



Earnings Presentation
Q2 2022

11 August 2022

Executive Summary

Financial Measures

- Q2 2022 net operating income of AED 6 million¹ compared to AED 24 million¹ in Q1 2022 mainly due to Group's NCM trading platform higher contribution in Q1 2022 compared to Q2 2022 (NCM – Rev Q1 22 AED 44m vs Q2 22 AED 27m).
- Q2 2022 net loss attributable to shareholders of AED 170 million compared to net profit of AED 6 million in Q1 2022. This is mainly related to mark to market losses in our managed funds and accelerated amortization of intangible assets.
- Non-cash charges of AED 34 million booked in Q2 2022 mostly due to accelerated amortization of intangible assets. This will reduce amortization expenses by ~AED 2 million in the second half 2022.

Key Metrics

- Operating margins for the business declined in Q2 2022 mainly as a result of lower revenues.
- Cost to Income ratio of 90% at Q2 2022 higher than the 73% in Q1 2022 mainly due to lower revenues. However, cost optimization measures and accelerated amortization booked this quarter will reduce expenses by ~AED 3 million in the second half of 2022.
- Slight increase in Debt-to-Equity ratio of 1.23 for Q2 2022 compared to 1.12 in Q1 2022 mainly due to losses impacting net equity position but no increase in debt load. Continue to deleverage the business with ~AED 188 million repayment in H1 2022.

Group Updates

- **Corporate:** Reorganized senior management team in Q2 2022 including appointment of new CEO Fawad Tariq Khan and Jassim Alseddiqi to be Managing Director and Board member.
- **Real Estate:** Re-vamp of global strategy launched in Q3 2022 which aims to significantly strengthen the value proposition for the segment.
- **Public Markets:** Launch of four new funds under the ICC Fund Platform with incremental AUM of USD 200 million raised to date across managed funds and discretionary portfolios.

Key Financial Highlights Q2 2022

Q2 2022 Financial Performance

Income Statement (AED Mn)	Q2-22	Q1-22	% Change vs. Q1-22	Q2-21	% Change vs. Q2-21
Net Fee and Commission Revenue	56.1	81.5	(31%)	67.7	(17%)
Other Revenue	7.4	7.9	(6%)	6.5	15%
Total Revenues	63.5	89.5	(29%)	74.1	(14%)
Operating Expenses (excl. one-off items and carry expense)	(57.1)	(65.3)	13%	(79.4)	28%
Net Operating Income (excl. one-off items and carry expense)	6.4	24.2	(73%)	(5.3)	-
One-off items and Employee Carry	(39.0)	(52.9)	-	(1.1)	-
Net Operating Income/(Loss)	(32.6)	(28.8)	(13%)	(6.4)	-
Other Income/(Expenses)	(25.3)	(19.8)	-	4.9	-
Profit/(loss) from discontinued operations	(86.0)	(0.1)	-	40.9	-
Non-Controlling Interests	(26.0)	54.3	-	(10.3)	-
Net Profit ¹	(169.9)	5.6	-	29.1	-
EBITDA ²	(49.1)	42.8	-	22.1	-
Key Metrics					
Operating Margin (%) excl. one-off items and carry expense	10%	27%	(17%)	(7%)	17%
CIR (%)	90%	73%	17%	107%	(17%)

Commentary

Q2 2022 net operating income excl. one-off items and carry expense at AED 6m

- Lower net operating income mainly due to significant outperformance by Group's NCM trading platform in Q1 2022 (Rev AED 44m) compared to Q2 2022 (Rev AED 27m)
- Net loss of AED 170m driven by mark to market losses in our managed funds (discontinued operations) of AED 86m
- Additional contributors to net loss includes one-off items mostly related to accelerated amortization of intangible assets for AED 34m and employee carry expense of AED 5m

Balance Sheet (AED Mn)	Q2-22	Q4-21	% Change vs. Q4-21	Q2-21	% Change vs. Q2-21
Total Assets	4,957	5,768	(14%)	6,033	(18%)
Total Debt	1,924	2,474	22%	2,579	25%
Total Equity	1,562	1,846	(15%)	2,025	(23%)
Key Metrics					
Debt to Equity	1.23x	1.34x	11%	1.27x	4%
Return on Equity	(24%)	2%	(26%)	7%	(31%)

