



# **INTERNATIONAL HOLDING COMPANY PJSC**

## **Management Discussion and Analysis Report**

Fot the nine-months period ended 30 September 2022

## Agenda

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# Our Organization



## About IHC:

IHC PJSC is principally a holding company with international presence across the Middle East, Europe and the United States. IHC is driven towards continually boosting innovation, sustainability, community development and economic growth throughout the markets in which it operates, via tactical acquisitions of future-ready businesses, whilst maintaining a high level of due diligence.

## Overview:

In-sync with 'Abu Dhabi's Economic Vision 2030' and the UAE's 'Next 50' development plans, IHC is participating and contributing to a multitude of industries focused on their future readiness, creativity, resilience, and digital transformation. As of Q3 2022, IHC has 422 subsidiaries, 20 associates and 19 joint ventures in diversified businesses, including food processing and distribution, real estate, investments, new technologies, healthcare, education, leisure, entertainment, industry services, and motorcycle rentals, amongst others.

In line with the previous quarter's growth spree, IHC delivered yet another outstanding result in Q3 2022, where Group Revenue rose to AED 34.31 billion and Profit reached AED 24.27 billion – a significant rise of 87% and 236% respectively, when compared to Q3 2021.

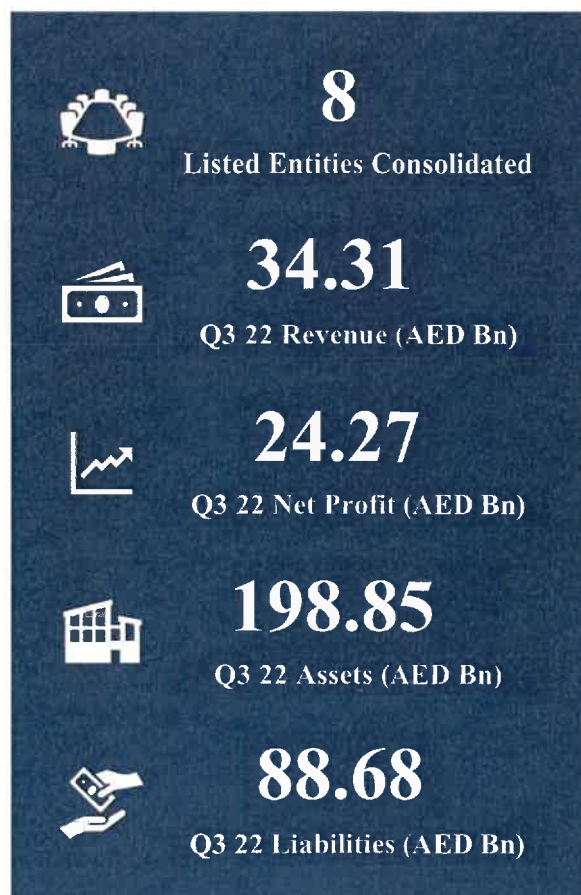
## Financial Highlights

### Key Highlights – Q3 2022 vs. Q3 2021

- **Revenue** of AED 12.39 billion increased by 48% QoQ
- **Net Profit** of AED 13.92 billion increased by 384% QoQ
- **Earnings per Share** of 3.52 compared to 1.16 QoQ

### Key Highlights – YTD 2022 vs. YTD 2021

- **Revenue** of AED 34.31 billion increased by 87%
- **EBITDA** of AED 22.65 billion increased by 191%
- **Net Profit** of AED 24.27 billion increased by 236%
- **Earnings per Share** of 5.95 compared to 2.60
- **Assets** of AED 198.85 billion increased by 123% compared to December 2021
- **Liabilities** of AED 88.68 billion increased by 169% compared to December 2021



# IHC Portfolio



Abu Dhabi headquartered International Holding Company (ADX: IHC), one of the GCC's most valuable holding companies, registered solid growth in Q3 2022. The Company, along with its subsidiaries collectively referred to as the Group, continued its robust growth strategy in the third quarter of 2022, through strategic acquisitions that are aligned with its long-term strategy to become the iconic diversified asset holding company in the region. Following is an overview of IHC's portfolio:

SN	Group Name	Business Description	Logo
1	<b>Alpha Dhabi Holding PJSC</b>	Alpha Dhabi Holding is an industry leader with a portfolio of diverse and fast-growing businesses in construction, healthcare, hospitality, industries and investments.	
2	<b>Multiply Group PJSC</b>	A tech-focused holding company with a wide international presence across five industries that include media and communications, utilities, ventures, wellness and beauty, and digital economy.	
3	<b>Ghitha Holding PJSC</b>	Ghitha Holding, rebranded from Zee Stores, is one of the top companies specializing in trading food and non-food products, including importing, re-packaging of frozen, processed, and fresh food products, household items, cosmetics, amongst other services.	
4	<b>ESG Emirates Stallions Group PrJSC</b>	Emirates Stallions Group has a diversified portfolio across investment, construction and real estate sectors spanning six industries, and across more than 20 countries.	
5	<b>Al Seer Marine Supplies &amp; Equipment PrJSC</b>	Al Seer Marine is the leading marine company in the Arabian Gulf maritime region, with a portfolio of services that caters to all needs of boat owners, managers, as well international cargo.	
6	<b>Q Holding PSC</b>	Q Holding is among the leading general investment companies engaged in real estate development, real estate project management, along with property and asset management.	
7	<b>Easy Lease Motorcycle Rental PrJSC</b>	EasyLease provides turnkey, ready-to-go leasing solutions for motorcycle fleet, catering to the needs of restaurants, delivery companies and ecommerce enterprises involved in 'last mile' delivery and technology.	
8	<b>Palms Sports PrJSC</b>	UAE-based Palms Sports PrJSC promotes niche sporting activities with a specific focus on Brazilian Jiu-Jitsu and martial arts amongst UAE nationals, and throughout primary and secondary education, the Army and the Police.	
9	<b>Companies in Private Domain/Funds</b>	IHC has investments in various private and public domain companies such as International Securities, Shory Technology and Pace Tech Group, in addition to investments in funds like SpaceX, Alpha Wave Ventures, Sinnovation and more.	

# Financial Performance for Nine Months 2022



IHC has consistently achieved sustainable, yet exponential growth since the company transformed into a holding company. IHC's strategic local and international acquisitions have continued to strengthen the conglomerate's financials ensuring minimal impact and prospering during the global volatility of the pandemic.

During the nine months period ended 30<sup>th</sup> September 2022, IHC reported Revenue of AED 34.31 billion and Profit reached AED 24.27 billion, as against Revenue of AED 18.31 billion and Profit of AED 7.23 billion in Q3 2021.

IHC's increase in Q3 2022 financial performance vis-à-vis Q3 2021 was driven by its perseverance through the current economic challenges and excellent performance by the group across all other operational assets. IHC's acquisition, consolidation-based strategy and strategic investments has built a robust growth platform which focuses on enhancing operational capabilities creating substantial value for the shareholders.

## Abridged Income Statement

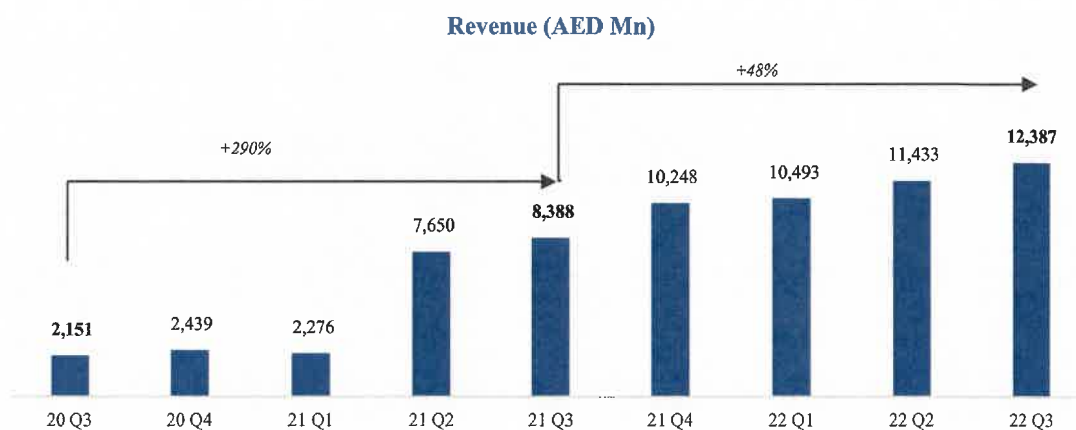
AED (in Millions)	Q3 2022	Q3 2021	Absolute Growth	Growth %
<b>Revenue</b>	<b>34,312</b>	<b>18,314</b>	<b>15,998</b>	<b>87%</b>
Cost of revenue	(25,071)	(10,776)	(14,295)	133%
<b>Gross Profit</b>	<b>9,241</b>	<b>7,538</b>	<b>1,703</b>	<b>23%</b>
SG&A	(3,849)	(1,392)	(2,457)	177%
Operational Profit	5,392	6,146	(754)	-12%
EBITDA	22,649	7,780	14,869	191%
<b>Net Profit</b>	<b>24,273</b>	<b>7,234</b>	<b>17,039</b>	<b>236%</b>
<i>GP Margin</i>	<i>27%</i>	<i>41%</i>		
<i>Operational Profit</i>	<i>16%</i>	<i>34%</i>		
<i>EBITDA margin</i>	<i>66%</i>	<i>42%</i>		
<i>Net Profit</i>	<i>71%</i>	<i>40%</i>		
<i>Earnings Per Share (EPS)</i>	<i>5.95</i>	<i>2.60</i>		

### 1. Income Statement Highlights

- Increase in Revenue and Cost of Revenue is mainly derived from the strategic acquisitions from 1 October 2021 to 30 September 2022. Acquisitions include Aldar Properties PJSC, Arena Events Limited, Yas Clinic, Abu Dhabi Stem Cells Center, Reem Investments PJSC, Abu Dhabi Vegetable Oil Company (ADVOC), Ras Al Khaimah Cement Investment PJSC (RAKCIC), Emircom LLC and Cyber Gate Defense LLC.
- Increase in Selling, General and Administration (SG&A) expenses is in line with overall expansion of the group due to acquisitions that occurred after Q3 2021.
- Increase in investment and other income is mainly due to Fair Value gains on strategic investments which are classified as fair value through profit or loss.
- Increase in share of profit from investment in associates and joint ventures is mainly due to new associates and joint ventures acquired as a result of business combinations from 1 October 2021 to 30 September 2022, in addition to the Group's right-out acquisitions and incorporations in the same period.

## 2. Revenue Growth

IHC's Revenue grew by ~87% in Q3 2022 as against Q3 2021. The corresponding growth for the Q3 2021 was 297% as against Q3 2020. Top five Revenue contributors include Alpha Dhabi Holding PJSC, Tamouh Health Care Group LLC, Ghitha Holding PJSC, Multiply Group PJSC and Q Holding PSC for the nine months period ended 30<sup>th</sup> September 2022, followed by other listed groups and companies in the private domain.



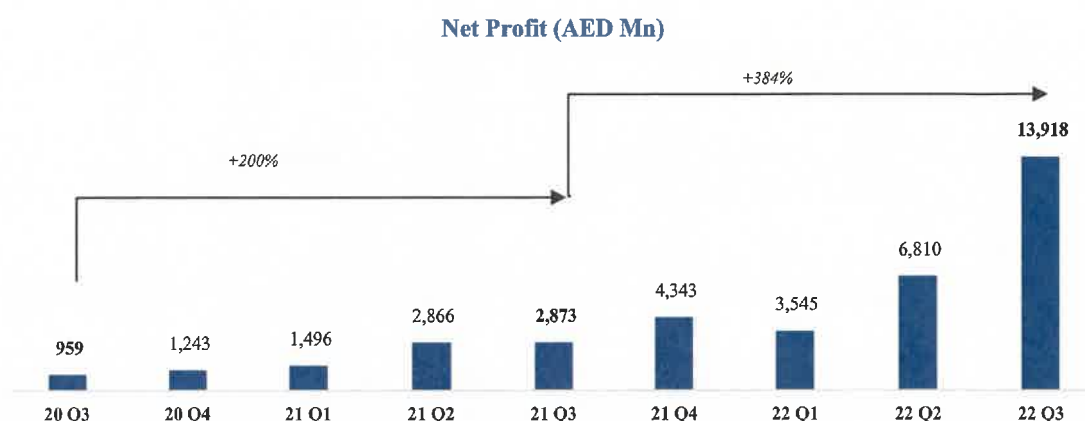
## 3. Total Cost

Cost of Revenue as a percent of Revenue was 73% in Q3 2022, as compared to 59% in Q3 2021. Further, Selling, General and Administration (SG&A) expenses were increased to AED 3.85 billion, as compared to AED 1.39 billion in Q3 2021 and their percentage to Revenue, increased to ~11% of Revenue in Q3 2022 as against ~8% in Q3 2021. The increase in cost of revenue and SG&A was mainly due to acquisitions that occurred subsequent to Q3 2021.

## 4. Profitability

The group reported an increase in Net Profit of 236% in Q3 2022 as compared to the Net Profit in Q3 2021. The Operational Profit for Q3 2022 is AED 5.39 billion. During Q3 2022, the Group recorded investment and Other Income of AED 15.01 billion which mainly includes the changes in fair value of investment through profit and loss, dividend income, interest income, and other income.

# Financial Performance for Nine Months 2022



## Abridged Statement of Financial Position

AED (in Millions)	30 <sup>th</sup> Sept 2022	31 <sup>st</sup> Dec 2021	Absolute Growth	Growth %
Non-current assets	69,914	34,848	35,066	101%
Current assets	128,934	54,132	74,802	138%
<b>Total Assets</b>	<b>198,848</b>	<b>88,980</b>	<b>109,868</b>	<b>123%</b>
Equity	110,170	56,032	54,138	97%
Non-current liabilities	40,110	8,683	31,427	362%
Current liabilities	48,568	24,265	24,303	100%
<b>Total Equity and Liabilities</b>	<b>198,848</b>	<b>88,980</b>	<b>109,868</b>	<b>123%</b>
<i>Total borrowings</i>	<i>34,728</i>	<i>8,416</i>	<i>26,312</i>	<i>313%</i>
<i>Cash and bank balances</i>	<i>31,800</i>	<i>20,247</i>	<i>11,553</i>	<i>57%</i>
<i>Current ratio</i>	<i>2.65(x)</i>	<i>2.23(x)</i>		
<i>Quick ratio</i>	<i>2.47(x)</i>	<i>2.19(x)</i>		
<i>Debt to equity ratio</i>	<i>0.36(x)</i>	<i>0.17(x)</i>		
<i>ROE %*</i>	<i>22%</i>	<i>27%</i>		

\*Annualized

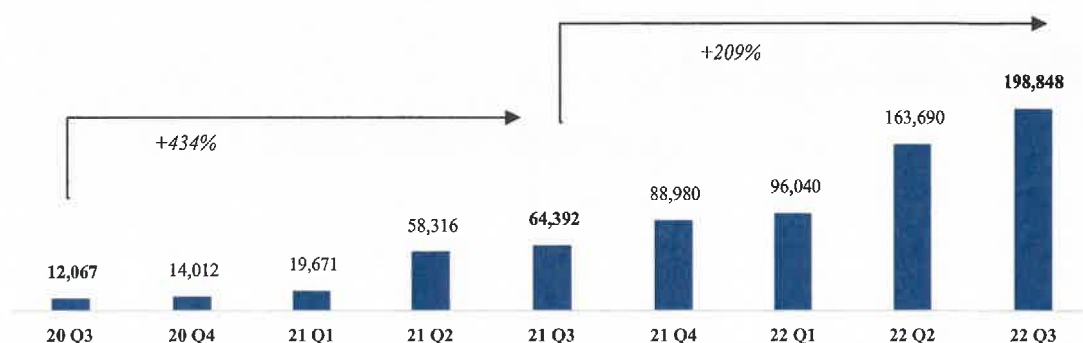
### 1. Key Highlights

- Non-current assets such as Property, Plant & Equipment, Investment Properties, Intangible Assets, and Goodwill increased mainly due to business combinations through obtaining de-facto control over Aldar and a controlling interest in Reem Investments PJSC
- Investments in Financial Assets increase was mainly derived from new Investments in Adani companies and Abu Dhabi National Energy Company (TAQA).
- Current Assets such as Trade and Other Receivables increased mainly due to business combination of which the majority was derived from Aldar.
- Cash and bank balances increased by AED 11,553 million during the period.

## 2. Total Assets

Total Assets increased by ~123% to reach AED 198.85 billion as of 30<sup>th</sup> September 2022, against AED 88.98 billion as of 31<sup>st</sup> December 2021. Non-current Assets increased by ~101% as of 30<sup>th</sup> September 2022 compared to 31<sup>st</sup> Dec 2021. This increase is mainly due to new business acquisitions during the period, acquisition of investments classified as fair value through profit or loss and acquisition of associates and joint ventures, in addition to current operational assets. Current Assets have grown by 138% as of 30<sup>th</sup> September 2022 compared to 31<sup>st</sup> December 2021. The key contributors to the Total current Assets include Alpha Dhabi, Q Holding, International Securities, Al Seer Marine and Multiply Group. Total cash and bank balances was AED 31.80 billion in Q3 2022 against AED 20.25 billion in 2021.

**Total Assets (AED Mn)**



## 3. Total Liabilities

Total Liabilities increased by 169% as of 30<sup>th</sup> September 2022 reaching AED 88.68 billion and total borrowings have increased by 313% in Q3 2022 reaching AED 34.73 billion. Out of this, short-term borrowings stood at AED 2.85 billion and long-term borrowings were AED 31.88 billion as of 30<sup>th</sup> September 2022. The increase in borrowing is in line with the business acquisitions during the period acquired by the group during the first nine months of the year and by obtaining de-facto control over Aldar.

## 4. Total Equity

Total Equity of the Group stood at AED 110.17 billion of 30<sup>th</sup> September 2022. During the period, share capital of the Group remained unchanged at AED1.82 billion. Retained earnings has increased to AED 19.86 billion in Q3 2022 as against AED 7.33 billion in December 2021.



# Highlights of the Group



## 1. Acquisitions / Investments

During Q3 2022, the Group completed the following major Acquisitions and Investments through different subsidiaries:

- **Pace Tech Group SP LLC** a subsidiary of IHC Digital Holding LLC acquired a 54% equity interest in Emircom LLC, an Abu Dhabi headquartered service provider of Information and Communications Technologies (ICT) services.
- **Pace Tech Group SP LLC** a subsidiary of IHC Digital Holding LLC acquired a 55% shareholding in Cyber Gate Defense, an Emirati establishment founded with an objective to provide cyber security services that would improve the overarching cyber security posture of the UAE.
- **Quant Lase Lab LLC** acquired a 15% stake Burjeel Holdings PLC, founded in 2007 by Dr. Shamsheer Vayalil, is one of the leading private healthcare service providers the MENA region, providing the highest standard of healthcare delivery and patient management across a network of hospitals, medical centers, pharmacies, and other services.



## Major Subsidiaries' Overview

### Alpha Dhabi Holding PJSC



Alpha Dhabi is engaged in a portfolio of diverse and fast-growing businesses across the following verticals: construction, healthcare, hospitality, industries, and investments. With a vision to become a conglomerate elevating business, it has the potential to continue to reach new heights of success. Since its listing in June 2021, the company has emerged as a market leader in the UAE.

The Group reported Revenue of AED 26,629.94 million during the first nine months of 2022 vis-à-vis AED 11,352.30 million in the first nine months of 2021. It also reported a Net Profit of AED 9,032.09 million for the period ended 30<sup>th</sup> September 2022 compared to AED 3,648.50 million during the same period in 2021.

Key strategic transactions for the Quarter are as provided below:

#### Investment

During this quarter, Alpha Dhabi completed following investment:

- Invested AED 370 million in **International Energy Holding LLC** for 20% stake in the company.

### Multiply Group PJSC



Multiply Group is an investment holding company consolidating diversified businesses across the UAE and international markets, including investments in companies such as PAL Cooling Holding, Emirates Driving Company PJSC, Omorfia Group, the US-based Firefly, Viola Communications and many more.

In March 2022, Multiply Group had been included in FADX 15 Index, cementing its position as a major listed company in the UAE in less than 4 months after its listing on ADX. In January, Multiply launched its Digital Transformation program aimed at increasing operational margins & future-proofing its subsidiary companies.

