



Earnings Presentation
Q2 2023

10 August 2023

Executive Summary

Financial Measures

- Group revenues of AED 99 million in H1 2023 significantly higher compared to AED 59 million in H1 2022 on a normalized basis excluding revenues from discontinued operations.
- H1 2023 operating income (excluding carry and one-off items) continues to show progress at AED 32 million compared to AED 3 million in prior year.
- The Group reported net profit of AED 20 million for the first half of the year compared to a net loss of AED 164 million (excl. one-off charges net loss of AED 14 million) in the previous year.

Key Metrics

- Stable operating margins for the business in H1 2023 at ~33% mainly due to cost efficiencies highlighting the lower operational leverage of the business.
- The cost-income ratio of 67% H1 2023 is significantly lower than prior year mainly driven by cost optimization measures undertaken in 2022 and in line with management's medium-term target of 65% with further revenue enhancing initiatives to continue for the rest of the fiscal year.
- The Group's continued focus on deleveraging is highlighted through the Debt-to-Equity ratio improving to 88% in current year from 105% in Q4 2022. AED 173 million of payments made since Dec 2022 highlighting management's continued commitment to reduce leverage.

Group Updates

- **Hiring:** Appointment of Wafik Ben Mansour as Head of Investment Banking succeeding Fawad Tariq Khan who took over as Group CEO in 2022 and Nikola Babic as new VP of Risk.
- **Managed Funds:** Launch of new Sharia-compliant Saudi Equity fund, the sixth fund to be launched under the ICC Fund umbrella taking AUM of the platform above USD 350 million.
- **Sukuk Issuance:** Issued USD 100 million Sharia-compliant Sukuk as a private placement in Q2 2023.

Key Financial Highlights H1 2023

H1 2023 Financial Performance

Income Statement (AED Mn)	H1-23	H1-22	Change vs.		Q1-23
			H1-22	Q2-23	
Net Fee and Commission Revenue	87.3	147.8	(60.5)	32.8	54.5
Other Revenue	12.0	10.1	1.8	6.7	5.2
Total Revenues	99.2	157.9	(58.7)	39.5	59.7
Operating Expenses (excl. one-off items and carry expense)	(66.8)	(155.0)	88.2	(35.2)	(31.7)
Net Operating Income (excl. one-off items and carry expense)	32.4	2.9	29.5	4.4	28.0
One-off items and Employee Carry	8.5	(11.7)	20.1	(1.8)	10.2
Net Operating Income/(Loss)	40.9	(8.8)	49.6	2.6	38.3
Other Income/(Expenses)	1.8	58.8	(56.9)	6.7	(4.8)
Profit/(Loss) before impairment of intangibles and finance costs	42.7	50.0	(7.3)	9.3	33.4
Impairment of intangibles and Finance Cost	(33.7)	(156.5)	122.8	(19.9)	(13.8)
Profit/(loss) from discontinued operations	-	(86.1)	86.1	-	-
Non-Controlling Interests	11.0	28.2	(17.2)	16.0	(5.0)
Net Profit/(Loss) ¹	20.0	(164.3)	184.3	5.3	14.7
EBITDA ²	60.1	(6.3)	66.4	28.3	31.7
Key Metrics					
Operating Margin (%) excl. one-off items and carry expense	33%	2%	31%	11%	47%
CIR (%) excl. one-off items and carry expense	67%	98%	31%	89%	53%

Commentary

Net Operating Income of AED 32 million in H1 2023 mainly driven by strong performance from managed funds and cost efficiencies.

- H1 2023 net profit of AED 20 million compared to loss of AED 164 million in H1 2022 due to one-off charges taken in prior year as part of the strategic review process to simplify the business.
- H1 2023 revenues AED 40 million higher than prior year after excluding AED 99 million of revenues from discontinued operations mainly due to sale of a non-core asset and Astrea contract run-off.
- Cost to income ratio at 67% in H1 2023 lower than 2022 due to cost efficiencies achieved as a result of the strategic review process undertaken across the Group in 2022.