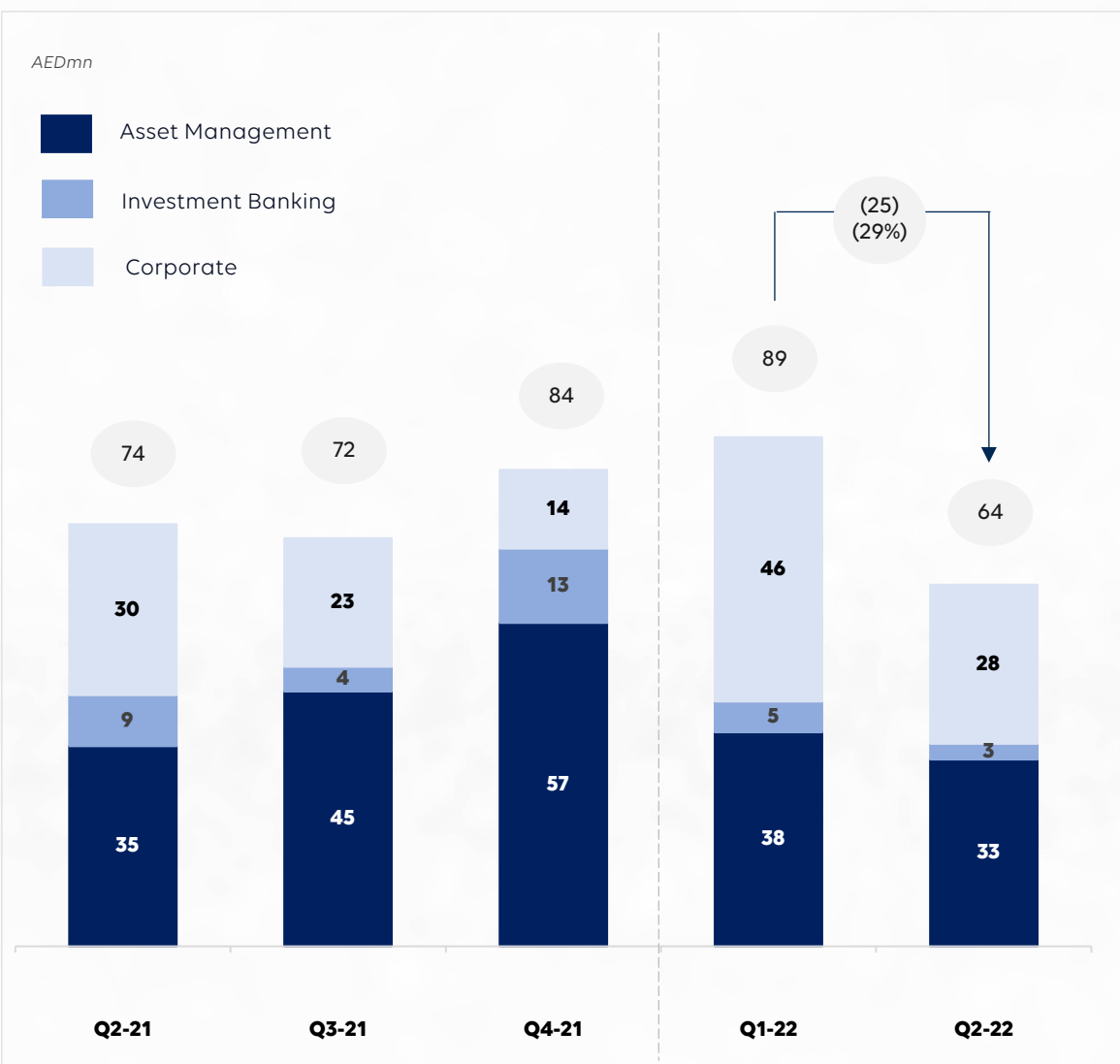
Decline in balance sheet metrics in Q2 2022 due to losses impacting net equity position but no increase in debt load

- Slight decrease in Debt-to-Equity mainly due to transfer of debt under consolidated fund to held for sale in Q1 2022 and negative ROE due to mark to market losses in our managed funds

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

Revenue Breakdown

Quarter-on-Quarter Revenues



Commentary

Recurring revenues continue to contribute significantly coupled with the strong performance of Group's trading platform NCM

- Asset Management business continues to post recurring revenues. Lower revenues in Q2 is a result of market volatility due to decline in AUM
- Investment Banking revenues lower in Q2 as a result of cyclical and timing of deal closures
- Lower Corporate revenues linked to Group's trading platform NCM significantly outperforming in Q1 2022 compared to Q2 2022

