



**Report of the Chairman of the Board of Directors
For the year ending 31 December 2023**

In the name of God, the most gracious, the most merciful

On behalf of the Board of Directors of InoVest, it is my pleasure to present to you the group's annual report for the financial year ending on 31 December 2023.

Group Performance

The Federal Reserve's rapid escalation of interest rates, which was largely reflected in the GCC countries, has imposed great pressure on strain on market liquidity due to the inherent linkage between local interest rates and their international counterparts, particularly the US dollar. This development stands as a pivotal factor contributing to the surge in interest rates on borrowing within internal banks as well as inflation rates. Experts and financial analysts concur that the reasons behind the heightened interest rates levied by banks stems from insufficiency of liquidity, whereas the Federal Reserve started, in March 2022, to raise interest rates, with the aim to reduce inflation, albeit at the expense of raising interest rates to levels unprecedented in several decades across all types of loans. Nonetheless, this circumstance is anticipated to be transient, with liquidity conditions projected to improve thanks to corrective measures taken in 2023 as countries adapt to the more stringent monetary policy environment. As a precautionary measure, the Board of Directors has exerted great effort to clear outstanding loan balances. Whereas, by the grace of God, during the fourth quarter of 2023, InoVest successfully discharged the last installment of its loan obligations to a local banking institution. Consequently, as we embark upon 2024, InoVest stands unencumbered by any financing liabilities.

As a group, it is with great satisfaction that we conclude the financial year 2023, announcing that InoVest has achieved positive results, which is what InoVest has accomplished over the past 5 years. The group achieved a net profit for shareholders of the parent company amounting to 4.634 million USD, compared to a profit of 923 thousand USD for the year 2022, constituting an increase of 402%. Accordingly, the basic per share in the parent company's earnings per share for the current year amounted to 1.56 US cents, compared to 0.31 US cents for the year 2022, whereas this increase is mainly attributed to the exit from an investment in the Kingdom of Saudi Arabia. As for the net operating profit, the company recorded an increase, amounting to 3.980 million USD for the year 2023, compared to a loss of 195 thousand USD for the year 2022, whereas this is mainly attributed to the exit from an investment in the Kingdom of Saudi Arabia. Moreover, as for operating expenses, they decreased by 5% as a result of the efforts made by the group to control expenses. Whereas, operating revenues for the year 2023 amounted to 12.390 million, constituting an increase of 43%, compared to the 8.67 million USD recorded in 2022.

The perpetual positive results achieved by InoVest stands as a testament to the Board of Directors' steadfast strategic, which relies primarily on stimulating current projects and diligently pursuing exit from investments for the purpose of enhancing liquidity levels, subsequently reinvesting these resources into ventures and projects offering lucrative returns. At the level of current

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projects, and in a qualitative development, the financial performance of Advanced Industries Group displays an increase in the level of profits achieved, which are reinvested into expansion processes and increasing production capacity, as well as facilitating product diversification. A significant milestone in this trajectory is the acquisition of a manufacturing facility in the Kingdom of Saudi Arabia, which has empowered the group not only to boost its production capabilities but also to broaden its product portfolio beyond its former focus on doors and accessories. Leveraging this expansion, the group now boasts a competitive edge not only through heightened production volumes but also by offering an array of products in varying colors to consumers. The specific products produced by the Saudi factory include the production of interior window and door frames, as well as high-density interior door gaskets that work as heat and sound insulation. This qualitative shift was accompanied by an exceptional event reflected in the official opening of the company's showroom during the month of November 2023, located in Rai area, which is one of the important commercial streets in the State of Kuwait.

During the year 2023, Inoest also succeeded in effecting an exit from one of its real estate investments within the Kingdom of Saudi Arabia culminating in a substantial influx of cash flow to the company amounting to 8.488 million USD. Concurrently, Tamcon Contracting Co W.L.L, is currently working on fulfilling its pending projects and continues its mission to obtain major projects by participating in housing tenders as well as infrastructure projects proposed by the government.

