



PRESS RELEASE

INOVEST Announces Net Profit of US\$5.2 Million for the First Nine Months of 2020 Attributable to Parent Shareholders

Manama, Bahrain; November 2nd, 2020: INOVEST announced its financial results for the three months ended 30th September 2020, showing a consolidated net profit attributable to the parent shareholders of US\$0.42 million in comparison to a US\$0.71 million for the same quarter of last year, representing a decline of 41%. The decrease is largely due to a relative slowdown in other income as well as a slowdown in real estate sales vis a vie an improvement in general expenses during the same time. Accordingly, the Basic and Diluted Earnings Per Share for the third quarter of 2020, amounted to US cents 0.14 as compared to Earnings Per Share of US cents 0.24 for the same period in 2019. The net operating profit decreased by 53% to US\$0.329 million compared to US\$0.696 million for the same period last year. The consolidated operating income for this quarter decreased by 21% to reach US\$3.00 million in comparison to US\$3.78 million for the same quarter of 2019.

INOVEST's financial results for the for the first nine months of 2020, show a consolidated net profit attributable to parent shareholders of US\$5.21 million, representing a 4% increase as compared to US\$5.01 million for last year. The Group also reported that Basic and Diluted Earnings Per Share of the parent company in the three quarters of 2020 amounted to US cents 1.75 as compared to US cents 1.68 in 2019. This increase is the outcome of a gain on a settlement with an investor, reversal of a provision and material decrease in the operating expenses netted off against share of losses resulted from a financing facility settlement at an associate company level, a decrease on capital gain from sale of properties and a decrease in revenue from contracting activities. Within these nine months of 2020, the consolidated net operating profit decreased by 110%, reaching a loss of US\$0.42 million in comparison to a profit of US\$4.10 million for the same period of 2019 due in large to the aforementioned reasons, with the exclusion of the provision reversal.

From the financial position, the equity attributable to parent shareholders, increased slightly by 3% to stand at US\$142 million in comparison to US\$ 138 million at the end of 2019, the natural result of an increase in profits. Within the same period, INOVEST reported consolidated total assets of US\$ 247 million, representing an increase of 1% during the third quarter of 2020 in comparison to US\$ 244 million at the end of 2019. On the liquidity front, INOVEST, cash and bank balances stood at 11% of the total consolidated assets. As of September 30th, 2020, the cash and bank balances were at US\$26.76 million, a 29% decrease from US\$ 37.3 million as at year end 2019 which stems from the noted settlements and a capital investment related to an industrial manufacturing investment. The operating income for the nine months of 2020 dropped by 44% from US\$13.67 million to US\$7.60 million. The Group's operating expenses were reduced, standing at US\$8.02 million for the third quarter of 2020 in comparison to US\$9.57 million for 2019, reflecting a decrease of 16%. This decline stems from the reclassification of labour costs reported by INOVEST'S contracting arm last year as well as the Group's continuing efforts and direction to control expenses.

Commenting on the results, INOVEST's Chairman Dr. Omar Al Mutawa said, "We are pleased to see that the Group has maintained its solid performance despite what we face in terms of current regional and international market conditions stemming from the impact of COVID 19. We have taken a strategic look at the effect of pandemic on the investment sector as it applies to our business plan and our directives. The focus within the coming months will be to continue the improvements achieved within our investment portfolio and to harness opportunities which will yield solid returns in the near future. Ultimately, as a Group, we seek to cement a solid, Shariah compliant, investment model build upon foundations which ensure the agility and strength to overcome challenges and ensure the sustainability required to achieve our long term strategic goals."

CEO of INOVEST, Mr. Yasser Al Jar, added, "Our key performance indicators continue to hold firm, a clear reflection that operationally we have seen continued positive development in our key subsidiaries and investments. Over the past few months, several Group wide initiatives have been undertaken towards improving performance at the subsidiary level even further; the impact of which is expected in the coming months. Additionally, two of our prime investment projects, BIW Labour Accommodations and Takhzeen Self Storage have seen strong and highly consistent performance. Moreover, at the Group level, we have begun to see the results of specific initiatives tailored to improve overall efficacy, a matter we will

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continue to keep a close eye on especially with the complete fiscal impact of COVID 19 yet to become clear. Despite current market conditions, we continue to assess opportunities and to undertake a risk-balanced review of those that fall within our business plan and which will achieve our strategic mandate despite new economic challenges that may arise. In times such as these, we are extremely grateful for the wise leadership of our beloved Kingdom of Bahrain, and for their continued support and guidance of the private sector throughout such unprecedented times.”

It is noted that this press release and INOVEST’S financial results are available on Bahrain Bourse and Boursa Kuwait’s websites, and that INOVEST is listed under the respective ticker/trading codes “INOVEST\$” and “INOVEST/817”.

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About INOVEST

Established in 2002 in the Kingdom of Bahrain, INOVEST is a Category 1 Investment Firm (Shari’a Principles) regulated by the Central Bank of Bahrain and publicly listed on both Bahrain Bourse and Boursa Kuwait. INOVEST’s business spans three principle areas: direct investment, asset management, and real estate investment. Based in the Kingdom of Bahrain, INOVEST is the ultimate parent company for Al Khaleej Development Company “**Tameer**”, Bahrain Investment Wharf “**BIW**” and Tamcon Contracting Co. For more information, please visit www.inovest.bh