Asset Management Segment Performance

Asset Management Revenues

AEDmn



Q2-21

Q3-21

Q4-21

Q1-22

Q2-22

EBITDA

18

27

19

10

5

Net Profit

8

16

11

(29)

(30)

Commentary

Posted robust Q2 2022 results driven by the contribution from recurring real estate revenues coupled with healthy fee performance from managed public market funds

Real Estate:

- Continued contribution from recurring revenue and management fee
- New strategy launched in Q3 2022

Public Markets:

- Stable fee performance in managed funds

Private Markets:

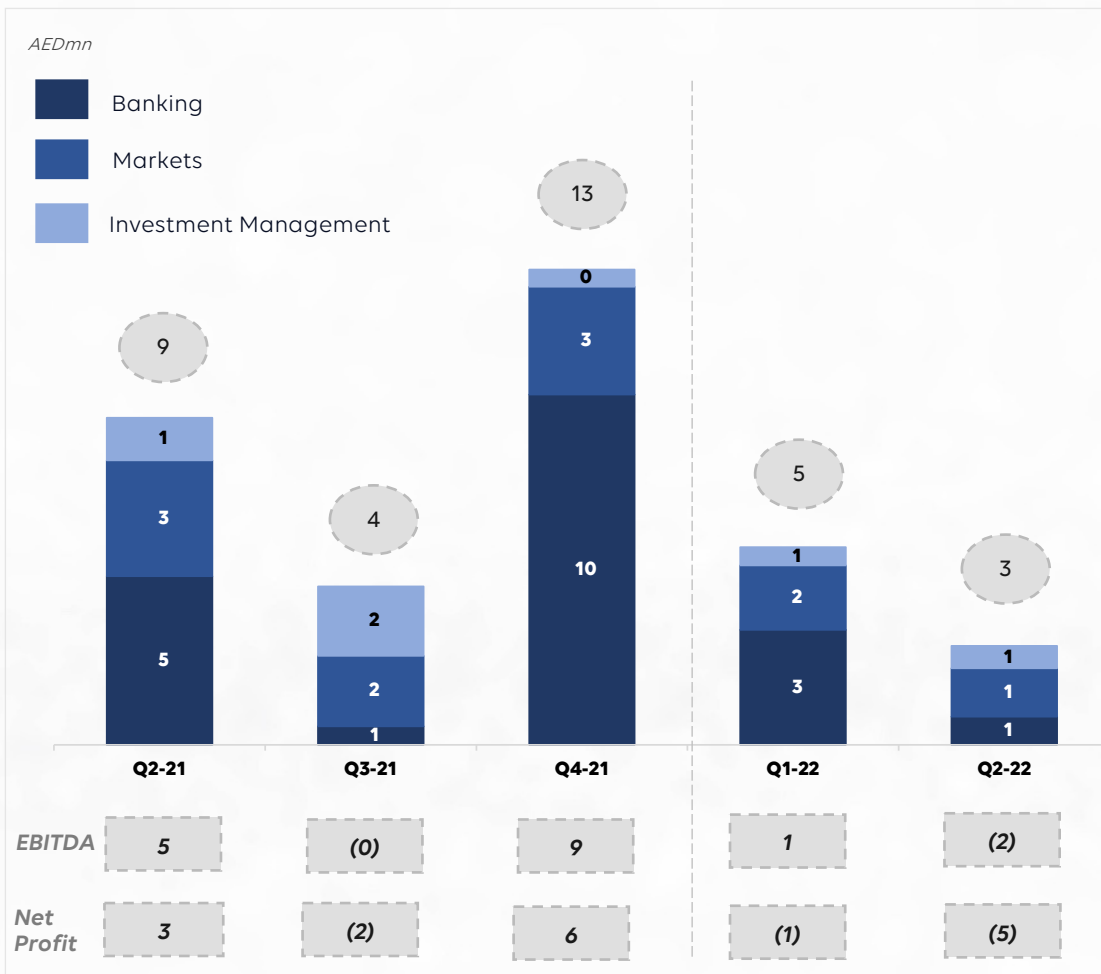
- Lower fee income due to catch-up in Q1 2022 fees related to FY 2021

Debt:

- Continued recurring management fee revenues

Investment Banking Segment Performance

Investment Banking Revenues



Commentary

Investment Banking delivered resilient performance driven by stable trading income while a favourable deal pipeline in H2 2022 expected to boost full year targets