Future Outlook

In an important and qualitative event with respect to one of our main projects and on the sidelines of the Real Estate Future Forum, which was held on 24 January 2024 in the Saudi capital, Riyadh, First Gulf Real Estate Company, which owns Ajwan Resort, (a Saudi company in which Inoest Group owns a shareholding of approximately 37.6%), signed a Memorandum of Understanding with the Spanish company Melia Hotels & Resorts (Melia), to operate the hotel planned to be established within the resort located on Half Moon Beach in the Eastern Province of the Kingdom of Saudi Arabia with an area of 1 million square meters, or approximately 1.25 kilometers of open waterfront. We are pleased to witness this great milestone reflected in the inauguration of Ajwan Resort at the highest level of elegance on par with the huge luxurious tourism development projects under implementation in line with the Kingdom's 2030 Vision.

Melia Hotels & Resorts was chosen based on the company's extensive experience in operating international resorts since its founding in 1956 in Mallorca (Spain), where it operates more than 400 hotels in more than 40 countries and across 10 Brands, combining exceptional hospitality with efficient management. There is no doubt that the Meliá hotel brand will be a profound addition to Ajwan project due to its experience and exposure in the hospitality industry, in particular, waterfronts. This will serve to create an entertainment, tourist and residential destination, not only for the owners of villas and townhouses in Ajwan project, but for the Eastern Province as a whole.

Furthermore, First Gulf Real Estate announced earlier that it had signed an agreement with Sumou Real Estate to develop the Ajwan Resort project backed by a Gulf investment of up to

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1.5 billion Saudi riyals. The project is poised to become one of the most distinguished luxury residential and tourist destinations in the Eastern Province, boasting over 680 residential units of various sizes, including luxury villas with direct sea views on a 1.25-kilometre-long beach, as well as villas with views of the inner bay, which will reach a length of more than 2.5 km. The resort will also contain townhouse units and commercial and entertainment areas, which will include a water park, a restaurant area, cafes, cruise necessities showrooms, a sports center, and a cinema.

In its pursuit to diversify its investments, Inovent is cautiously studying several opportunities in the GCC countries spanning pivotal sectors such as education, health and industry, with a keen focus on the distinctive opportunities prevalent within the markets of the Kingdom of Saudi Arabia. Concurrently, the emergence of investment indicators have appeared to be very positive and encouraging.

These positive developments increase our level of certainty that Inovent is moving steadily towards achieving its desired goals, which, God willing, will rise to the level of aspirations cherished by the company's shareholders.

In Conclusion,

Whereas the current session of the Board of Directors is about to end and we are in the process of handing over the secretariat to the new Board of Directors, which will be elected, God willing, during the regular general assembly meeting scheduled for 20 March 2024, I extend, on behalf of myself and on behalf of the members of the Board of Directors, our sincere gratitude and appreciation to our esteemed shareholders for their unwavering support and trust. We also express our sincere thanks to customers, investors and all supporting parties, especially the Bank of Bahrain. The Central Bank and the Ministry of Industry and Commerce for their continued support. Likewise, we also extend our sincere gratitude and appreciation to the executive team and all Inovent Group employees for their dedication, sincere efforts and hard work.

Finally, we ask God Almighty to preserve the dear Kingdom of Bahrain and its wise government under the leadership of His Majesty King Hamad bin Isa Al Khalifa, may God protect and preserve him, and His Royal Highness Prince Salman bin Hamad Al Khalifa, may God protect and preserve him. We also ask God, the Most High and Almighty, to direct everyone's steps to the path of goodness and success.

As part of the Group's commitment to maintaining the utmost levels of transparency with our valued shareholders, we are pleased to append herewith the table describing the remuneration of members of the Board of Directors and Executive Management for the financial year ending on 31 December 2023: