



Earnings Presentation
Q3 2023

06 December 2023

Executive Summary

Financial Measures

- Group revenues of AED 128 million YTD 2023 significantly higher compared to AED 84 million in prior comparable period on a normalized basis due to increase in fee paying AuM and performance-based income from managed investment funds and real estate project.
- YTD 2023 operating income (excluding carry and one-off items) at AED 33 million compared to AED 4 million in prior year driven by higher fees and performance-based income from managed funds and cost optimization measures taken in prior year starting to realize in current financial results.
- The Group reported net loss of AED 590 million in Q3 2023 as part of the multi step capital optimization process with one-off non-cash impairments taken in the quarter part of this process.

Key Metrics

- Stable operating margins for the business YTD 2023 at ~26% higher than prior year mainly due to higher revenues from core business and cost reduction initiatives implemented in prior year strengthening operating margins.
- The cost-income ratio of 74% YTD 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 planned in the near term.

Capital Optimization Process

- **First phase:** Group received support of 93% of noteholders to extend maturity of existing USD 150 million bond until end of Q1 2024.
- **Next Phase:** Embarking on the next phase of the capital optimization process with a capital reduction and rights issue to increase capital subject to shareholder and regulatory approval.
- The balance sheet optimization aims to set the stage for value creation and allow the core operating business to drive Group profitability going forward.

Key Financial Highlights YTD 2023

YTD 2023 Financial Performance

| Income Statement (AED M) | YTD-23 | YTD-22 | Change vs. YTD-22 | Q3-23 | Q2-23 |
|---|----------------|----------------|----------------------|----------------|-------------|
| Net Fee and Commission Revenue | 114.6 | 218.5 | (103.8) | 29.1 | 31.0 |
| Other Revenue | 13.5 | 9.8 | 3.7 | 1.6 | 6.7 |
| Total Revenues | 128.1 | 228.3 | (100.2) | 30.7 | 37.7 |
| Operating Expenses (excl. one-off items and carry expense) | (94.8) | (224.8) | 130.0 | (29.7) | (33.4) |
| Net Operating Income (excl. one-off items and carry expense) | 33.3 | 3.5 | 29.9 | 1.0 | 4.4 |
| One-off items and Employee Carry | (118.4) | (11.7) | (106.8) | (126.9) | (1.8) |
| Net Operating Income/(Loss) | (85.1) | (8.2) | (76.9) | (126.0) | 2.6 |
| Other Income/(Expenses) | (294.1) | 204.9 | (499.0) | (296.0) | 6.7 |
| Profit/(Loss) before finance costs | (379.2) | 196.7 | (575.9) | (421.9) | 9.3 |
| Finance Cost and Other Items | (417.7) | (185.1) | (232.6) | (384.0) | (19.9) |
| Profit/(loss) from discontinued operations | - | (123.9) | 123.9 | - | - |
| Non-Controlling Interests | 227.0 | (32.1) | 259.1 | 216.0 | 16.0 |
| Net Profit/(Loss) ¹ | (570.0) | (144.4) | (425.6) | (590.0) | 5.3 |
| EBITDA ² | (507.5) | 85.6 | (593.1) | (567.6) | 28.3 |
| Key Metrics | | | | | |
| Operating Margin (%) excl. one-off items and carry expense | 26% | 2% | 24% | 3% | 12% |
| CIR (%) excl. one-off items and carry expense | 74% | 98% | 24% | 97% | 88% |

| Balance Sheet (AED Mn) | Q3-23 | Q4-22 | % Change vs. Q4-22 | Q2-23 | % Change vs. Q2-23 |
|---------------------------|-------|-------|-----------------------|-------|-----------------------|
| Total Assets | 2,232 | 3,476 | (36%) | 3,134 | (29%) |
| Total Debt | 1,329 | 1,594 | 17% | 1,346 | 1% |
| Total Equity | 705 | 1,520 | (54%) | 1,533 | (54%) |
| Key Metrics | | | | | |
| Debt to Equity | 1.89x | 1.05x | (84%) | 0.88x | (101%) |
| Return on Equity - Parent | NMF | 2% | - | 3% | - |

Commentary

Net Operating Income of AED 33 million YTD 2023 mainly driven by fees generated via managed funds.

- YTD 2023 net loss of AED 570 million due to one-off non-cash impairments taken in Q3 2023 related to legacy assets and goodwill.
- YTD 2023 revenues AED 44 million higher than prior year on a normalized basis post deconsolidation of revenues from sale of a non-core asset and Astrea contract run-off.
- Cost to income ratio at 74% YTD 2023 lower than 2022 due to cost efficiencies achieved as a result of the strategic review process undertaken across the Group in 2022.
- Write-offs in Q3 2023 mainly relate to goodwill impairments associated with the Real Estate segment.

Capital optimization plan to strengthen balance sheet underway in Q3 2023

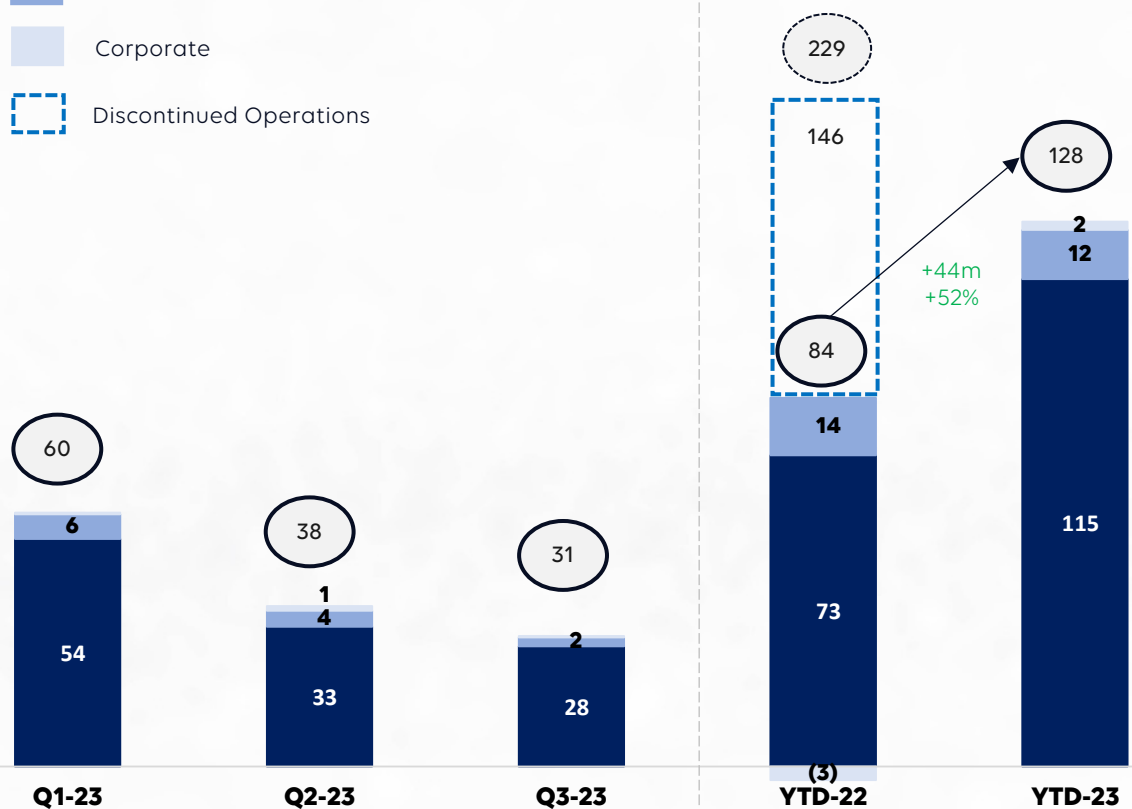
- Total assets and equity lower than prior year due to capital optimization process to de-gear the balance sheet and provide a strong foundation for value creation.

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

Revenue Breakdown

Year-over-Year Revenues

AEDm



Commentary

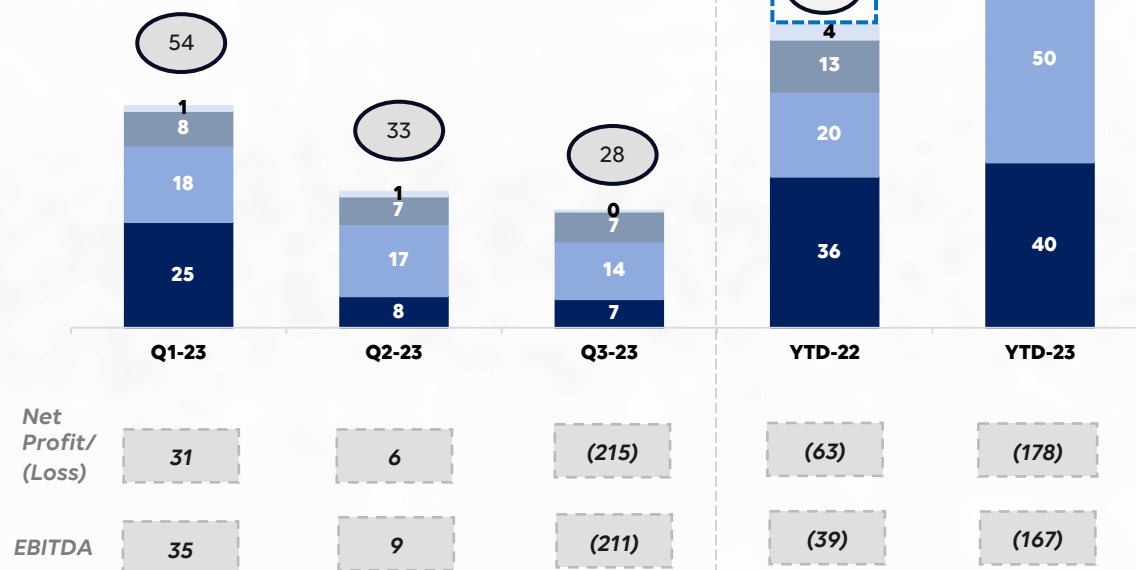
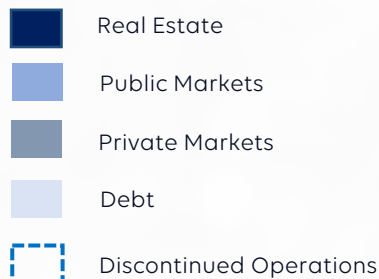
Revenues in YTD 2023 AED 44 million higher than prior year on a normalized basis post deconsolidation of AED 146 million of revenues from sale of a non-core asset and Astrea contract run-off. Higher revenues in 2023 is mainly driven by fund management and performance fees from increase in AuM.

- Asset management revenues significantly higher than prior year on a normalized basis driven by fund management and performance fees as a result of increase in AUM and strong performance of managed funds.
- Investment banking revenues lower YTD 2023 mainly due to lower advisory fees from lack of transactions closing in the year partially offset by sales & trading income.
- Sale of a non-core asset and successful completion of SHUAA subsidiary Astrea's portfolio management mandate in London contributed AED 146 million of revenues in 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 41 million of revenues normalized from prior year due to completion of Astrea's portfolio management mandate.

Real Estate:

- Recurring fund management fees from the RE project and performance fees realized in Q1 2023, offsetting lower revenues from KSA and UK.
- Deconsolidation of AED 41 million of revenues from prior year due to completion of SHUAA subsidiary Astrea's portfolio management mandate in London.

Public Markets:

- Increase in AUM due to launch of new funds indicating strong fundraising activity in the ICC Fund vehicle driving up management fees.
- Performance fees realized YTD 2023 through Goldilocks and ICC Fund vehicles contributing to higher revenues compared to prior year.

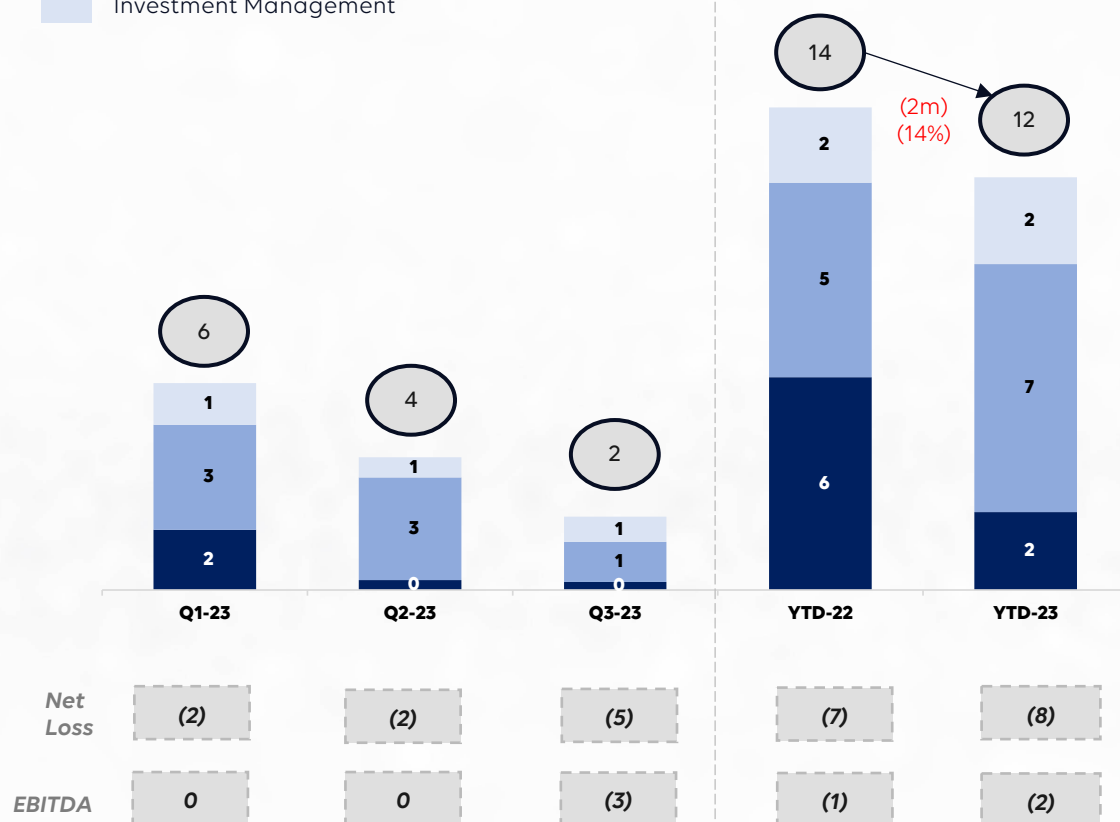
Private Markets:

- Higher valuation of managed assets driving up management fees.

Investment Banking Segment Performance

Investment Banking Revenues

AEDm



Commentary

Investment banking revenues lower by AED 2 million YTD 2023 compared to prior year primarily due to lower advisory income partially offset by sales and trading income through robust trading volumes traded through the SHUAA fixed income platform

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 2023 and expect to recognize fee backlog in the first half of 2024.

Markets:

- Fixed Income trading volumes remained robust with revenues reported YTD 2023 already on par with full year 2022.
- Q3 2023 revenues lower compared to previous quarters due to seasonality with lower volumes traded during the summer months.

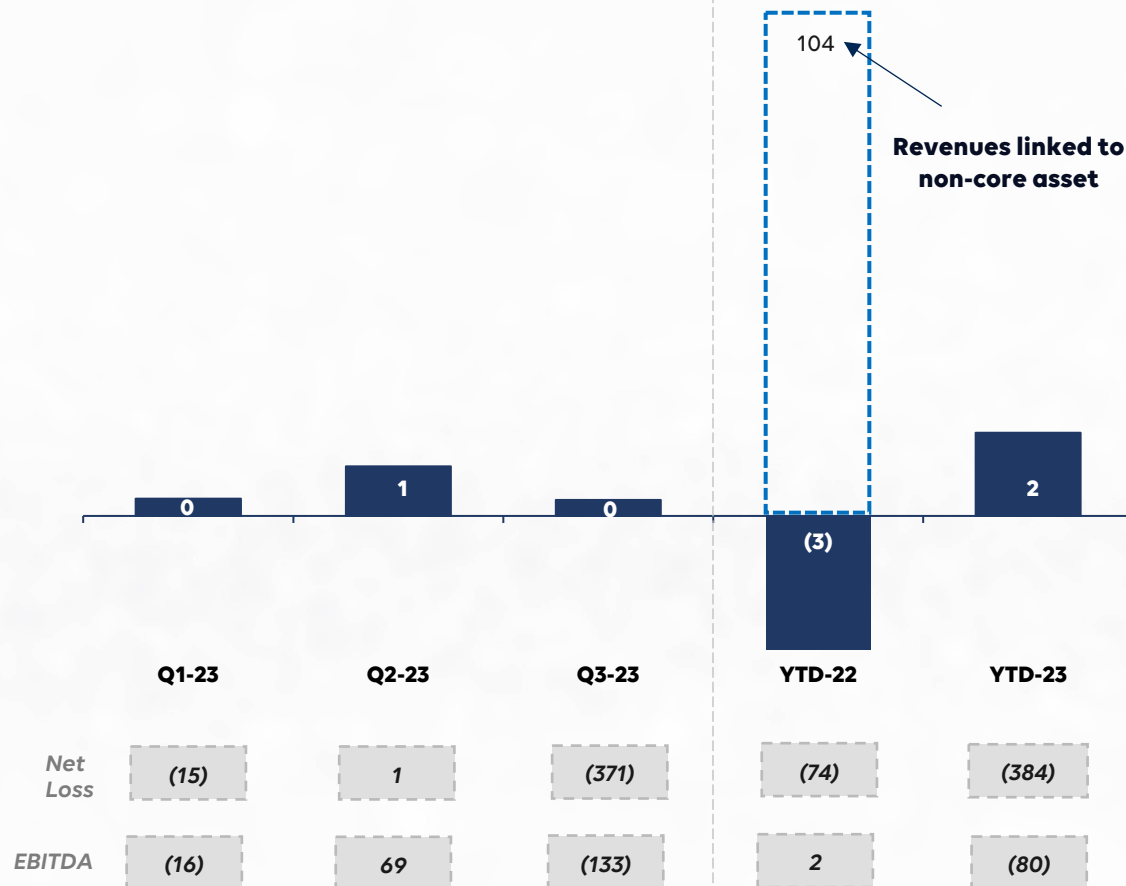
Investment Management:

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

Corporate Segment Performance

Corporate Revenues

AEDm



Commentary

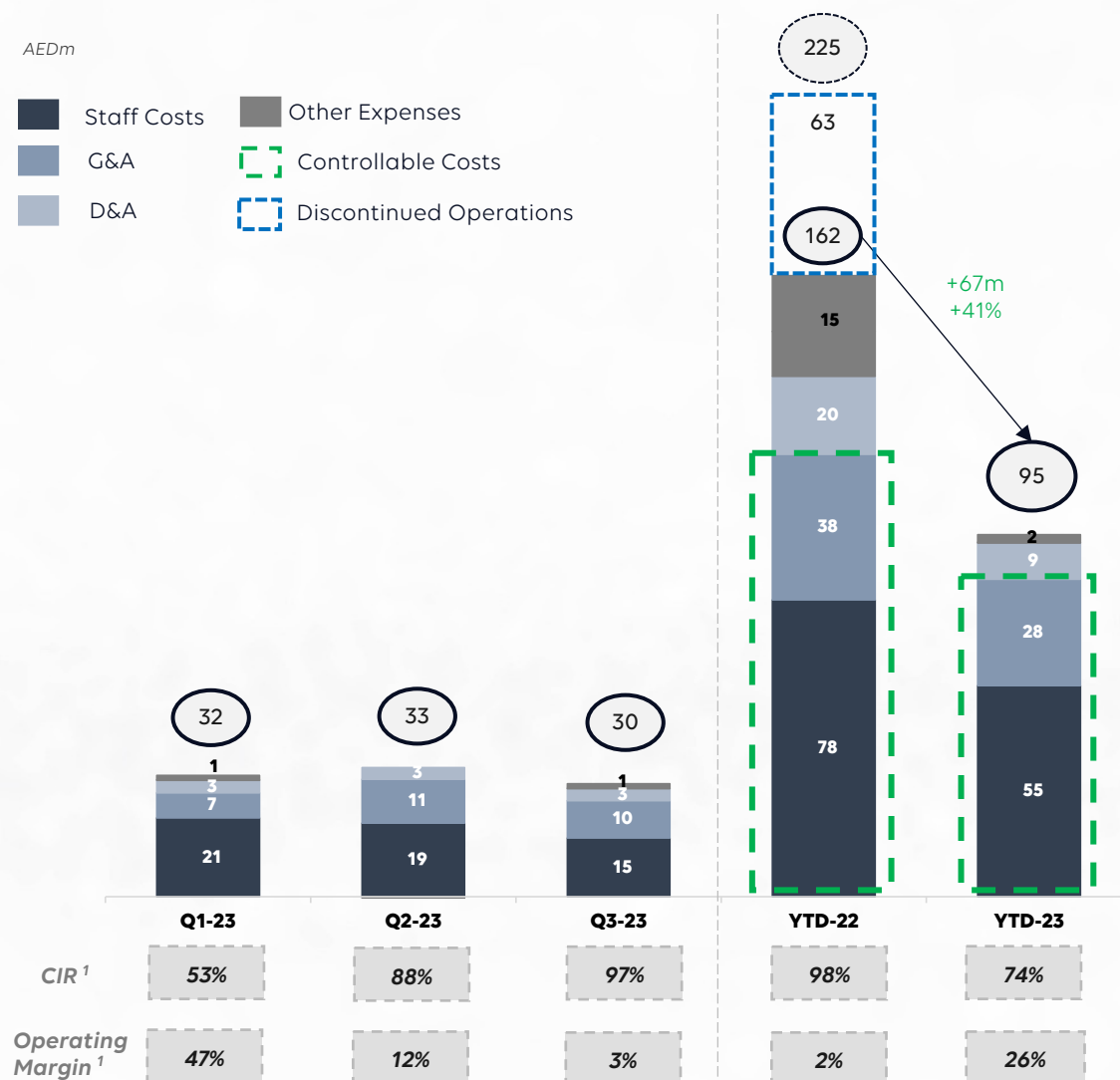
Corporate revenues will make up a smaller portion of overall revenues in 2023 and beyond mainly as a result of the Group's strategic initiative to divest from non-core assets

- Corporate revenues recognized in YTD 2023 mainly non-recurring in nature.
- Deconsolidation of AED 104 million of revenues linked to the sale of a non-core asset.
- One-off non-cash charges taken in Q3 2023 associated with legacy assets and goodwill driving up net loss of AED 384 million for the Corporate segment.

Operating Expense Breakdown

Year-over-Year Expenses ¹

AEDm



Commentary

Firm cost discipline maintained across the Group in YTD 2023 with continued decline in operating expenses due to cost optimization initiatives undertaken in 2022. Deconsolidation of AED 63m in opex due to 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 74% YTD 2023 lower than prior year but slightly higher than management's medium-term guidance of 65%.
- AED 63 million of Opex from YTD 2022 normalized due to sale of a non-core asset and completion of SHUAA subsidiary Astrea's portfolio management mandate in London.



Appendix

Quarterly P&L

AED '000

| | YTD 2023 | Q3 2023 | Q2 2023 | Q1 2023 | YTD 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|--|------------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|-----------------|
| Revenue | 128,148 | 30,692 | 37,737 | 59,719 | 228,581 | 70,662 | 66,555 | 91,364 |
| Other income/ (expense) | (14,579) | (59,999) | 52,103 | (6,683) | (38,097) | (186,397) | 36,505 | 111,795 |
| Net foreign exchange gain/ (loss) | (359) | 7,303 | (4,556) | (3,107) | 38,571 | 15,607 | 16,085 | 6,879 |
| Change in fair value gains/ (losses) from financial assets at FVTPL | (257,836) | (220,553) | (50,502) | 13,218 | (121,458) | 1,545 | (38,123) | (84,881) |
| Share of net profit / (loss) of investments in associates | (21,164) | (22,653) | 9,689 | (8,201) | 326,693 | 322,880 | 1,702 | 2,112 |
| Gain/ (loss) on derivative financial liability | (207) | (84) | (52) | (71) | 1,794 | 357 | 509 | 928 |
| Interest income | 0 | 0 | 0 | 0 | 7,719 | (1,996) | 4,224 | 5,491 |
| Interest expense | 0 | 0 | 0 | 0 | (10,350) | (5,897) | (2,338) | (2,115) |
| Total income | (165,998) | (265,294) | 44,420 | 54,876 | 433,454 | 216,761 | 85,119 | 131,574 |
| Staff costs | (41,842) | (15,355) | (19,210) | (7,277) | (113,320) | (34,944) | (38,557) | (39,818) |
| Employee carried interest | (8,203) | (3,336) | (1,784) | (3,082) | (5,351) | 0 | (5,126) | (225) |
| Fee and commission expense | (1,965) | (1,152) | 337 | (1,150) | (12,994) | (2,770) | (4,934) | (5,290) |
| General and administrative expenses | (27,750) | (9,757) | (11,472) | (6,522) | (59,582) | (18,254) | (19,627) | (21,701) |
| Depreciation and amortisation | (9,480) | (3,106) | (3,102) | (3,272) | (27,529) | (7,525) | (9,980) | (10,024) |
| Provision for impairment losses on financial assets | (124,011) | (123,940) | 72 | (144) | (17,986) | (6,599) | (12,273) | 885 |
| Total expenses | (213,251) | (156,645) | (35,159) | (21,447) | (236,762) | (70,092) | (90,497) | (76,174) |
| Profit/ (loss) before impairment of intangibles and finance costs | (379,249) | (421,939) | 9,261 | 33,429 | 196,692 | 146,669 | (5,378) | 55,401 |
| Finance cost | (52,955) | (19,291) | (19,909) | (13,755) | (78,604) | (26,739) | (24,792) | (27,072) |
| Finance credit relating to unit holders | 0 | 0 | 0 | 0 | 16,410 | (860) | (1,120) | 18,390 |
| Impairment of intangibles and other items | (364,752) | (364,743) | 0 | (9) | (122,912) | (1,042) | (26,582) | (95,289) |
| Profit/ (loss) from continuing operations | (796,956) | (805,973) | (10,648) | 19,665 | 11,586 | 118,028 | (57,872) | (48,570) |
| (Loss)/profit from discontinued operations | 0 | 0 | 0 | 0 | (123,864) | (37,747) | (86,043) | (73) |
| Profit/ (loss) for the period | (796,956) | (805,973) | (10,648) | 19,665 | (112,279) | 80,280 | (143,915) | (48,644) |
| Non-controlling interests | 226,996 | 215,979 | 15,969 | (4,952) | (32,088) | (60,337) | (26,011) | 54,261 |
| Profit/ (loss) for the period attributable to Owners | (569,960) | (589,994) | 5,321 | 14,713 | (144,366) | 19,944 | (169,927) | 5,617 |