Banking:

- Revenues continue to be cyclical with trend towards outperformance in the second half of the year
- Strong pipeline of active deals and mandates for 2022

Markets:

- Trading income in line with Q1 2022

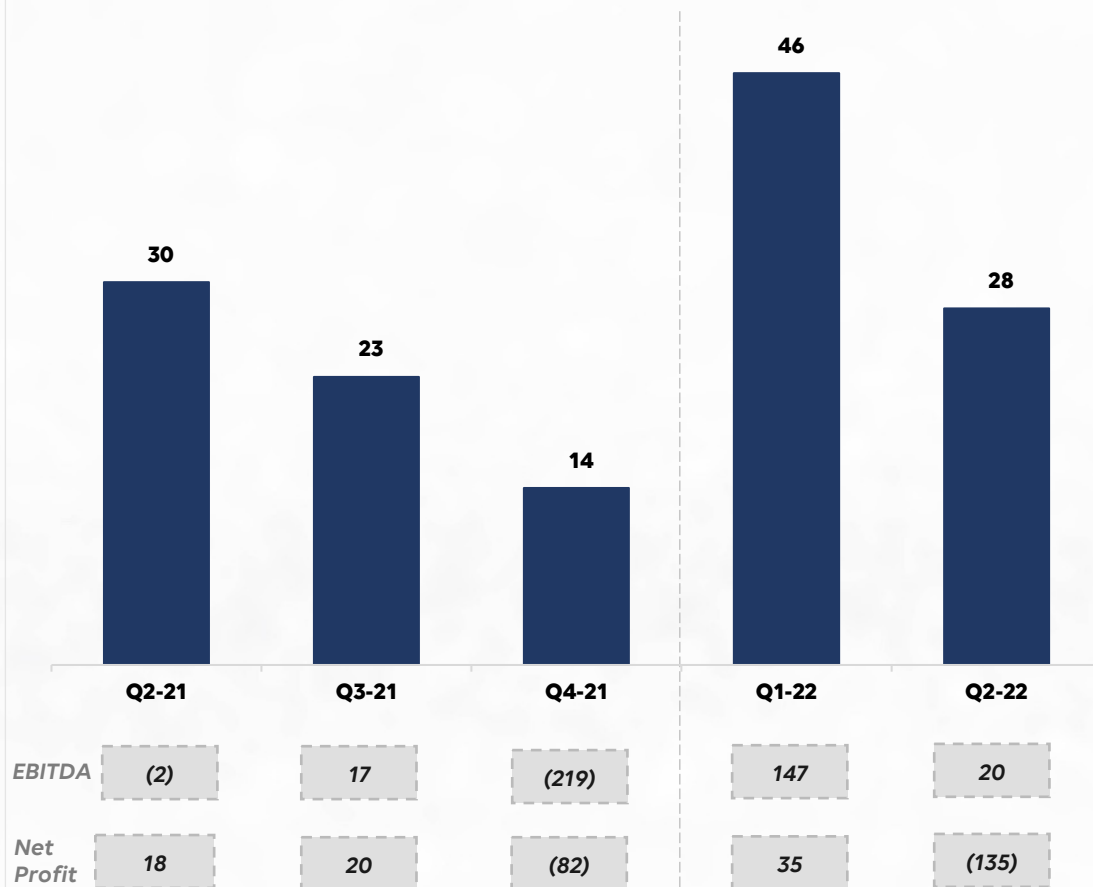
Investment Management:

- Trading income flat to Q1 2022

Corporate Segment Performance

Corporate Revenues

AEDmn



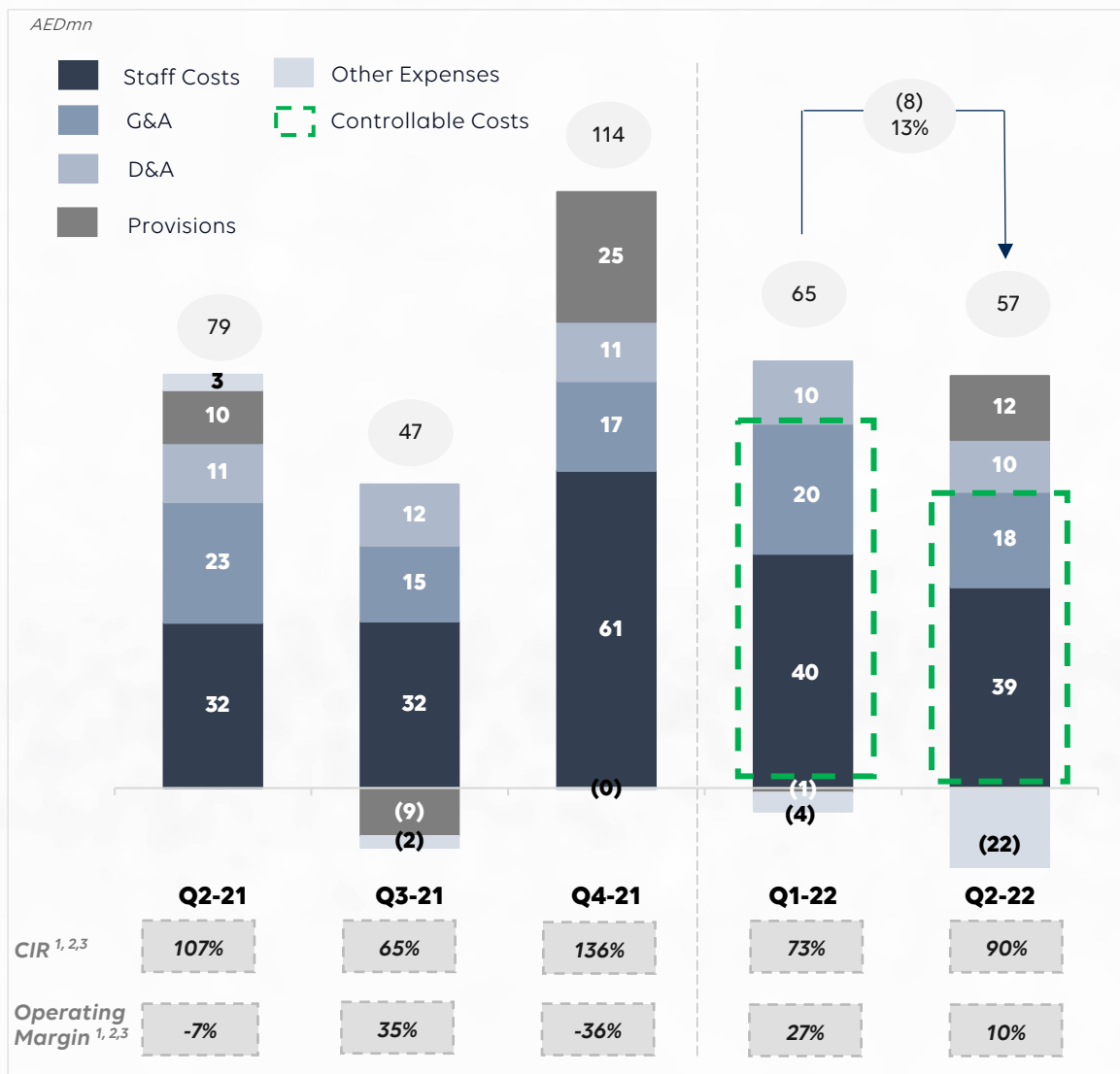
Commentary

Revenues remained strong despite the increased market volatility and continued outperformance by NCM in Q2 2022

- Lower revenues posted in Q2 2022 as market volatility contributed to NCM outperformance in Q1 2022
- Declining performance in Group's run-off businesses

Operating Expense Breakdown

Quarter-on-Quarter Expenses ^{1, 2, 3}



Commentary

Cost discipline maintained across the Group despite increase in hiring activity to support business growth offset by expense optimization initiatives

- Controllable costs including staff costs and G&A have decreased in Q2 2022 due to expense optimization initiatives and will result in further ~AED 1 million cost reductions in H2 2022
- Provisions include impairment of receivables
- Cost-income ratio of 90% in Q2 2022 excluding one-off operating expenses and carry expenses
- Non-cash charges booked mostly for accelerated amortization of intangible assets in Q2 2022 will reduce D&A expenses by ~AED 2 million in H2 2022

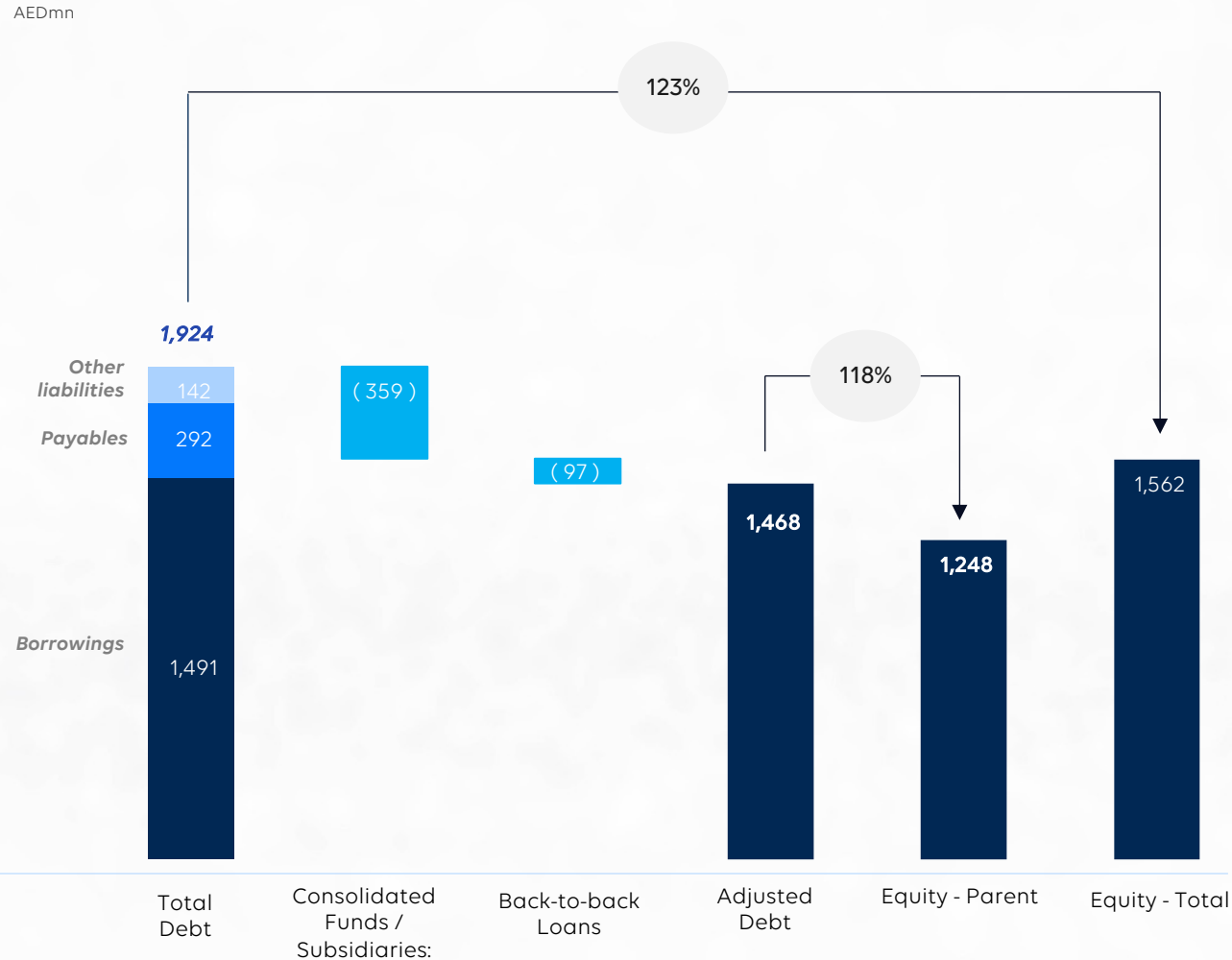
¹ CIR and Operating Margin = Calculated by excluding carry

² Excluding net one-off items

³ Restated - post GX reclassification to HFS

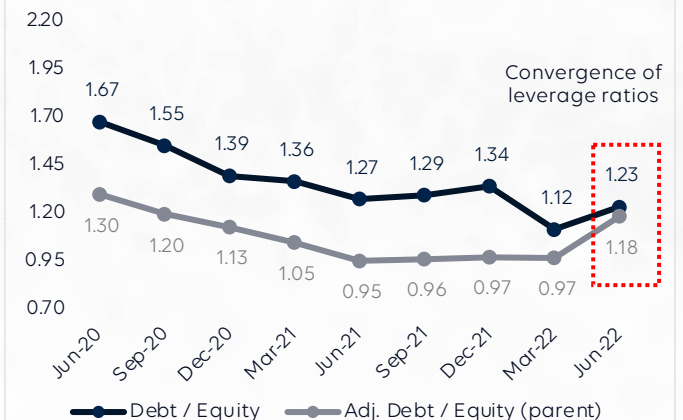
Continued progress on deleveraging

Leverage Ratio Breakdown



Commentary

- Committed to deleveraging the business with debt-to-equity ratio at 123% at Q2 2022
- Average interest costs increased by 28 bps to 6.75% p.a. in Q2 2022 compared to Q1 2022
- Q2 2022 leverage ratio of 123% has improved by 44% compared to Q2 2020 of 167%