Balance Sheet (AED Mn)

	Q2-23	Q4-22	% Change vs.		Q1-23
			Q4-22	% Change vs. Q1-23	
Total Assets	3,134	3,476	(10%)		3,465
Total Debt	1,346	1,594	16%		1,646
Total Equity	1,533	1,520	1%		1,545
Key Metrics					
Debt to Equity	0.88x	1.05x	17%		1.07x
Return on Equity - Parent	3%	(10%)	13%		5%

Balance sheet metrics on upward trajectory

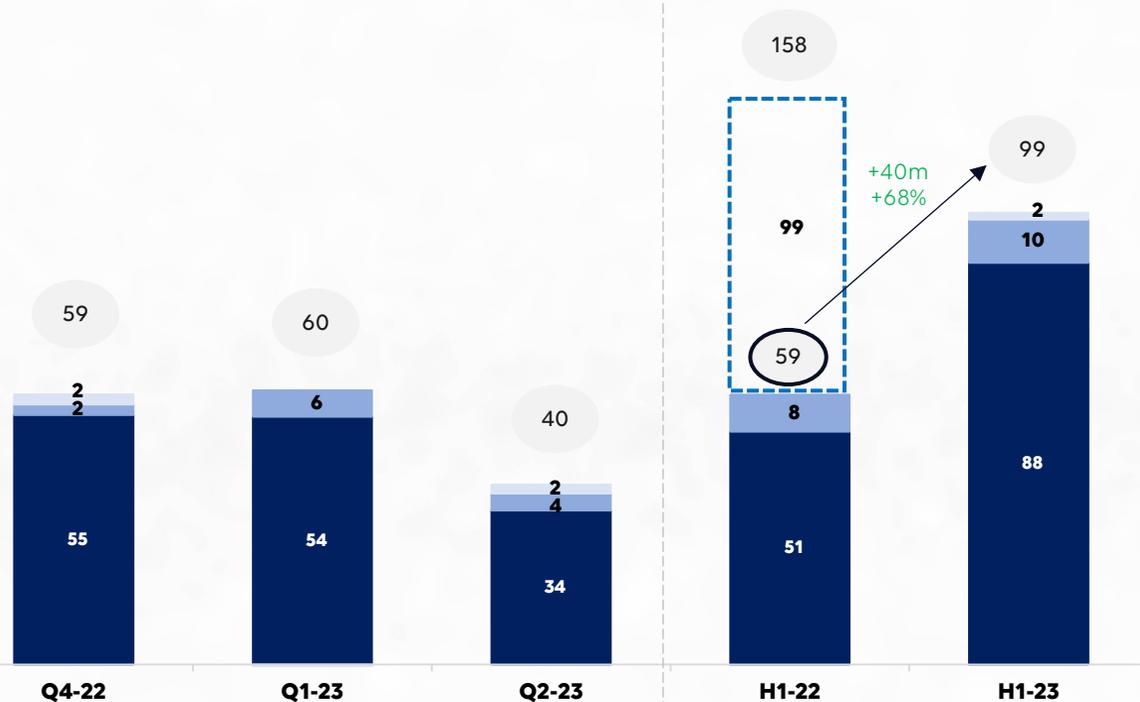
- Continued disciplined approach to deleveraging with debt-to-equity ratio at 88% in Q2 23 compared to 105% in Q4 2022.

¹ Net Profit attributable to shareholders
² Excludes results for discontinued operations