During the nine months ended 30<sup>th</sup> September 2022, Multiply Group generated a Revenue of AED 791.38 million vis-à-vis AED 170.77 million during the same period in 2021 and reported a Net Profit of AED 9,748.76 million compared to a Net Profit of AED 123.66 million during the same period in 2021.

Key strategic transactions for the quarter are as mentioned below:

#### Acquisition

During this quarter, Multiply Group completed the following acquisition:

- During the period, the Group acquired 50% shareholding in **Kalyon Enerji Yatirimlari A.S.** for as total consideration of AED 1,841 million, out of which an amount of AED 920,588 thousand was paid. The remaining consideration of AED 920,587 thousand will be paid in 2023.





## Major Subsidiaries' Overview

### Ghitha Holding PJSC



Ghitha Holding is a renowned food production, trading and distribution firm listed on ADX. The company has recently been transformed into an investment holding company which consolidates food, agriculture, and poultry related businesses across the UAE and abroad, including investments in companies like NRTC, Alliance Food, Al Ajban Poultry, among others.

The group recorded Revenue of AED 1,508.25 million for the period ended September 2022 against AED 409.34 million during the same period in 2021. The YTD Net Profit is AED 141.67 million vis-à-vis AED 34.47 million during the same period in 2021.

### ESG Emirates Stallions Group PrJSC



Emirates Stallions Group (ESG) of companies operates across core investments including construction and real estate sectors. The group has a diversified portfolio that creates a complete ecosystem and provides turn-key solutions among its divisions of development, consultancy, design, project management, construction, landscaping, hospitality management and associated services. The group comprises 5 subsidiary companies spanning 6 industries, delivering products and services across more than 20 countries in the Middle East, Africa, Asia, Europe and the Americas.

During the nine months period ended 30<sup>th</sup> September 2022, the group reported a Revenue of AED 617.07 million against AED 132.60 million for the same period in 2021 and a Net Profit of AED 102.72 million vis-à-vis AED 34.58 million for the same period in 2021.

### Al Seer Marine Supplies & Equipment Company PJSC



Al Seer Marine is the leading marine company in the Arabian Gulf maritime region, with a portfolio of services that caters to all needs of boat owners, managers, as well as international cargo. Be it superyachts or unmanned vessels, Al Seer has the expertise and creative capabilities to bring a vision to reality. The group has a reputation for successfully fulfilling the most demanding requirements, making it one of the leading entities in the world in futuristic boat manufacturing.

The group recorded Revenue of AED 785.89 million in the nine months period ended 30<sup>th</sup> September 2022 against AED 407.51 million during the same period in 2021. Based on the group's strategic acquisitions, Total Assets grew from AED 6,121.60 million as at 31 December 2021 to AED 8,561.69 million as at Q3 2022.

### Q Holding PSC



Q Holding PSC is a private stock company based in Abu Dhabi that aims to become a leading, globally recognized, and preferred investment business partner. Through the years, the group has grown significantly by focusing on sustainable development in the region and creating value by investing in fundamental growth sectors of the country.

The group recorded Revenue of AED 552.25 million in the nine months period ended 30<sup>th</sup> September 2022 against AED 372.67 million during the same period in 2021. Based on the group's strategic acquisitions, Total Assets grew from AED 12,580.55 as at 31 December 2021 million as compared to AED 18,712.39 million as at Q3 2022.

## Major Subsidiaries' Overview

### Easy Lease Motorcycle Rental PJSC



Easy Lease provides turnkey, ready-to-go leasing solutions for the delivery industry's motorcycle needs. Their fleet of well-maintained brand-new motorcycles, backed with full support services, has clients up and running with a world-class stable of riders within minutes. The group provides start-to-end comprehensive solutions for motorcycle leasing, and includes servicing, maintenance, Salik tags, insurance, recovery services amongst other needs.

The group recorded Revenue of AED 156.11 million in the nine months period ended 30<sup>th</sup> September 2022 against AED 103.00 million during the same period in 2021. The Net Profit of the group is AED 32.73 million vis-à-vis AED 24.64 million during the same period in 2021.