Appendix

Other Income Breakdown

Quarter-on-Quarter Other Income²

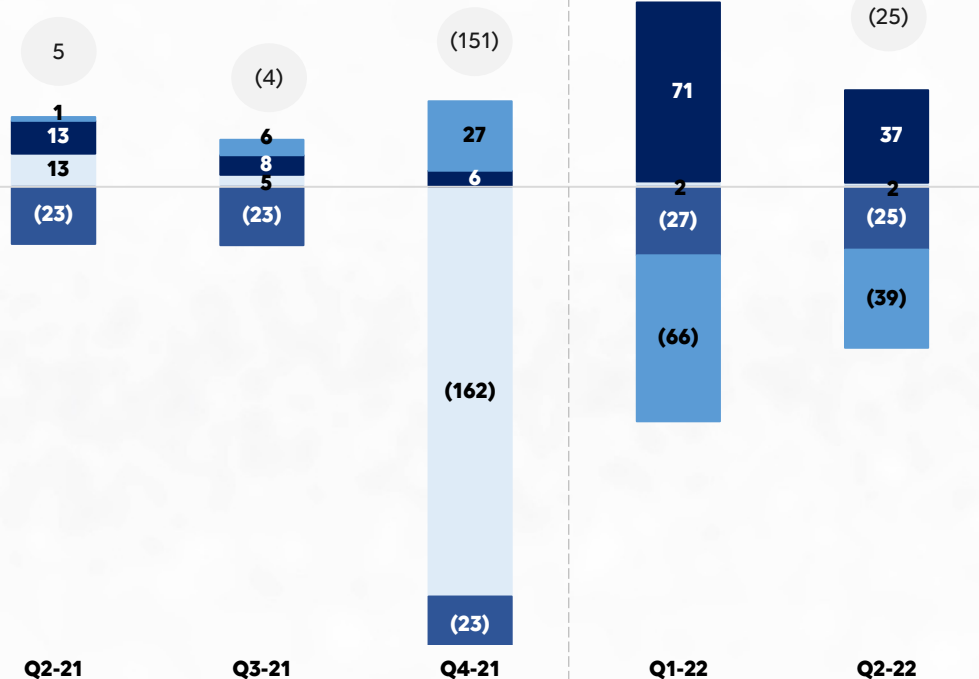
AEDmn

Other Income/(Expenses)

FV Gains/(Losses)²

Finance Costs

Associates P&L



Commentary

Q2 2022 loss of AED 25m in other income resulting from net fair value losses within the investment portfolios

- Market volatility feeding through the course of the period contributing to fair value losses across portfolios