Balance Sheet Summary

AED '000

| 30-Sep 2023 | 30-Jun 2023 | 31-Mar 2023 | 31-Dec 2022 | 30-Sep 2022 | 30-Jun 2022 | 31-Mar 2022 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|

Assets

| | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash and deposits with banks | 107,545 | 103,120 | 98,275 | 64,151 | 107,907 | 252,983 | 348,586 |
| Receivables and other debit balances | 239,808 | 309,732 | 437,398 | 407,061 | 397,757 | 201,808 | 234,801 |
| Loans, advances and finance leases | 230,464 | 340,372 | 388,118 | 274,503 | 470,329 | 373,053 | 383,531 |
| Financial assets at fair value | 419,389 | 643,336 | 687,624 | 668,602 | 674,474 | 724,940 | 764,559 |
| Investments in associates | 659,998 | 743,708 | 871,623 | 947,599 | 952,165 | 26,087 | 142,739 |
| Investment Property | - | - | - | - | 236,660 | 236,660 | - |
| Property and equipment | 21,299 | 20,297 | 21,168 | 25,693 | 5,660 | 20,604 | 35,624 |
| Goodwill and other intangible assets | 540,062 | 923,426 | 910,728 | 902,234 | 870,356 | 1,022,124 | 1,095,589 |
| Assets of disposal groups classified as held for sale | 13,127 | 50,488 | 50,488 | 186,130 | 50,488 | 2,098,555 | 2,234,137 |
| Total Assets | 2,231,693 | 3,134,479 | 3,465,422 | 3,475,973 | 3,765,796 | 4,956,814 | 5,239,566 |

Liabilities

| | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Borrowings | 969,774 | 963,652 | 1,259,870 | 1,206,206 | 1,497,008 | 1,490,763 | 1,474,920 |
| Payables and other credit balances | 385,254 | 451,799 | 469,014 | 488,469 | 505,744 | 555,894 | 658,105 |
| Other financial liabilities | 142,600 | 156,925 | 162,437 | 163,808 | 167,528 | 141,809 | 130,077 |
| Payables to unit holders | 29,290 | 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 | 1,526,918 | 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 | 2,535,720 |
| Share premium | 52,579 | 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 | 49,631 |
| Other reserves | (1,466,199) | (1,455,744) | (1,464,024) | (1,467,476) | (1,486,227) | (1,451,223) | (1,430,841) |
| Retained earnings | (491,942) | 88,986 | 87,804 | 76,579 | 67,416 | 60,899 | 235,521 |
| Equity attributable to Owners | 679,787 | 1,271,172 | 1,261,710 | 1,247,033 | 1,219,119 | 1,247,605 | 1,442,610 |
| Non controlling interest | 24,988 | 261,641 | 283,101 | 273,148 | 347,107 | 314,122 | 263,957 |
| Total equity | 704,775 | 1,532,813 | 1,544,811 | 1,520,181 | 1,566,226 | 1,561,727 | 1,706,567 |
| Total Equity and Liabilities | 2,231,693 | 3,134,479 | 3,465,422 | 3,475,973 | 3,765,796 | 4,956,814 | 5,239,566 |

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