



Earnings Presentation
FY 2023

28 May 2024

Executive Summary

Financial Measures

- In 2023, the Group achieved substantial growth, with **revenues reaching AED 161 million**, a significant increase from the AED 123 million compared to the previous year on a normalized basis driven by **growth in Asset Management business via recurring management fees and performance-based income**.
- **FY 2023 adjusted operating income amounted to AED 19 million**, a significant increase from AED 11 million in prior year, **driven by higher fees and performance-based income from managed funds and cost efficiencies** undertaken in prior year realizing in the 2023 financial results.
- **The Group reported net loss of AED 337 million in Q4 2023 and AED 907 million in FY 2023 mainly due to one-off impairments taken on legacy assets and investment in associate.**

Key Metrics

- **In FY 2023, the operating margins for the business reached 12%**, reflecting a notable increase compared to the prior year. This growth can primarily be attributed to the **increase in revenues from the asset management business and the successful implementation of cost reduction initiatives** from prior year.
- **The cost-income ratio of 88% in FY 2023 is lower than prior year mainly driven by cost optimization measures undertaken in 2022 but deviating from management's medium-term target of 65%.** Further efforts in cost optimization and revenue enhancing initiatives are planned in the near term.

Capital Optimization Process

Update on SHUAA Bond and Capital Optimization Process

- **Company** has reached an **agreement** with the **noteholders** to **amend and extend the bonds till Mar 31, 2025**.
- Deal offers **equity conversion not less than \$50 to \$75m via MCB issuance and mandatory redemption at 20c subject to equity raise** once regulatory and shareholder approval received.

Next steps are to progress with the **Capital Optimization** plan to issue 2 MCB offerings 1) to equitize the noteholders 2) to bring in new money.

Key Financial Highlights 2023

2023 Financial Performance

Income Statement (AED M)	Q4-23	Q3-23	Change vs. Q3-23	FY 2023	FY 2022
Net Fee and Commission Revenue	30.9	29.1	1.7	145.5	273.8
Other Revenue	2.4	1.6	0.8	16.0	14.7
Total Revenues	33.3	30.7	2.6	161.4	288.4
Operating Expenses (excl. one-off items)	(39.4)	(33.1)	(6.3)	(142.4)	(277.8)
Adjusted Net Operating Income¹	(6.1)	(2.4)	(3.7)	19.0	10.7
One-off items	(76.6)	(123.6)	47.0	(186.8)	(11.3)
Net Operating Income/(Loss)	(82.7)	(126.0)	43.3	(167.8)	(0.6)
Other Income/(Expenses)	(223.6)	(296.0)	72.4	(517.8)	220.9
Profit/(Loss) before finance costs	(306.3)	(421.9)	115.6	(685.6)	220.2
Finance Cost	8.8	(19.3)	28.1	(44.2)	(93.6)
Other Items	(19.3)	(364.7)	345.4	(384.1)	(125.6)
Profit/(loss) from discontinued operations	-	-	-	-	(123.9)
Non-Controlling Interests	21.1	216.0	(194.9)	248.1	(12.7)
Corporate Tax	(40.9)	-	(40.9)	(40.9)	-
Net Profit/(Loss)²	(336.7)	(590.0)	253.3	(906.6)	(135.2)

Key Metrics - Income Statement	Q4-23	Q3-23	Change vs. Q3-23	FY 2023	FY 2022
Operating Margin (%) excl. one-off items	(18%)	(8%)	(11%)	12%	4%
CIR (%) excl. one-off items	118%	108%	(11%)	88%	96%

Balance Sheet (AED Mn)	Q4-23	Q3-23	% Change vs. Q3-23	Q4-22	% Change vs. Q4-22
Total Assets	1,721	2,232	(23%)	3,476	(50%)
Total Debt	1,231	1,329	7%	1,594	23%
Total Equity	350	705	(50%)	1,520	(77%)

Key Metrics - Balance Sheet	Q4-23	Q3-23	% Change vs. Q3-23	Q4-22	% Change vs. Q4-22
Debt to Equity	3.52x	1.89x	(163%)	1.05x	(247%)
Return on Equity - Parent	NMF	NMF	-	2.2%	-

¹ Excluding one-off items

² Net Profit attributable to shareholders

Commentary

Adjusted Net Operating Income of AED 19 million in FY 2023 mainly driven by growth in Asset Management business via recurring fees and performance-based incentive fees

- FY 2023 net loss of AED 907 million due to one-off non-cash impairments taken in the 2nd half of 2023 related to legacy investments in the UK and KSA, losses incurred via associate, one-off impact of deferred tax liability.
- FY 2023 revenues AED 161 million higher than FY 2022 on a normalized basis post deconsolidation of revenues from NCM and Astrea.
- Cost to income ratio at 88% in FY 2023 lower than 2022 due to cost optimization measures undertaken in 2022.
- One-off charges taken in 2023 mainly relate to impairments associated with the Group's real estate investments in the UK, impact of losses arising from underlying investments of associate and one-off deferred tax liability impact.

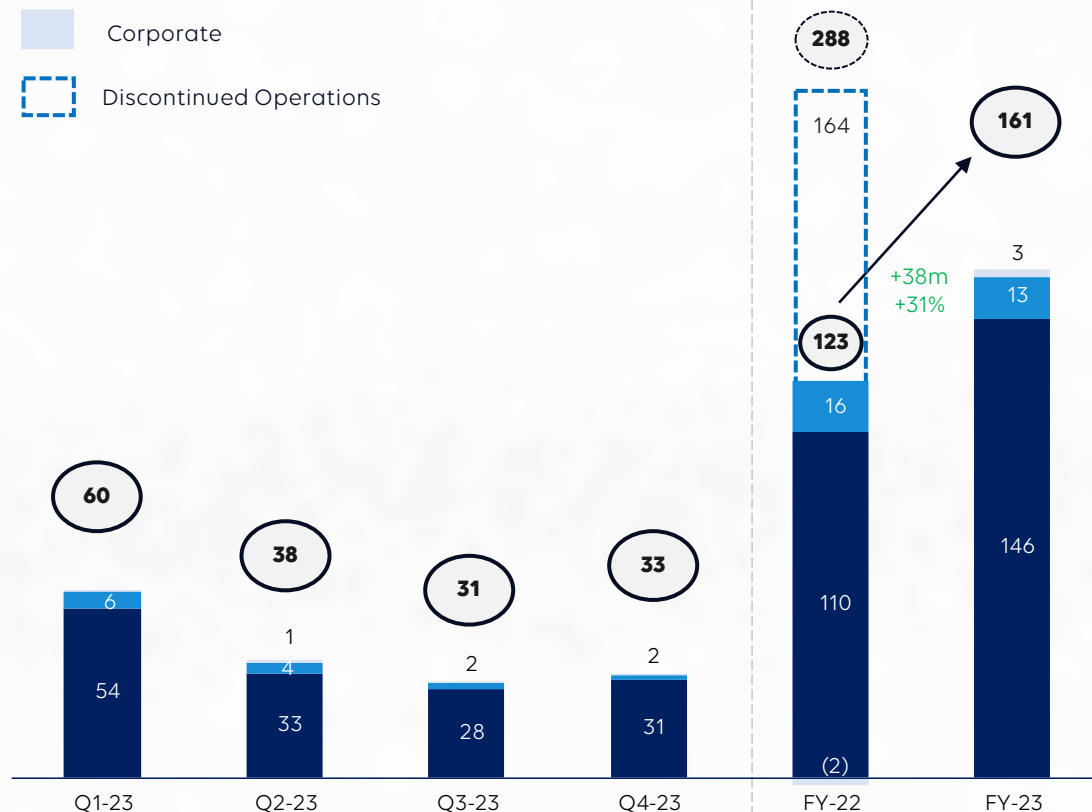
Significant erosion in asset value since Q3 2023 due to legacy investment impairments

- Asset write-offs and impairments to facilitate capital optimization plan and right-size the balance sheet.

Revenue Breakdown

Year-over-Year Revenues

AEDm



Commentary

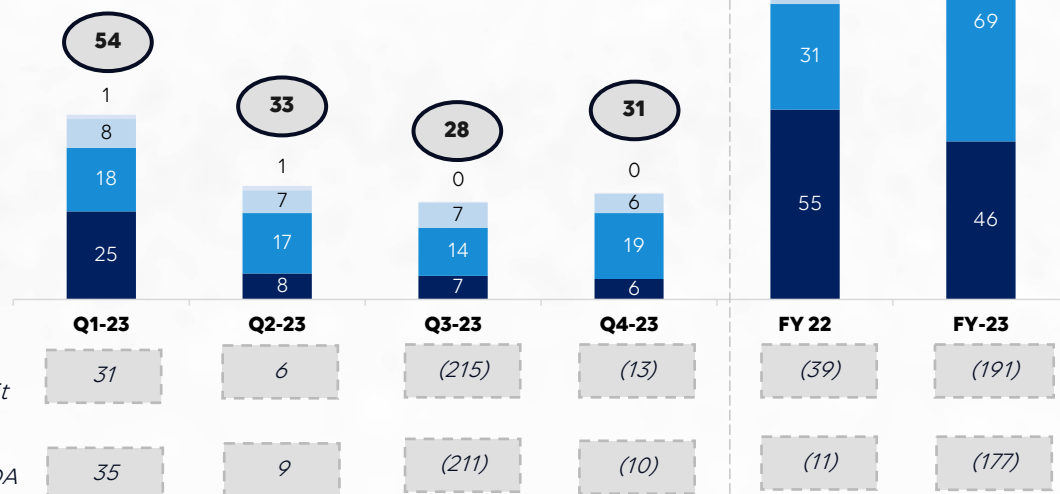
2023 Revenues AED 38 million higher than 2022 on a normalized basis on the back of strong performance of managed funds and successful exit from BBD real estate fund.

- **FY 2023** Asset management revenues significantly higher than 2022 on a normalized basis mainly driven by **AED 36m** of performance fees generated via ICC funds, Goldilocks and successful exit from BBD real estate fund.
- Investment banking revenues came in lower in 2023 mainly due to lack of mandates closing in the year partially offset by sales & trading income.
- Sale of NCM and successful completion of SHUAA subsidiary Astrea's portfolio management mandate in London contributed deconsolidation of **AED 164 million** of revenues in 2022.

Asset Management Segment Performance

Asset Management Revenues

AEDm



Commentary

Record revenues in 2023 driven by recurring management fees and outperformance of the investment funds generating performance fees.

Normalized revenues from prior year accounting for the completion of Astrea's mandate in the UK.

Real Estate:

- Recurring fund management fees from the Palm Project, JLT and performance fees realized in Q1 2023, offset by lower revenues from the UK and KSA.
- Deconsolidation of AED 59 million of revenues from prior year due to completion of Astrea's mandate.

Public Markets:

- Increase in AUM in **2023 due to launch of new funds** indicating strong fundraising activity in the ICC Fund vehicle driving up management fees by **AED 16m** compared to FY 2022.
- Performance fees realized in **2023 through ICC Fund vehicle and Goldilocks** contributing to **AED 20m** of higher revenues compared to 2022.

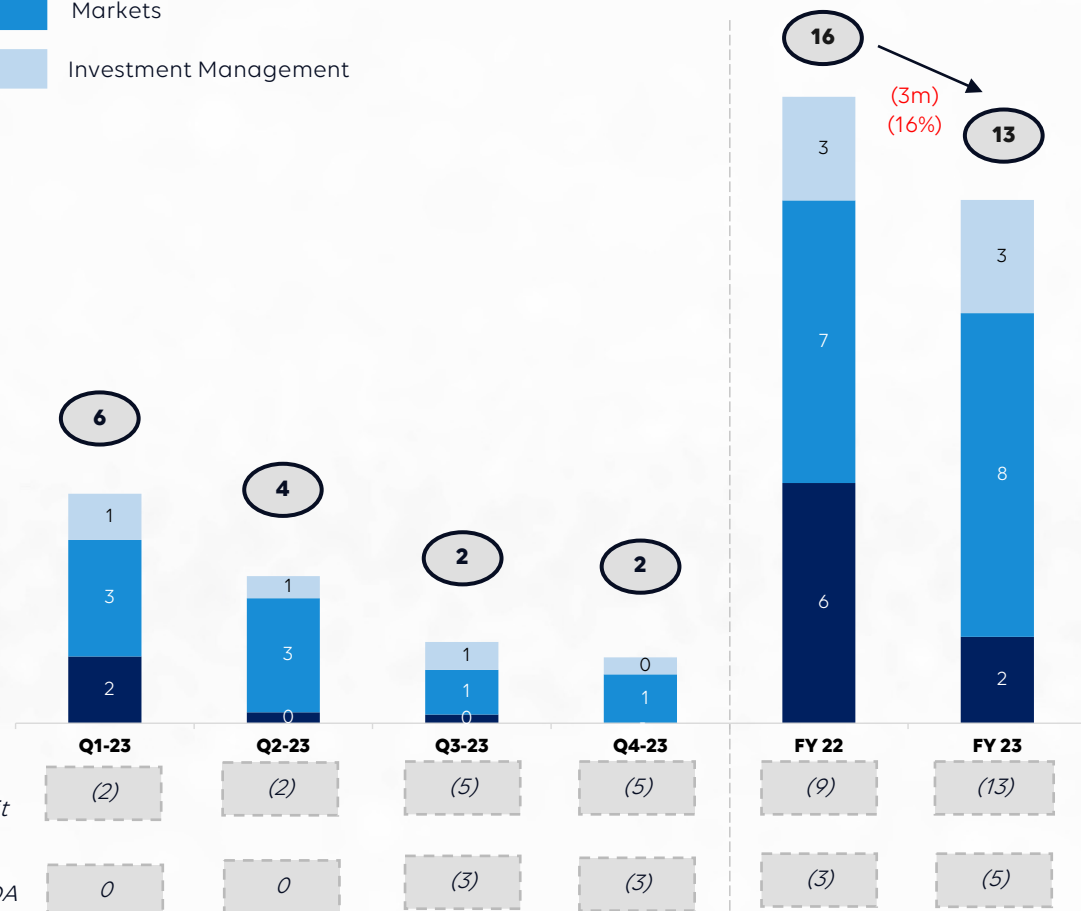
Private Markets:

- Higher valuation of the fund Thalassa driving up management fees by **AED 13m** partially offset by lower fees from other managed funds **AED 5m**.

Investment Banking Segment Performance

Investment Banking Revenues

AEDm



Commentary

Investment banking revenues declined by AED 3 million compared to prior year primarily driven by lower advisory income partially offset by sales and trading income through robust trading volumes traded through the SHUAA the fixed income desk.

Advisory:

- Lower revenues mainly resulting from lack of mandates closing in 2023.

Markets:

- Fixed Income trading volumes remained robust with traded volume growing by 6% compared to prior year driving up revenues by 14% achieving a record ~85% ROC for the desk.

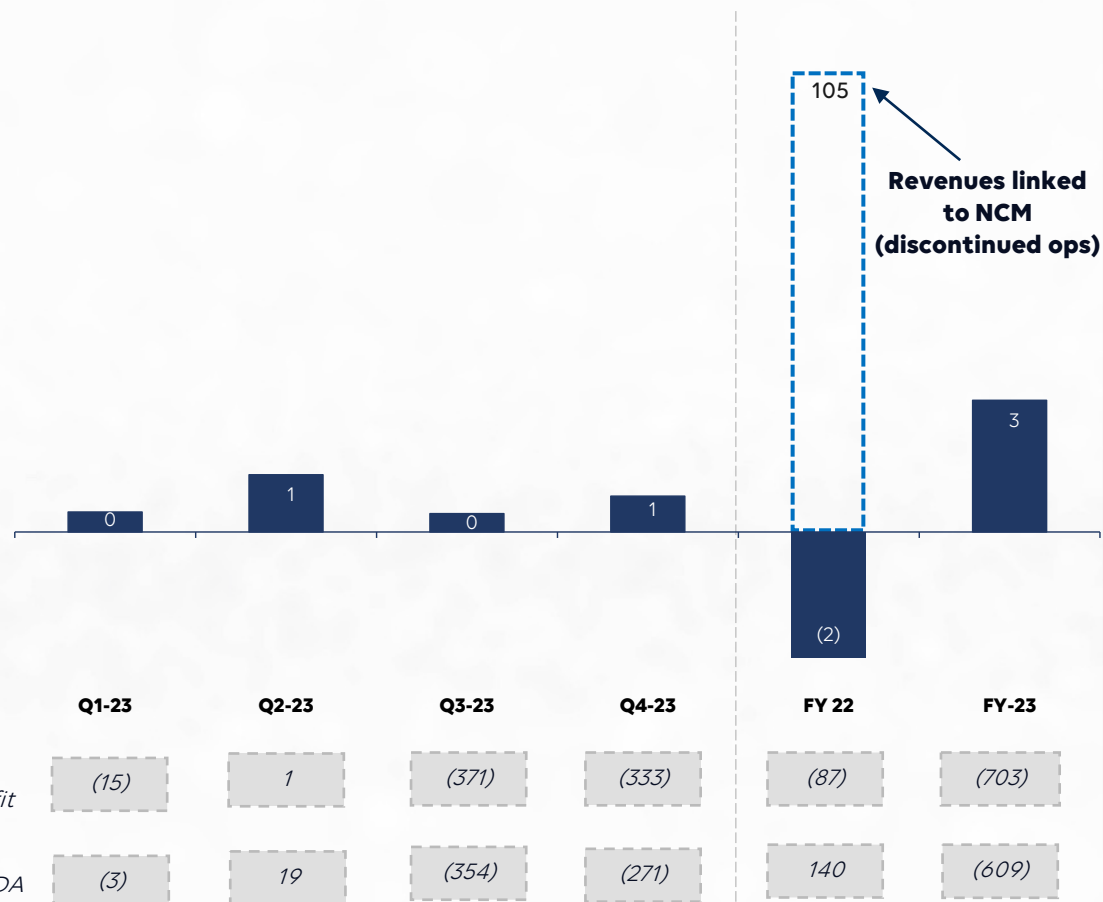
Investment Management:

- Equity business reported consistent revenues in 2023 compared to prior year with record growth in placement fees offsetting lower equity execution and custody fees.

Corporate Segment Performance

Corporate Revenues

AEDm



Commentary

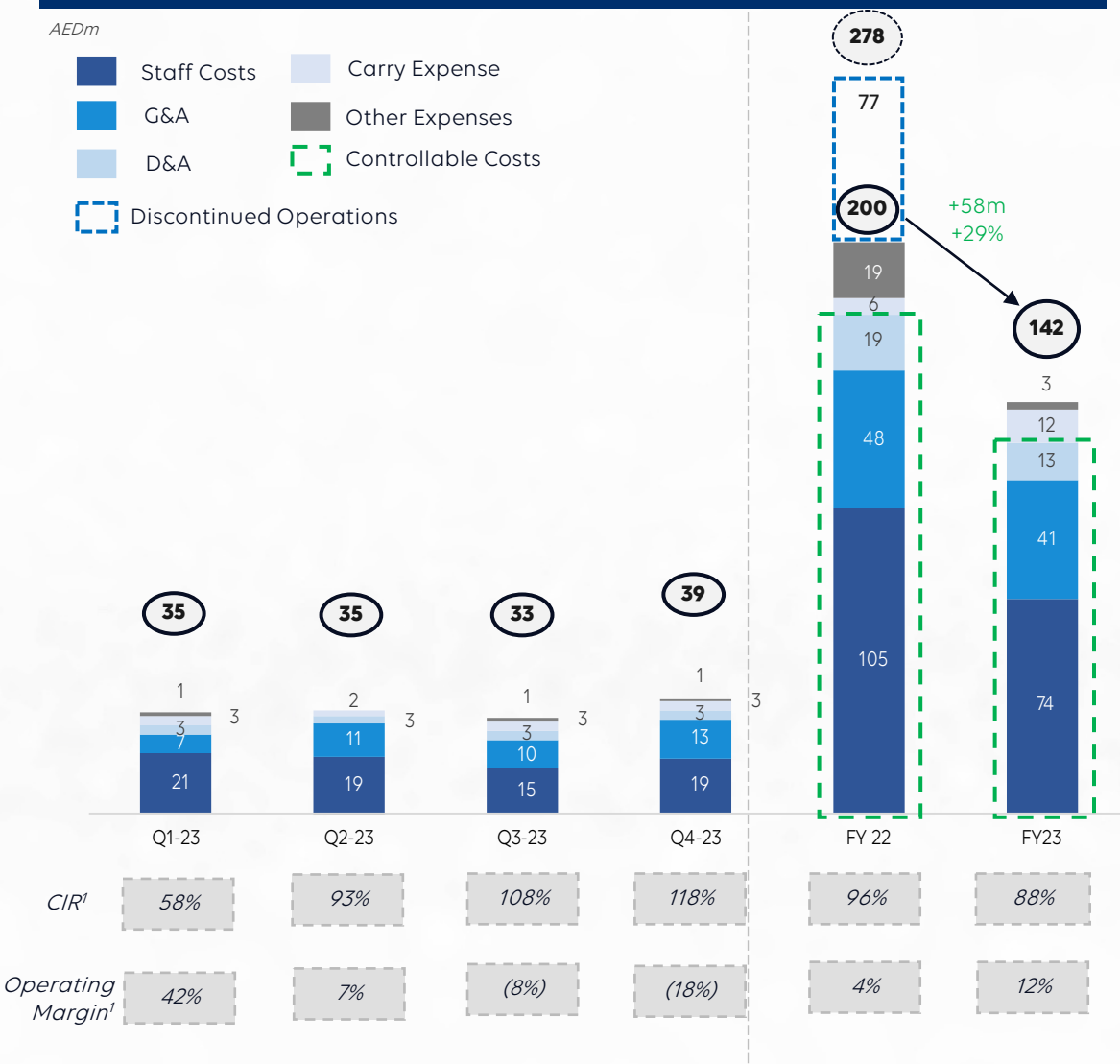
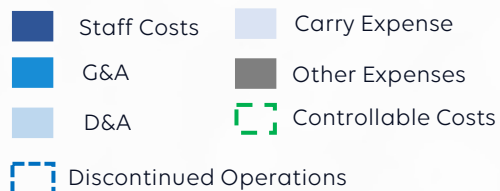
Corporate revenues will make up a smaller portion of overall revenues in 2023 and beyond mainly due to Group's strategic initiative to divest and wind down non-core legacy assets.

- Corporate revenues recognized in 2023 mainly non-recurring in nature.
- Deconsolidation of **AED 105 million** of revenues linked to sale of NCM to Goldilocks.
- As part of the organizational changes communicated recently the newly created Non-Core unit division will centralize legacy assets to exit and wind down. Currently undergoing FDD for the sale of GFC UAE with potential buyer.

Operating Expense Breakdown

Year-over-Year Expenses

AEDm



Commentary

Firm cost discipline maintained across the Group in 2023 with continued decline in operating expenses due to cost optimization initiatives undertaken in 2022.

2022 operating expenses normalized by deconsolidating NCM and Astrea.

- Controllable costs which includes staff costs and G&A **reduced significantly in 2023** on the back of cost optimization measures.
- D&A declined in 2023 compared to prior year mainly due to accelerated amortization from intangibles.
- Cost-income ratio of 88% FY 2023 lower than 2022 year but higher than management's medium-term guidance of 65%.
- AED 77 million of Opex related to NCM and Astrea deconsolidated from prior year.