Key strategic transactions for the quarter are as mentioned below:

#### Acquisition

During this quarter, Easy Lease Motorcycle Rental completed the following acquisition:

- **Easy Lease Motorcycle Rental PJSC** acquired 55% equity interest in The Captain's Club. The Captain's Club operates a marine sports club and the wholesale trading of ships and boats.



### Palms Sports PJSC



Palms Sports is a UAE-based company that promotes niche sporting activities with a specific focus on Brazilian Jiu-Jitsu (BJJ) and martial arts for UAE nationals. It is the leading company providing sports training programs and rolling out state-of-the-art training in BJJ and other disciplines of combative sports, such as Muay Thai and Mixed Martial Arts, in addition to swimming. The company manages every stage of the sports education organization from program conceptualization through to final execution; creating customized programs that manages the necessary facilities, manpower, and equipment.

The company recorded a Revenue of AED 214.62 million in the nine months period ended 30<sup>th</sup> September 2022 as against AED 201.63 million during the same period in 2021. The Net Profit of the company increased to AED 81.52 million during the period 30<sup>th</sup> September 2022 from AED 51.14 million for the same period in 2021.

# Funds and Investments

## Funds and Investments

During the first nine months of the year the group has invested additional AED 141.43 million investment in Funds. Total NAV of such Funds amounted to AED 7.62 billion as of September 30, 2022.

## Outlook

IHC and its subsidiaries will continue to focus on their vision to build a robust and diversified operating asset holding company through strategic acquisitions in growth-driven industries and the creation of innovative companies that add value and bring sustainable improvements to local businesses and communities in the UAE and the international territories in which our subsidiaries operate. The key strategic pillars of the growth and success are:

- Acquisitions
- Restructuring
- Consolidation
- Diversification
- Divesting/Listing

## Subsequent Events

Subsequent to the Quarter's end, the Group has completed or is in the process of completing the following acquisitions and investments:

- **IHC Industrial Holding LLC** to acquire 55% of GC Reach Holdco Ltd., a market leader in employee recruitment and outsourcing services with a diverse client base across sectors.
- **Pace Tech Group SP LLC** a subsidiary of IHC Digital Holding LLC to invest in Bayanat AI PLC as a cornerstone investor for 15% stake. Bayanat AI PLC is the region's leading high-growth AI-powered geospatial intelligence businesses
- **Burjeel Holding PLC**, an associate of **QuantLase Lab LLC**, to be listed in the first half of Q4 2022.
- **Quant Lase Lab LLC** acquired 60% of CMC Holding SP LLC, the holding company for Canadian Medical Center, a rehabilitation center started in 2006 and is now providing a diverse range of medical services across UAE, Abu Dhabi, Dubai, Sharjah, through multiple multi-specialty clinics.
- **IHC Capital Holding LLC** is in the process of indirectly acquiring 49.99% of shareholding in Lulo Bank S.A. in Colombia.



## Outlook and Subsequent Events



- **QuantLase Lab LLC** acquired 60% stake in Atlas Medical LLC a company involved in the trading and maintenance of medical devices and laboratory equipment primarily within the UAE.
- **Aldar Properties PJSC** to acquire 100% stake in SAGA International Owners Association Management Services LLC and SAGA OA DMCC – 100% equity interest
- **Alpha Dhabi Holding PJSC**, a subsidiary, announced that certain entities including their subsidiaries (if any) will be merged into the Group to expand the Group's medical business. Legal procedures and requirements are under finalization stage. These subsidiaries include:
  1. Abu Dhabi Health Services Company PJSC (SEHA)
  2. National Health Insurance Company PJSC (Daman)
  3. The Life Corner LLC
- Furthermore, subsequent to period end, the Company entered into an agreement with **Infinity Wave Holding LLC** to acquire additional ownership interest in the below subsidiaries, with the consideration being in the form of newly issued shares. The transaction is subject to the approval of the Securities and Commodities Authority (SCA) and the Shareholders in the General Assembly Meeting.
  1. Alpha Dhabi Holding PJSC;
  2. Al Seer Marine Supplies & Equipment Company PJSC; and
  3. Multiply Group PJSC.



-----End of the report-----

**Syed Basar Shueb**

CEO/Managing Director

