari’ah.

The Company is a subsidiary of Development Enterprise Holding Company K.S.C. (Closed) (“DEH”) (the “Parent Company”), which in turn is a subsidiary of Kuwait Finance House K.S.C.P. (the “Ultimate Parent Company”), a company whose shares are listed on the Boursa Kuwait.

The interim condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2021 were authorised for issuance in accordance with a resolution of the Board of Directors of the Company on 10 May 2021.

The Annual General Assembly meeting (AGM) of the Company for the year ended 31 December 2020 held on 4 May 2021, approved the consolidated financial statements of the Group for the year then ended; and no dividends were declared for the year ended 31 December 2020.

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

2.1. Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*.

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

The interim condensed consolidated financial information of the Group does not include all the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2020. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended 31 December 2020.

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2021

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

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cashflows, cash and cash equivalents are comprised of the following:

| | 31 March | <i>(Audited)</i> | |
|---|-------------------|--------------------|-----------------|
| | 2021 | 31 December | 31 March |
| | KD | 2020 | 2020 |
| | | KD | KD |
| Bank balances and cash | 575,082 | 1,878,067 | 2,247,060 |
| Wakala deposit | 15,256,000 | 15,258,250 | 13,771,500 |
| Cash and cash equivalents as per the interim condensed consolidated statement of financial position | 15,831,082 | 17,136,317 | 16,018,560 |
| Restricted bank balances | (4,117) | (4,842) | (25,381) |
| Cash and cash equivalents as per the interim condensed consolidated statement of cash flows | 15,826,965 | 17,131,475 | 15,993,179 |

Restricted bank balances of KD 4,117 (31 December 2020: KD 4,842 and 31 March 2020: KD 25,381) represent margin deposits secured against bank facilities.

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2021

4 RELATED PARTY TRANSACTIONS

Related parties represent the major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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

| | <i>Ultimate Parent Company KD</i> | <i>Parent Company KD</i> | <i>Other related parties KD</i> | <i>31 March 2021 KD</i> | <i>(Audited) 31 December 2020 KD</i> | <i>31 March 2020 KD</i> |
|--|---|----------------------------------|---|---------------------------------|--|---------------------------------|
| Account receivables and other debit balances | - | 242,071 | - | 242,071 | 171,847 | 60,054 |
| Cash and cash equivalents | 835,051 | - | - | 835,051 | 829,357 | 1,036,021 |
| Account payables and other liabilities | - | - | 2,573 | 2,573 | 2,267 | 9,794 |

Transactions with related parties included in the interim condensed consolidated statement of income are, as follows:

| | <i>Ultimate Parent Company KD</i> | <i>Three months ended 31 March</i> | |
|----------------|---|--|--------------------|
| | | <i>2021 KD</i> | <i>2020 KD</i> |
| Finance income | 1,229 | 1,229 | 4,459 |

Compensation of key management personnel

The remuneration of key management personnel of the Group during the period were as follows:

| | <i>Three months ended 31 March</i> | |
|----------------------------------|--|--------------------|
| | <i>2021 KD</i> | <i>2020 KD</i> |
| Salaries and short-term benefits | 38,839 | 68,563 |
| Termination benefits | 1,496 | 2,350 |
| | <u>40,335</u> | <u>70,913</u> |

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2021

5 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic and diluted earnings (loss) per share attributable to equity holders of the Company is computed by dividing the results for the period attributable to equity holders of the Company by the weighted average number of shares outstanding during the period.

| | <i>Three months ended</i> <i>31 March</i> | |
|--|--|-------------|
| | 2021 | 2020 |
| | KD | KD |
| Profit (loss) for the period attributable to equity holders of the Company | 375,256 | (1,649,822) |
| Weighted average number of outstanding shares | 750,000,000 | 750,000,000 |
| Basic and diluted earning (loss) per share attributable to equity holders of the Company (fils) | 0.50 fils | (2.20) fils |

As there are no dilutive instruments outstanding, basic and diluted loss per share are identical.

6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, account receivables and other debit balances and cash and cash equivalents.

Financial liabilities consist of account payables and other liabilities, lease liabilities and murabaha payables.