Revenue Breakdown

Year-over-Year Revenues

AEDm



Commentary

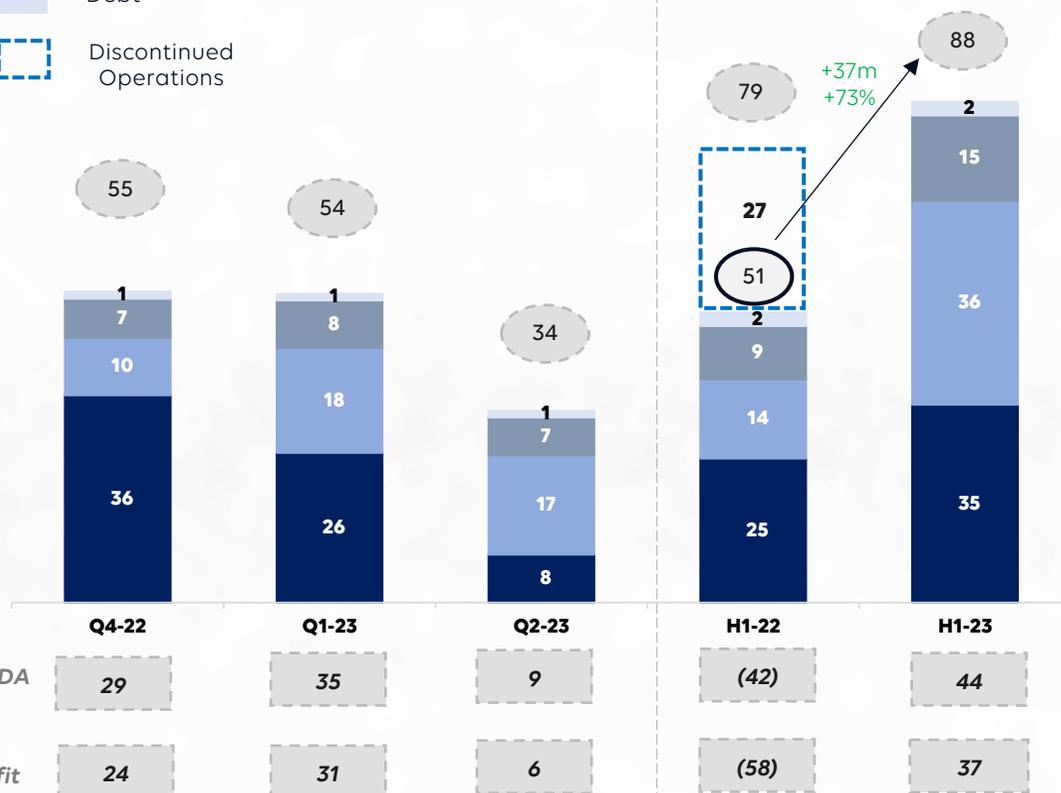
Revenues in H1 2023 AED 40 million higher than prior year on a normalized basis post deconsolidation of AED 99 million of revenues due to sale of a non-core asset and Astrea contract run-off. Increase in 2023 revenues is mainly driven by fund management fees, performance fees and sales & trading income.

- Asset management revenues significantly higher than prior year on a normalized basis driven by management and performance fees as a result of increase in AUM and strong performance of managed funds.
- Investment banking revenues higher in H1 2023 driven by strong performance in sales and trading business offsetting lower advisory fees due to lack of transactions closing in the year.
- Sale of a non-core asset and successful completion of SHUAA subsidiary Astrea's portfolio management mandate in London normalizing revenues by AED 99 million from prior year.

Asset Management Segment Performance

Asset Management Revenues

AEDm



Commentary

Higher revenues in current year mainly driven by strong performance in managed funds generating management and performance-based incentive fees. AED 27 million of revenues normalized from previous year due to completion of Astrea's portfolio management mandate.

Real Estate:

- Recurring fund management fees from the Palm Project and performance fees realized in Q1 2023.
- Deconsolidation of AED 27 million of revenues from prior year due to completion of SHUAA subsidiary Astrea's portfolio management mandate in London.

Public Markets:

- Increase in AUM from market performance, strong investor demand and launch of new funds driving up fund management fees.
- Performance fees realized in H1 2023 through Goldilocks and ICC Fund vehicles.

Private Markets:

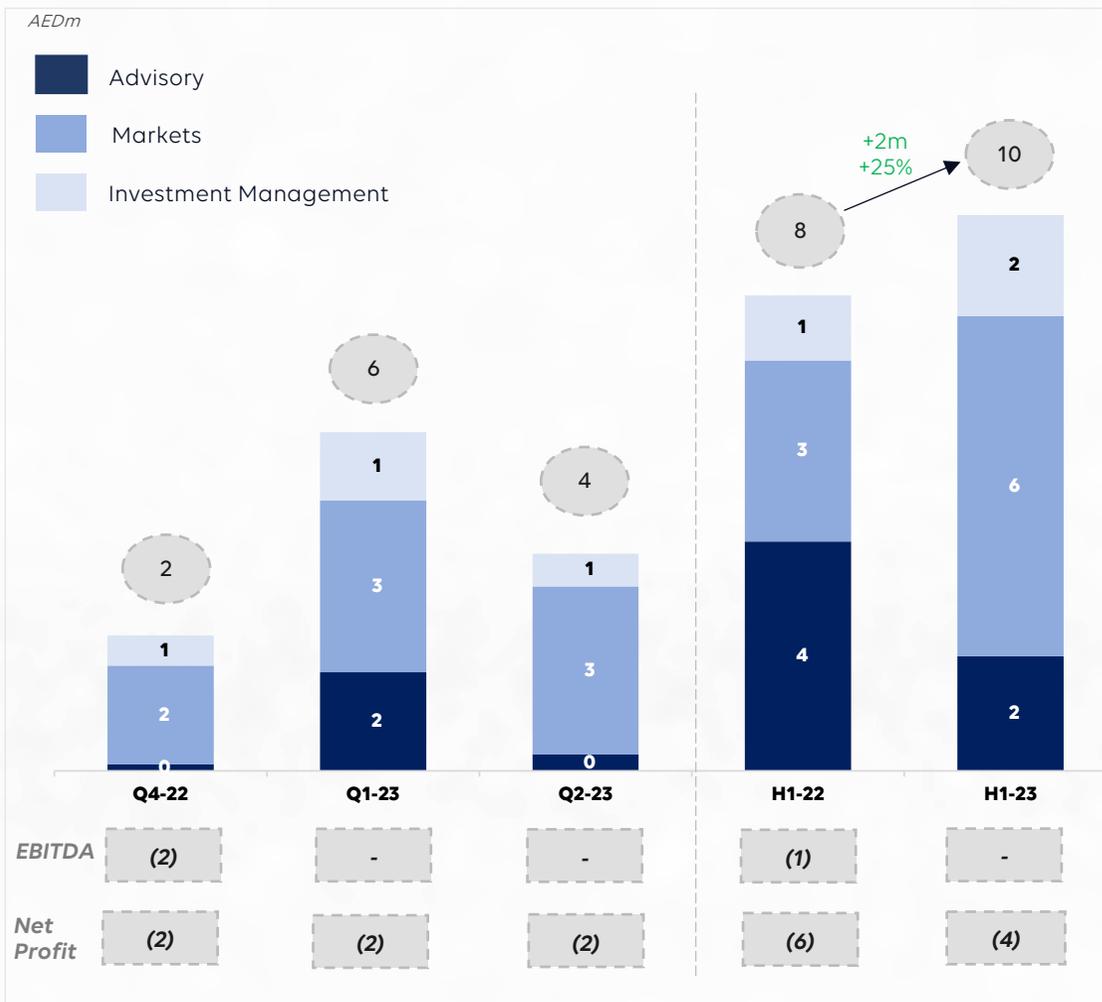
- Higher valuation of managed assets driving up management fees.

Debt:

- Stable recurring management fee revenues from flagship fund.

Investment Banking Segment Performance

Investment Banking Revenues



Commentary

Investment banking revenues higher by AED 2 million in current year primarily driven by sales and trading income through robust trading volumes traded through the SHUAA fixed income platform more than offsetting lower advisory fees.

Advisory:

- Lower revenues mainly as a result of lack of transactions closing in the current year.
- Deal pipeline is positive with new mandates signed in Q2 2023 and expect to recognize fee backlog in the second half of 2023 and first half of 2024.

Markets:

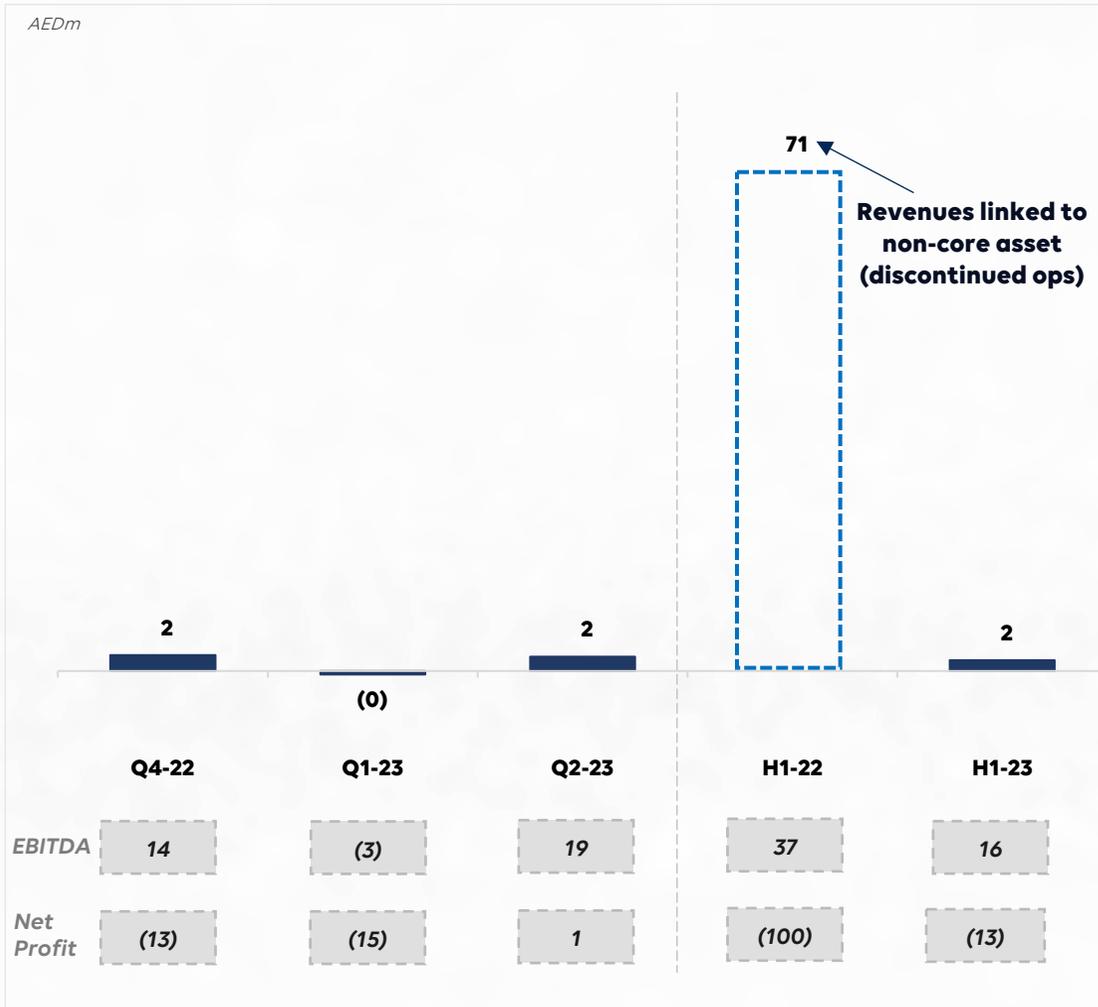
- Fixed Income trading volumes remained robust with revenues reported for the first half of the year already on par with full year 2022.
- Expect upside momentum to continue for rest of 2023.

Investment Management:

- Equity business reported consistent revenues in 2023 compared to prior year.