Appendix

Quarterly P&L

AED '000

	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	161,418	33,270	30,692	37,737	59,719
Net foreign exchange gain/(loss)	(9,941)	(9,582)	7,303	(4,556)	(3,107)
Other income/(expense)	(41,996)	(27,199)	(60,216)	52,103	(6,683)
Change in fair value gains/(losses) from financial assets at FVTPL	(329,696)	(71,860)	(220,553)	(50,502)	13,218
Share of net profit /(loss) of investments in associates	(136,157)	(114,993)	(22,653)	9,689	(8,201)
Gain/(loss) on derivative financial liability	(207)	0	(84)	(52)	(71)
Interest income	3,598	3,598	0	0	0
Interest expense	0	0	0	0	0
Total income	(352,981)	(186,766)	(265,511)	44,420	54,876
Staff costs	(60,857)	(19,015)	(15,355)	(19,210)	(7,277)
Employee carried interest	(11,644)	(3,441)	(3,336)	(1,784)	(3,082)
Fee and commission expense	(2,501)	(536)	(1,152)	337	(1,150)
General and administrative expenses	(43,266)	(15,516)	(9,757)	(11,471)	(6,522)
Depreciation and amortisation	(12,525)	(3,045)	(3,106)	(3,102)	(3,272)
Provision for impairment losses on financial assets	(198,208)	(74,412)	(123,724)	72	(144)
Impairment of intangibles and other items	(384,072)	(19,320)	(364,743)	0	(9)
Total expenses	(713,072)	(135,286)	(521,172)	(35,158)	(21,456)
Profit/(loss) before finance costs	(1,066,053)	(322,052)	(786,683)	9,262	33,420
Finance cost	(77,083)	(24,128)	(19,291)	(19,909)	(13,755)
Finance credit relating to unit holders	29,290	29,290	0	0	0
Profit/(loss) for the period	(1,113,845)	(316,889)	(805,974)	(10,648)	19,665
Non-controlling interests	248,055	21,059	215,979	15,969	(4,952)
Profit/(loss) for the period attributable to Owners before tax	(865,790)	(295,830)	(589,995)	5,321	14,713
Corporate tax	(40,854)	(40,854)	0	0	0
Profit/(loss) for the period attributable to Owners after tax	(906,644)	(336,684)	(589,995)	5,321	14,713

Balance Sheet Summary

AED '000

	31-Dec 2023	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	33,178	107,545	103,120	98,275	64,151	107,907	252,983	348,586
Receivables and other debit balances	151,408	239,808	309,732	437,398	407,061	397,757	201,808	234,801
Loans, advances and finance leases	108,110	230,464	340,372	388,118	274,503	470,329	373,053	383,531
Financial assets at fair value	337,813	419,389	643,336	687,624	668,602	674,474	724,940	764,559
Investments in associates	529,038	659,998	743,708	871,623	947,599	952,165	26,087	142,739
Investment Property	-	-	-	-	-	236,660	236,660	-
Property and equipment	20,514	21,299	20,297	21,168	25,693	5,660	20,604	35,624
Goodwill and other intangible assets	541,438	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	1,721,499	2,231,693	3,134,479	3,465,422	3,475,973	3,765,796	4,956,814	5,239,566
Liabilities								
Borrowings	862,972	969,774	963,652	1,259,870	1,206,206	1,497,008	1,490,763	1,474,920
Payables and other credit balances	371,664	385,254	451,799	469,014	488,469	505,744	555,894	658,105
Other financial liabilities	137,156	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	1,371,792	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	2,535,720
Share premium	52,579	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	49,631
Other reserves	(1,465,138)	(1,466,199)	(1,455,744)	(1,464,024)	(1,467,476)	(1,486,227)	(1,451,223)	(1,430,841)
Retained earnings	(828,591)	(491,942)	88,986	87,804	76,579	67,416	60,899	235,521
Equity attributable to Owners	344,201	679,787	1,271,172	1,261,710	1,247,033	1,219,119	1,247,605	1,442,610
Non controlling interest	5,506	24,988	261,641	283,101	273,148	347,107	314,122	263,957
Total equity	349,707	704,775	1,532,813	1,544,811	1,520,181	1,566,226	1,561,727	1,706,567
Total Equity and Liabilities	1,721,499	2,231,693	3,134,479	3,465,422	3,475,973	3,765,796	4,956,814	5,239,566
Debt to Equity	353%	189%	88%	107%	105%	124%	123%	112%
Liabilities to Equity	392%	217%	104%	124%	129%	140%	217%	207%

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