Fair value hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial instruments

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

| | <i>Level 1</i> <i>KD</i> | <i>Level 2</i> <i>KD</i> | <i>Level 3</i> <i>KD</i> | <i>Total</i> <i>KD</i> |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| 31 March 2021 | | | | |
| Financial assets measured at fair value | | | | |
| <i>Financial assets at fair value through other comprehensive income</i> | | | | |
| Equity securities | 31,687 | - | - | 31,687 |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Quoted fund | - | 266,762 | - | 266,762 |
| Unquoted fund | - | - | 2,777,501 | 2,777,501 |
| | - | 266,762 | 2,777,501 | 3,044,263 |
| | 31,687 | 266,762 | 2,777,501 | 3,075,950 |

The Energy House Holding Company K.S.C.P. and its Subsidiaries

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6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial instruments (continued)

| | <i>Level 1 KD</i> | <i>Level 2 KD</i> | <i>Level 3 KD</i> | <i>Total KD</i> |
|--|-----------------------|-----------------------|-----------------------|---------------------|
| <i>31 December 2020 (Audited)</i> | | | | |
| <i>Financial assets measured at fair value</i> | | | | |
| <i>Financial assets at fair value through other comprehensive income</i> | | | | |
| Equity securities | 156,175 | - | - | 156,175 |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Quoted fund | - | 265,998 | - | 265,998 |
| Unquoted fund | - | - | 2,389,119 | 2,389,119 |
| | - | 265,998 | 2,389,119 | 2,655,117 |
| | 156,175 | 265,998 | 2,389,119 | 2,811,292 |
| <i>31 March 2020</i> | | | | |
| <i>Financial assets measured at fair value</i> | | | | |
| <i>Financial assets at fair value through other comprehensive income</i> | | | | |
| Equity securities | 159,014 | - | - | 159,014 |
| <i>Financial assets at fair value through profit or loss</i> | | | | |
| Quoted fund | - | 263,193 | - | 263,193 |
| Unquoted fund | - | - | 2,793,725 | 2,793,725 |
| | | 263,193 | 2,793,725 | 3,056,918 |
| | 159,014 | 263,193 | 2,793,725 | 3,215,932 |

The following table shows a reconciliation of the opening and closing amount of level 3 assets which are recorded at fair value:

| | <i>As at 1 January 2021 KD</i> | <i>Profit recorded in the consolidated statement of income KD</i> | <i>Gain recorded in the consolidated statement of comprehensive income KD</i> | <i>Net purchases, sales, transfers and settlements KD</i> | <i>As at 31 March 2021 KD</i> |
|--|--|---|---|---|--|
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| Unquoted fund | 2,389,119 | 396,060 | - | (7,678) | 2,777,501 |
| | | | | | |
| | <i>As at 1 January 2020 KD</i> | <i>Loss recorded in the consolidated statement of income KD</i> | <i>Gain recorded in the consolidated statement of comprehensive income KD</i> | <i>Net purchases, sales, transfers and settlements KD</i> | <i>As at 31 December 2020 KD</i> |
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| Unquoted fund | 3,139,284 | (756,482) | - | 6,317 | 2,389,119 |

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6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

| | <i>As at 1 January 2020</i> | <i>Loss recorded in the consolidated statement of income</i> | <i>Gain recorded in the consolidated statement of comprehensive income</i> | <i>Net purchases, sales, transfers and settlements</i> | <i>As at 31 March 2020</i> |
|--|---------------------------------|--|--|--|------------------------------------|
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| Unquoted fund | 3,139,284 | (398,937) | 53,378 | - | 2,793,725 |

The management assessed that the fair values of cash and cash equivalents, account receivables and other debit balances, account payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between levels within the fair value hierarchy during the period ended 31 March 2021.

Description of significant unobservable inputs to valuation of financial assets:

Investment in managed fund have been valued based on Net Asset Value (NAV) provided by the custodian of the fund. The information relating to valuation techniques and significant unobservable inputs to valuation to compute the sensitivity of the fair value measurement to changes in unobservable inputs is not available.

The impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of income would be immaterial if the relevant risk variables used to fair value unquoted investments were altered by 5%.

7 HYPERINFLATION ADJUSTMENTS

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. This has been applied in Hagleig, a subsidiary, and the restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) provided by the Central Bank of Sudan (CBOS) or International Monetary Fund (IMF). The conversion factors used to restate the financial statements of the subsidiary are, as follows:

| | Index | Conversion Factor |
|----------------------|------------------|------------------------------|
| 31 March 2021 | 8,638.700 | 1.562 |
| 31 December 2020 | 6,745.800 | 1.706 |
| 31 December 2019 | 2,159.900 | 1.103 |
| 31 December 2018 | 1,415.705 | 1.224 |
| 31 December 2017 | 832.926 | 1.106 |
| 31 December 2016 | 617.400 | 1.101 |
| 31 December 2015 | 521.800 | 1.081 |
| 31 December 2014 | 428.300 | 1.151 |
| 31 December 2013 | 314.826 | 1.198 |
| 31 December 2012 | 262.793 | 1.444 |
| 31 December 2011 | 181.944 | 1.189 |
| 31 December 2010 | 153.043 | 1.000 |

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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7 HYPERINFLATION ADJUSTMENTS (continued)

The above mentioned restatement has been accounted for as follows:

- i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at the statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
- iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date. Investment property and financial assets held through other comprehensive income are indexed based on recent fair valuations. The resulting adjustments are taken directly to the interim condensed consolidated statement of changes in equity;
- iv. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- v. The effect on the net monetary position of the Group is included in the interim condensed consolidated statement of income as a monetary gain or loss from hyperinflation.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies at the subsidiary's level which are used in the preparation of the financial statements under the historical cost convention.