Corporate Segment Performance

Corporate Revenues



Commentary

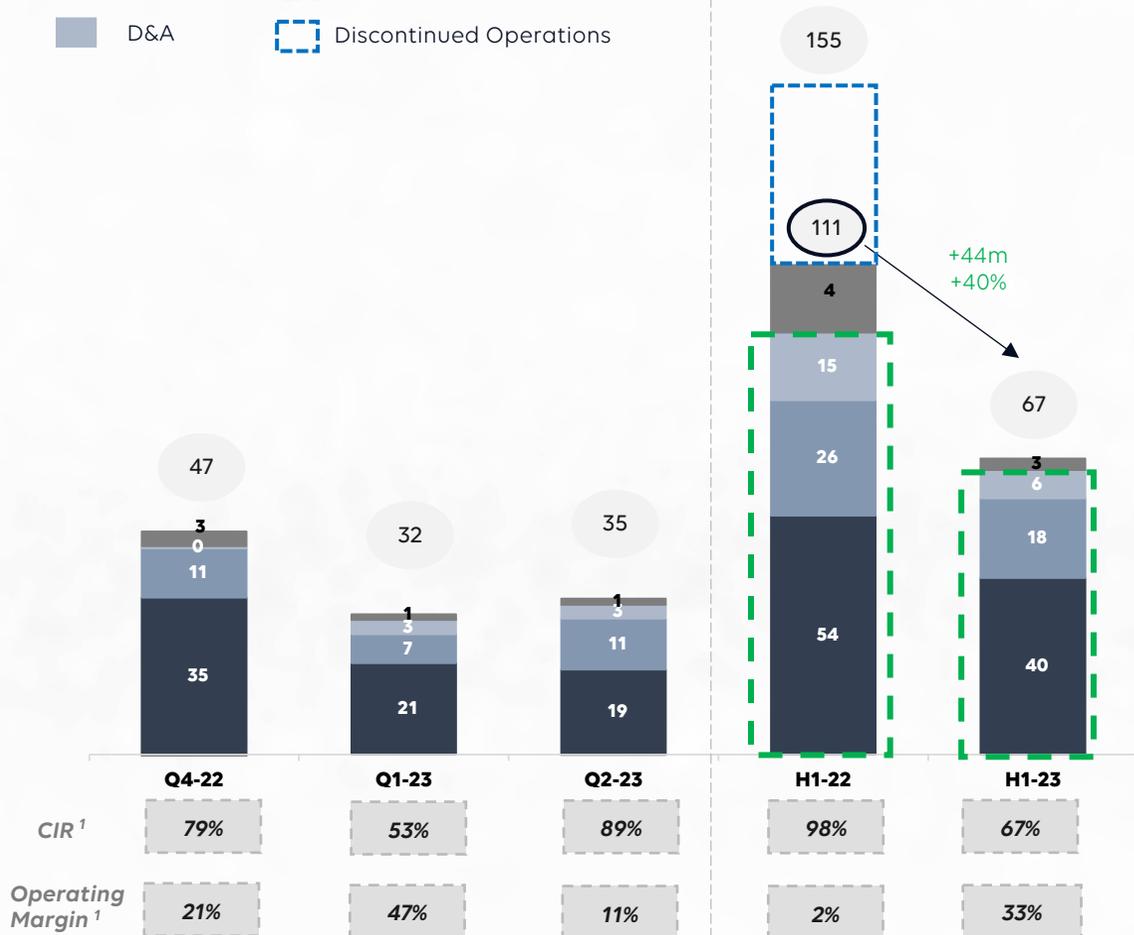
Corporate revenues will make up a smaller portion of overall revenues in 2023 and beyond mainly as a result of the Group's strategic initiative to divest from non-core assets.

- Corporate revenues recognized in H1 2023 mainly non-recurring in nature.
- Deconsolidation of AED 71 million of revenues linked to the sale of a non-core asset.

