



PRESS RELEASE

INOVEST announces Financial Results for the Year Ended 31st December 2020

Manama, Bahrain; February 21st 2021: INOVEST announced its financial results for the three months ended 31st December 2020, showing a consolidated net loss attributable to the parent shareholders of US\$ 0.18 million in comparison to a net profit of US\$ 2.14 million for the same quarter of last year. Accordingly, the Basic Loss Per Share for the last quarter of 2020, amounted to US cents 0.06 as compared to Earnings Per Share of US cents 0.72 for the same period in 2019. The decrease is primarily due to a decline in real estate sales and revenues, a drop in their relative values, and in revenues from management fees. Accordingly, the net operating profit amounted to a loss of US\$ 0.26 million compared to a profit of US\$ 2.10 million for the same period last year.

INOVEST's financial results for the year ended December 31st 2020 show a consolidated net profit attributable to parent shareholders of US\$ 5.03 million, representing a 30% decrease as compared to US\$ 7.15 million for last year. This decline is the outcome of a decrease in the fair value of a number of investments, as well as a drop in associated management fees. Moreover, it stems from decline in revenue from our contracting activities and a decrease in capital gain due to real estate exits. Accordingly, the Group also reported that Basic Earnings Per Share of the parent company as of December 31st 2020 amounted to US cents 1.69 as compared to US cents 2.40 in 2019. The consolidated net operating profit decreased to reaching a loss of US\$ 0.7 million in comparison to a profit of US\$ 6.17 million in the year 2019. Accordingly, the net profit of 2020 resulted mainly from the reversal of provision of USD 6 million against one of the accounts receivable. In line with this, the consolidated operating income decreased by 49% to reach US\$ 10.10 million in comparison to US\$ 19.9 million. The Group's operating expenses were reduced by 22%, standing at US\$ 10.78 million in 2020 in comparison to US\$ 13.78 million for 2019. This stems from the Group's consistent control of expenses, as well as the reorganization and reallocation of critical resources across the group, and the ongoing repayment of financing installments at a local financial institution with the aim of lowering the Group financing costs. The decline also stems from the reclassification of labour costs reported by INOVEST'S contracting arm.

Looking at the Group's key balance sheet indicators, the equity attributable to parent shareholders, increased slightly by 3% to stand at US\$ 141.62 million in comparison to US\$ 137.97 million at the end of 2019; attributed to the net profit of \$ 5 million, and upward fair value revaluation of \$ 1.5 million netted against a provision of \$2.9 million representing the impact of adopting FAS 30. Within the same period, INOVEST reported consolidated total assets of US\$ 241.43 million, representing a decline of 1% during the last quarter of 2020 in comparison to US\$ 244.22 million at the end of 2019. On the liquidity front, INOVEST's cash and bank balances stood at 10% of the total consolidated assets. As of December 31st 2020, the cash and bank balances were at US\$ 23.4 million, a 37% decrease from US\$ 37.3 million as at year end 2019 which stems from settlements and a capital investment related to an industrial manufacturing investment.

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, such that the Group delivered a consolidated net profit attributable to parent shareholders of US\$ 5.03 million for the year ended 2020. The path ahead in 2021 is a difficult one to concretely predict, however we do know it will be characterized for our executive team by a firm sense of diligence, reality, and pragmatism in dealing with what is on all counts, an exceptional set of circumstances. On a strategic front, though our corporate strategy with its principle of sustainability has served us well, we recognize the weight and importance of re-evaluating it through the knowing lenses of all that has transpired in this past year. Generally, it is expected that our investment approach will be a guarded one in the year to come, with our priority being growth of our income generating assets and taking on acquisitions with a prudent view of risk and reward. Operationally, we will continue to streamline our efforts towards enhanced efficiency and effectiveness on a Group-wide front. To that end we will continue to support our key subsidiaries and ensure they deliver to their fullest potential."

From his end, CEO of INOVEST, Mr. Yasser Al Jar, said, "During the course of 2020, we have managed to successfully overcome several challenges, which left unchecked would in all likelihood have hindered the Group's future performance. To that end, several practical initiatives were undertaken including some

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necessary settlements, which ultimately had a positive impact on the Group's financial standing. In terms of our new investments, INOVEST stayed true to the primary pillars of its investment strategy, and acquired 45% of Advanced Projects Group Holding WLL, the only specialized regional manufacturer of Wood Plastic Composite (WPC) products with a wide range of business and construction applications and a promising level of market demand. We further placed greater focus and considerable effort in maintaining and growing our ongoing investments. Work has begun on expanding the BIW Labour Accommodations project, and support and resources have been extended to Takhzeen which will be marking 10 years of consistently successful operation in a matter of months. As for progress in Durrat Marina, several steps were taken to improve project standing including the settlement of several debts, which resulted in the release of real estate assets and substantial relief in terms of liquidity. Additionally, specific effort was placed on bringing forward construction of the project's power station which will serve the project's retail zone and marina."

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