The hyperinflation adjustment of KD 86,333 (31 December 2020: KD (979,689) and 31 March 2020: KD 228,711) in the books of Higleig, up to 31 March 2021, has been adjusted directly in the interim condensed consolidated statement of changes in equity.

The movement in assets and liabilities due to hyperinflation is, as follows:

| | 31 March 2021 KD | <i>(Audited)</i> 31 December 2020 KD | 31 March 2020 KD |
|---|---------------------------------|--|---------------------------------|
| Property and equipment | (9,891) | (134,409) | 76,484 |
| Investment in associate | - | (6,679) | 169 |
| Inventories | - | - | 113,333 |
| Other impact on the interim condensed consolidated statements of income and changes in equity | 2,985 | (309,325) | 172,589 |
| | (6,906) | (450,413) | 362,575 |

Interim condensed consolidated statement of changes in equity:

| | 31 March 2021 KD | <i>(Audited)</i> 31 December 2020 KD | 31 March 2020 KD |
|-------------------------------|---------------------------------|--|---------------------------------|
| Attributable to: | | | |
| Equity holders of the Company | 55,469 | (629,450) | 146,947 |
| Non-controlling interests | 30,864 | (350,239) | 81,764 |
| | 86,333 | (979,689) | 228,711 |

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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7 HYPERINFLATION ADJUSTMENTS (continued)

Interim condensed consolidated statement of income:

| | <i>(Audited)</i> | | |
|---------------------------------------|------------------|--------------------|-----------------|
| | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
| | <i>2021</i> | <i>2020</i> | <i>2020</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Equity holders of the Company | (59,906) | 340,060 | 86,008 |
| Non-controlling interests | (33,333) | 189,216 | 47,856 |
| | (93,239) | 529,276 | 133,864 |
| Total impact of hyperinflation | (6,906) | (450,413) | 362,575 |

8 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

A subsidiary of the Company is currently in an ongoing dispute with their joint operations partner for breach of the terms and conditions of the profit-sharing agreement. Further, the joint operations partner has also filed a notice of breach against the subsidiary relating to the ownership of the equipment involved in the joint operations.

These cases are presently under arbitration with the London Court of International Arbitration (LCIA). The external legal counsel of the Group believes that this dispute is at a preliminary stage and therefore, the outcome of the case cannot be predicted with reasonable certainty. However, management believes that the final result of the arbitration proceedings is not likely to have a material impact on the interim condensed consolidated financial information of the Group.

Capital commitments:

| | <i>(Audited)</i> | | |
|---|------------------|--------------------|-----------------|
| | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
| | <i>2021</i> | <i>2020</i> | <i>2020</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Commitment towards contribution of fund (held as financial assets at fair value through profit or loss) | 432,605 | 433,892 | 486,259 |

9 SEGMENT INFORMATION

i) Primary segment information:

For management purposes, the Group is organised into three operating segments based on business units as follows:

- Energy** : Exploration, drilling, development and production of oil and gas, alternate and renewable sources of energy, licensing and other activities related to the energy sector; and
- Contracting** : General trading and contracting
- Others** : Investment and other related services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The Energy House Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2021

9 SEGMENT INFORMATION (continued)

The following table present revenue and results information of the Group's operating segments for the three months period ended 31 March 2021 and 31 March 2020, respectively:

| | <i>Energy KD</i> | <i>Contracting KD</i> | <i>Others KD</i> | <i>Total KD</i> |
|--|----------------------|---------------------------|----------------------|---------------------|
| 31 March 2021 | | | | |
| Segment revenues | <u>292,378</u> | <u>296,096</u> | - | <u>588,474</u> |
| Income (loss) for the period | <u>(56,910)</u> | <u>104,148</u> | <u>365,796</u> | <u>413,034</u> |
| Other disclosures: | | | | |
| Finance costs | (6,973) | (5,489) | (258) | (12,720) |
| Share of results from associate | - | - | - | - |
| Unrealised gain on financial assets at fair value through profit or loss | - | - | 396,824 | 396,824 |
| 31 March 2020 | | | | |
| Total segment revenues | <u>661,113</u> | <u>342,611</u> | - | <u>1,003,724</u> |
| (Loss) income for the period | <u>(1,667,770)</u> | <u>491,687</u> | <u>(429,357)</u> | <u>(1,605,440)</u> |
| Other disclosures: | | | | |
| Finance costs | (8,126) | (990) | (626) | (9,742) |
| Share of results from associate | - | 2,368 | - | 2,368 |
| Unrealised loss on financial assets at fair value through profit or loss | - | - | (397,242) | (397,242) |

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2021, 31 December 2020 and 31 March 2020, respectively:

| | <i>Energy KD</i> | <i>Contracting KD</i> | <i>Others KD</i> | <i>Total KD</i> |
|---|----------------------|---------------------------|----------------------|---------------------|
| As at 31 March 2021 | | | | |
| Total segment assets | <u>17,541,289</u> | <u>3,300,064</u> | <u>2,787,529</u> | <u>23,628,882</u> |
| Total segment liabilities | <u>2,663,797</u> | <u>381,293</u> | <u>83,412</u> | <u>3,128,502</u> |
| As at 31 December 2020 (Audited) | | | | |
| Total segment assets | <u>17,482,212</u> | <u>8,154,695</u> | <u>2,405,111</u> | <u>28,042,018</u> |
| Total segment liabilities | <u>2,619,147</u> | <u>2,328,532</u> | <u>59,286</u> | <u>5,006,965</u> |
| As at 31 March 2020 | | | | |
| Total segment assets | <u>17,259,676</u> | <u>8,976,331</u> | <u>2,829,295</u> | <u>29,065,302</u> |
| Total segment liabilities | <u>3,148,364</u> | <u>1,430,880</u> | <u>8,990</u> | <u>4,588,234</u> |

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31 March 2021

9 SEGMENT INFORMATION (continued)

ii) Secondary segment information:

For management purposes, the Group is divided into three main geographical segments that are: a) State of Kuwait, b) Middle East and North Africa (MENA) and c) outside MENA where the Group performs its main activities in the energy sector and contracting.

| | <i>31 March 2021</i> | | | | <i>31 March 2020</i> | | | |
|-----------------|----------------------|--------------------|--------------------------------|---------------------|----------------------|--------------------|--------------------------------|---------------------|
| | <i>Kuwait KD</i> | <i>MENA KD</i> | <i>Outside MENA KD</i> | <i>Total KD</i> | <i>Kuwait KD</i> | <i>MENA KD</i> | <i>Outside MENA KD</i> | <i>Total KD</i> |
| Segment revenue | - | 588,474 | - | 588,474 | - | 1,003,724 | - | 1,003,724 |
| Segment results | (64,282) | 111,520 | 365,796 | 413,034 | 84,066 | (1,260,149) | (429,357) | (1,605,440) |

10 IMPACT OF COVID-19 OUTBREAK

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the State of Kuwait. Governments across the globe have taken steps to contain the spread of the virus, which included closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

The COVID-19 outbreak and resulting government measures have led to macroeconomic uncertainty causing disruption to economic activity, and it is unknown what the longer-term impact on the Group’s business may be. In preparing the interim condensed consolidated financial information, the Group has based its assumptions and estimates on parameters available when these interim condensed consolidated financial information is prepared.

Accordingly, the Group continued to develop assumptions, development scenarios, impacts and developments as part of the operational results and cash flows for future reporting periods that may have a substantial impact and material adjustments on the consolidated financial information. The main assumptions are as follows:

Impairment of non-financial assets

The Group has considered any impairment indicators or any significant uncertainties impacting its inventories, property and equipment, intangible assets and right-of-use assets especially arising from any change in lease terms and taken necessary adjustments in the reported figures of these assets in the interim condensed consolidated financial information.

Expected Credit Losses (“ECL”) and impairment of financial assets

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 31 March 2021. The Group has updated the relevant forward-looking information such as the forecasted gross domestic product growth rates of the country in which the Group has operations and accordingly records an allowance for ECL.

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10 IMPACT OF COVID-19 OUTBREAK (continued)

Going concern assessment

Looking at the current scenario of evolution of new variants of corona virus and increased infections all over the world, there is still significant uncertainty over how the outbreak will impact the Group's business in future periods and customer demand. Management has therefore modelled a number of different scenarios considering a period of 12 months from the date of last audited consolidated financial statements in the light of current economic conditions and all available information about future risks and uncertainties. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations and expected levels of consumer demand, along with management's proposed responses over the course of the period. The impact of COVID-19 may continue to evolve, but based on the Group's liquidity position and financial resources as at the date of authorisation of these interim condensed consolidated financial information, 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 31 December 2020. As a result, these interim condensed consolidated financial information have been prepared on a going concern basis.