CEO MONTHLY

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In my May monthly letter, I share Amanat's performance during the first three months of 2021 and what we have managed to deliver from our strategic objectives thus far. Key highlights:

- Driving recovery and profitability
- Building platforms through strategic investments and divestments
- Value creation going forward

Friends,

It has been an extraordinarily busy yet productive start to 2021. Amanat kicked off its first quarter of financial reporting with **remarkable operational and financial results** building on from the momentum at the end of last year. I can confidently say that we are starting to reap the benefits of the strategic decisions we have taken during an incredibly challenging economic period and we are delivering on our promise to investors.

Driving recovery & profitability

I am pleased to report that in the first three months of the year **Amanat recorded its highest quarterly profitability** from its portfolio's performance to deliver a total income of 41 million dirhams, up an impressive 111 percent compared to the same period of last year. Simultaneously, we continued to focus on cost optimization at the corporate level having reduced total expenses by a solid 31 percent year on year to 9.5 million dirhams for the quarter. When combined with strong income growth for the period, we recorded a year-on-year expansion of more than fivefold in our bottom-line for the quarter to deliver a net profit of 31.5 million dirhams, our highest quarterly bottom-line performance since inception when you exclude any divestments.

Following the strong performance of our education platform in the fourth quarter of last year, I am delighted to report that **our healthcare platform delivered a commendable turnaround** to report a total income from investment of 5.6 million dirhams, a notable improvement from the 11.4 million dirham net loss recorded this time last year. All our healthcare platform companies reported improving results in the quarter as operations and patient volumes continue to normalize following the COVID-19-related slowdown in the first part of last year. On this front, I am particularly proud of our work with Sukoon, with the company continuing to generate a positive EBITDA to nearly break even at the level of net profit ahead of management's expectations. This reflects the success of the turnaround strategy which was spearheaded by Amanat and executed by Sukoon's new management and illustrates the effectiveness of our holistic and hands-on role as an active investor.

Additionally, the healthcare platform's results were strengthened by our recent **acquisition of Cambridge Medical & Rehabilitation Center ("CMRC")** with its contribution starting in March this year of 6.2 million dirhams in just the final month of the quarter. CMRC is expected to further boost our consolidated results as the year progresses. In parallel, we continued our efforts to drive top-line growth across our education investments, which saw the platform deliver a 25 percent increase in income from investments and a solid increase in enrollments for the new academic year.

Building platforms through strategic investments & divestments

As we optimize our existing portfolio, we are simultaneously **building our specialized platforms through strategic investments and divestments** as a key strategic pillar. Our recent acquisition of CMRC is in line with our strategy of developing specialized platforms across our two chosen sectors while growing Amanat's earnings and improving its key return metrics. The acquisition demonstrated our ability to promptly deploy existing cash and raise debt financing to acquire attractive assets which best fit the Company's investment strategy and vision. CMRC strengthens our existing healthcare offering by giving us access to an established business with an impressive growth profile. Together with Sukoon, **we now control the largest GCC post-acute care and rehabilitation platform,** a specialized sub-sector ripe for future growth in the years to come.

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CMRC's acquisition was followed by the **successful sale of Amanat's 21.7 percent stake in Taaleem** which we completed at the end of April for a total value of 350 million dirhams. The divestment resulted in Amanat generating a total cash return of 225 million dirhams, including dividends, since its investment in Taaleem, which translates to a money on money multiple of 2.2 times and an IRR of 21 percent. As disclosed, we expect to report an **estimated net gain on sale of 160 million dirhams** in net income next quarter, further boosting our results for 2021.

The sale, which is Amanat's first exit in five years, sees us executing on our strategy, exiting a minority position and generating ample cash to invest in influential stakes in the healthcare and education sectors which are more strategically aligned with Amanat's long-term vision. It also clearly displays our capabilities across the investment cycle, from disciplined acquisition to portfolio management and value creation, and ultimately divestment.

Value creation going forward

There is a clear indication of the fundamental changes and improvements witnessed across our portfolio's operations, strategy, cost and profitability. When combined with **the rationalization of our corporate costs**, our results for the first quarter of the new year exemplify the success of our strategic objectives to drive efficiencies, growth and profitability **in order to generate above market average returns for our shareholders.** The promising start of 2021 has already enabled us to demonstrate the pace and productivity that Management is looking to deliver throughout the rest of the year.

Our focus in the coming period will be on **re-investing the proceeds** from our divestment and cash on hand of over 400 million dirhams into higher yielding companies in the healthcare and education sectors while allocating a portion of those funds to venture capital investments in EdTech and HealthTech. We are assessing opportunities across the **UAE, KSA and Egypt as well as broadly across the MENA region** that best fit our target operating model to synergize and **create platforms for future growth and monetization**. In parallel we will be working towards further integrating our current portfolio as well as identifying synergies to optimize operations and enable partnerships between assets as well as cost efficiencies. We will also continue to **assess our portfolio for further strategic divestures** that have the potential to generate solid returns, especially where we find the path to control is challenging.

We look forward to capitalizing on our track record and ample financial bandwidth to continue building specialized platforms and grow shareholder returns.

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