Operating Expense Breakdown

Year-over-Year Expenses ¹

AEDm



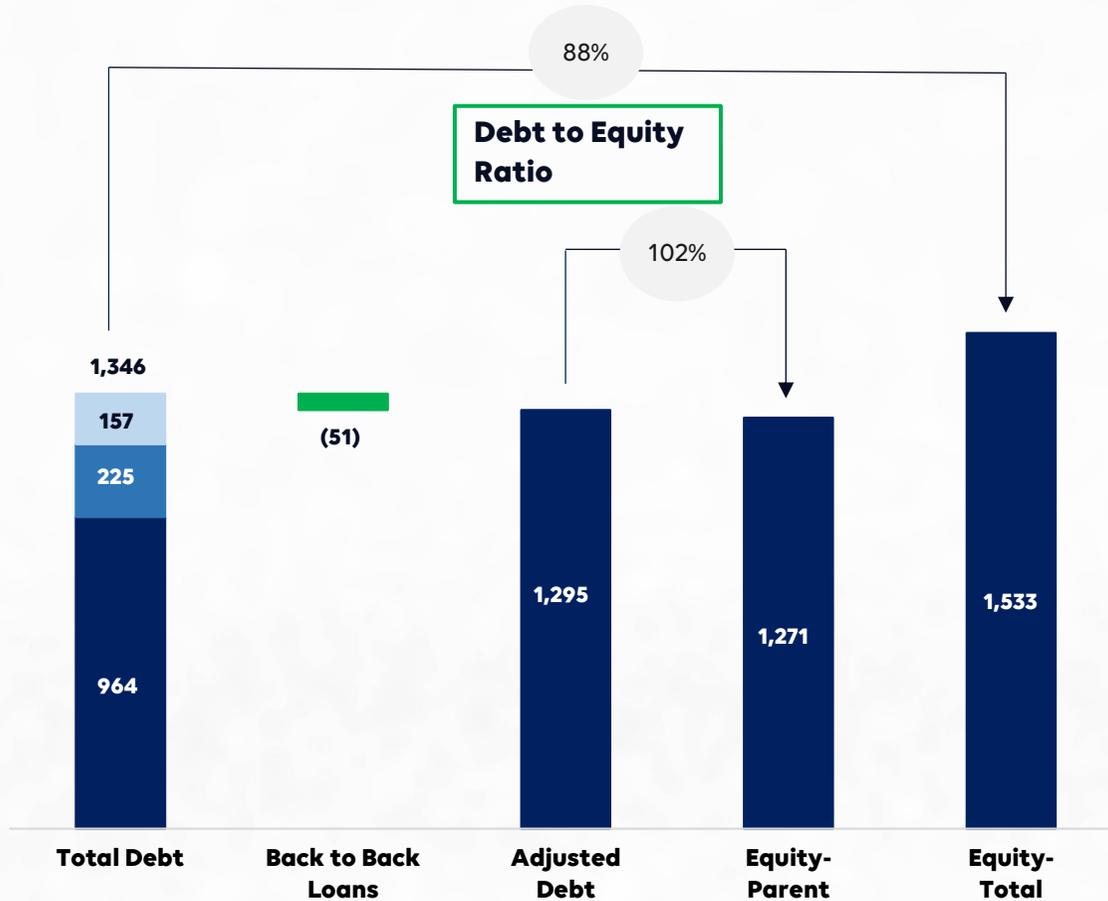
Commentary

Firm cost discipline maintained across the Group in H1 2023 with continued decline in operating expenses compared to prior year due to cost optimization initiatives and deconsolidation of opex from sale of a non-core asset and Astrea contract run-off.

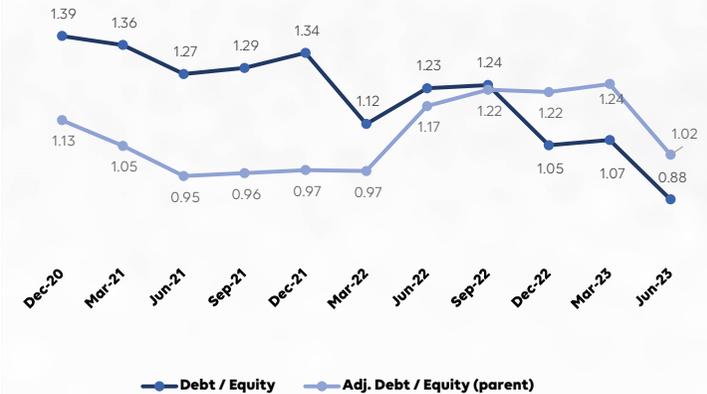
- Controllable costs which includes staff costs, G&A and D&A have decreased significantly in 2023 compared to prior year on the back of cost efficiencies and accelerated amortization through intangible write-offs.
- Cost-income ratio of 67% in H1 2023 lower than prior year in line with management's medium-term guidance of 65%.
- AED 44 million of Opex normalized in H1 2022 related to discontinued operations through the sale of a non-core asset and completion of SHUAA subsidiary Astrea's portfolio management mandate in London.

Continued progress on deleveraging

AEDm



- Continued disciplined approach to deleveraging with debt-to-equity ratio at 88% in Q2 2023 compared to 107% in Q1 2023.
- Decrease in debt-to-equity ratio in Q2 2023 is mainly related to the settlement of the Kepler loan facility with majority of the lenders.
- Balance sheet metrics expected to improve in 2023 driven by higher profitability and further improvement in debt load as per the strategy to continue to deleverage.