Quarterly P&L (Q1 2021-Q2 2022)¹

AED '000

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Interest income	4,224	5,491	2,803	2,378	4,198	3,755
Interest expense	(2,338)	(2,115)	(1,288)	(1,880)	(1,656)	(1,112)
Net interest income	1,886	3,377	1,515	498	2,542	2,643
Fee and commission income	60,643	86,791	84,821	61,103	74,240	103,021
Fee and commission expense	(4,581)	(5,290)	(10,685)	(1,834)	(6,559)	(6,136)
Net fee and commission income	56,062	81,501	74,136	59,269	67,681	96,885
Advisory income	773	3,157	5,951	4,763	1,334	1,053
Trading income	1,531	1,788	1,623	1,675	1,297	1,320
Other operating income	3,254	(373)	496	5,480	1,286	255
Total operating income	63,507	89,450	83,721	71,684	74,141	102,156
Staff costs	(38,557)	(39,818)	(60,964)	(31,967)	(31,755)	(30,872)
Employee carried interest	(5,126)	(225)	(6,859)	(1,034)	(1,146)	(1,387)
General and administrative expenses	(18,388)	(19,995)	(17,276)	(14,624)	(23,165)	(19,134)
Depreciation and amortisation	(9,980)	(10,024)	(11,418)	(11,766)	(11,370)	(11,461)
(Provision for)/reversal of impairment losses on financial assets	(12,273)	885	(24,940)	9,268	(10,189)	8,082
Other operating expenses	(11,736)	(49,046)	323	2,213	(2,955)	(2,425)
Total operating expenses	(96,059)	(118,223)	(121,135)	(47,910)	(80,581)	(57,197)
Net operating income/ (loss)	(32,552)	(28,773)	(37,414)	23,774	(6,441)	44,959
Change in fair value gains/ (losses) from financial assets at FVTPL	(38,123)	(84,881)	29,850	5,083	1,990	182
Gain on derivative financial liability	509	928	683	664	622	621
Share of gain/ (loss) of investments in associates	1,702	2,112	(161,778)	4,716	13,096	(13,096)
Finance cost	(24,792)	(27,072)	(22,715)	(23,016)	(22,596)	(24,664)
Finance credit/ (cost) relating to unit holders	(1,120)	18,390	(3,176)	419	(1,191)	1,815
Other income & expenses	36,505	70,726	6,443	7,758	13,007	10,185
Profit/ (loss) from continuing operations	(57,872)	(48,570)	(188,108)	19,399	(1,513)	20,001
Profit/ (loss) from discontinued operations	(86,043)	(73)	152,509	18,935	40,912	8,799
Profit/ (loss) for the period	(143,915)	(48,644)	(35,599)	38,334	39,399	28,800
Non-controlling interests	(26,011)	54,261	(28,894)	(3,666)	(10,306)	(3,831)
Profit/ (loss) for the period attributable to Owners	(169,927)	5,617	(64,493)	34,669	29,094	24,970
EBITDA	(49,112)	42,786	(163,459)	50,516	22,146	52,296

Balance Sheet Summary (2021-2022)

AED '000

	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021	31-Mar 2021
Assets						
Cash and deposits with banks	252,983	348,586	460,648	391,614	321,200	353,566
Receivables and other debit balances	201,808	229,195	351,041	249,404	251,400	244,691
Loans, advances and finance leases	373,053	383,531	236,266	283,827	284,600	327,044
Investment Property	236,660	-	-	-	-	-
Financial assets at fair value	724,940	764,559	3,113,590	2,814,614	2,731,300	2,567,804
Investments in associates	26,087	142,739	354,036	412,149	407,400	402,642
Property and equipment	20,604	35,624	34,362	43,149	47,400	48,338
Goodwill and other intangible assets	1,022,124	1,095,589	1,212,014	1,214,157	1,235,800	1,242,414
Assets of disposal groups classified as held for sale	2,098,555	2,234,137	5,929	733,092	754,100	982,124
Total Assets	4,956,814	5,233,959	5,767,886	6,142,006	6,033,200	6,168,623
Liabilities						
Borrowings	1,490,763	1,474,920	1,985,419	2,101,310	2,099,700	2,323,399
Payables and other credit balances	555,894	652,497	802,092	586,744	536,700	547,928
Other financial liabilities	141,809	130,077	148,267	156,674	150,100	147,646
Payables to unit holders	28,430	27,310	986,046	761,629	719,100	605,999
Liabilities of disposal groups classified as held for sale	1,178,190	1,209,589	0	488,741	502,600	546,501
Total Liabilities	3,395,086	3,494,392	3,921,823	4,095,098	4,008,200	4,171,474
Equity						
Share capital	2,535,720	2,535,721	2,535,720	2,535,721	2,535,700	2,535,720
Share premium	52,579	52,579	52,579	47,207	52,600	52,579
Statutory reserve	49,631	49,630	49,631	52,579	47,200	47,207
Other reserves	(1,451,223)	(1,430,842)	(1,424,452)	(1,401,291)	(1,387,400)	(1,442,610)
Retained earnings	60,899	235,521	240,479	330,906	280,500	317,525
Equity attributable to Owners	1,247,606	1,442,609	1,453,958	1,565,122	1,528,600	1,510,422
Non controlling interest	314,122	296,959	392,105	481,786	496,400	486,727
Total equity	1,561,728	1,739,567	1,846,063	2,046,908	2,025,000	1,997,149
Total Equity and Liabilities	4,956,814	5,233,959	5,767,886	6,142,006	6,033,200	6,168,623

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