Appendix

Quarterly P&L

AED '000

	H1 2023	Q2 2023	Q1 2023	H1 2022	Q2 2022	Q1 2022
Revenue	99,235	39,515	59,720	157,919	66,555	91,364
Other income/(expense)	45,420	52,103	(6,683)	153,564	38,392	115,172
Net foreign exchange gain/(loss)	(7,662)	(4,556)	(3,107)	22,964	16,085	6,879
Change in fair value gains/(losses) from financial assets at FVTPL	(37,283)	(50,502)	13,218	(123,004)	(38,123)	(84,881)
Share of net profit/(loss) of investments in associates	1,488	9,689	(8,201)	3,813	1,702	2,112
Gain on derivative financial liability	(123)	(52)	(71)	1,437	509	928
Total income	101,075	46,198	54,877	216,693	85,119	131,574
Staff costs	(26,487)	(19,210)	(7,277)	(78,375)	(38,557)	(39,818)
Employee carried interest	(4,867)	(1,784)	(3,082)	(5,351)	(5,126)	(225)
Fee and commission expense	(2,592)	(1,442)	(1,150)	(10,225)	(4,934)	(5,290)
General and administrative expenses	(17,993)	(11,471)	(6,522)	(41,328)	(19,627)	(21,701)
Depreciation and amortisation	(6,374)	(3,102)	(3,272)	(20,003)	(9,980)	(10,024)
Provision for impairment losses on financial instruments	(71)	72	(144)	(11,387)	(12,273)	885
Total expenses	(58,384)	(36,936)	(21,448)	(166,670)	(90,497)	(76,174)
Profit/(loss) before finance costs	42,691	9,262	33,429	50,023	(5,378)	55,401
Finance cost	(33,664)	(19,909)	(13,755)	(51,864)	(24,792)	(27,072)
Finance credit relating to unit holders	0	0	0	17,269	(1,120)	18,390
Other items	(9)	0	(9)	(121,870)	(26,582)	(95,289)
Profit/(loss) from continuing operations	9,018	(10,648)	19,665	(106,442)	(57,872)	(48,570)
<i>(Loss)/profit from discontinued operations</i>	0	0	0	(86,117)	(86,043)	(73)
Profit/(loss) for the period	9,018	(10,648)	19,665	(192,559)	(143,915)	(48,644)
Non-controlling interests	11,017	15,969	(4,952)	28,249	(26,011)	54,261
Profit/(loss) for the period attributable to Owners	20,034	5,321	14,713	(164,310)	(169,927)	5,617

Balance Sheet Summary

AED '000

	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022
Assets						
Cash and deposits with banks	103,120	98,275	64,151	107,907	252,983	348,586
Receivables and other debit balances	309,732	437,398	407,061	397,757	201,808	234,801
Loans, advances and finance leases	340,372	388,118	274,503	470,329	373,053	383,531
Financial assets at fair value	643,336	687,624	668,602	674,474	724,940	764,559
Investments in associates	743,708	871,623	947,599	952,165	26,087	142,739
Investment Property	-	-	-	236,660	236,660	-
Property and equipment	20,297	21,168	25,693	5,660	20,604	35,624
Goodwill and other intangible assets	923,426	910,728	902,234	870,356	1,022,124	1,095,589
Assets of disposal groups classified as held for sale	50,488	50,488	186,130	50,488	2,098,555	2,234,137
Total Assets	3,134,479	3,465,422	3,475,973	3,765,796	4,956,814	5,239,566
Liabilities						
Borrowings	963,652	1,259,870	1,206,206	1,497,008	1,490,763	1,474,920
Payables and other credit balances	451,799	469,014	488,469	505,744	555,894	658,105
Other financial liabilities	156,925	162,437	163,808	167,528	141,809	130,077
Payables to unit holders	29,290	29,290	29,290	29,290	28,430	27,308
Liabilities of disposal groups classified as held for sale	-	-	68,019	-	1,178,190	1,242,589
Total Liabilities	1,601,666	1,920,611	1,955,792	2,199,570	3,395,087	3,532,999
Equity						
Share capital	2,535,720	2,535,720	2,535,720	2,535,720	2,535,720	2,535,720
Share premium	52,579	52,579	52,579	52,579	52,579	52,579
Statutory reserve	49,631	49,631	49,631	49,631	49,631	49,631
Other reserves	(1,455,744)	(1,464,024)	(1,467,476)	(1,486,227)	(1,451,223)	(1,430,841)
Retained earnings	88,986	87,804	76,579	67,416	60,899	235,521
Equity attributable to Owners	1,271,172	1,261,710	1,247,033	1,219,119	1,247,605	1,442,610
Non controlling interest	261,641	283,101	273,148	347,107	314,122	263,957
Total equity	1,532,813	1,544,811	1,520,181	1,566,226	1,561,727	1,706,567
Total Equity and Liabilities	3,134,479	3,465,422	3,475,973	3,765,796	4,956,814	5,239,566

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