

INVESTCORP

FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2021

Fiscal Year 2021 – Message to shareholders

The Board of Directors of Investcorp is pleased to submit the consolidated audited financial statements for Investcorp's 38th fiscal year ended June 30, 2021.

Dear Shareholders,

We would like to extend our deepest gratitude for your ongoing support through what has been a year defined and shaped by successive waves of COVID-19 across the globe. The crisis has reinforced the strength of our global platform and enabled us to demonstrate the resilience of Investcorp. We are making good progress in growing the business and diversifying our investor, product and geographic base, which has not only helped us weather the pandemic but emerge from it in a robust position, well placed for future long-term growth.

The year ended June 30, 2021 has seen continued positive progress towards the execution of our long-term strategic plan. Whilst the last year has been tumultuous and unpredictable at times, we have once again exhibited the strength of our business model and the resiliency of our diversified offering. Of course, we closely follow and monitor such market volatility but also see opportunity and a chance to recalibrate our operational ambitions. As we look back on the year, it is remarkable to see what we have accomplished.

We believe our robust financial results for FY21 are a direct reflection of the flexibility embedded within our long-term growth strategy. Our ability to navigate crisis and remain nimble is entrenched in our history and further evidenced by the strong performance shown throughout the past year. As we continue our journey of geographical and business line diversification, we are confident in our ability to maintain an upward trajectory and remain focused on our steadfast dedication to helping our clients.

Financial performance – a resurgent year

Through the combination of the successful globalisation of our distribution platform, robust capital and liquidity positions and our market-leading investment teams, our full fiscal year 2021 results are marked by solid performance across all business lines and strong fundraising levels across asset classes.

Continuous diversification across geographies and clients translated into a broad-based increase in AUM to a record US\$37.6 billion, an increase of 17% from US\$32.2 billion in June 2020.

We achieved substantial levels of investment activity for FY21 equal to US\$3.3 billion, whilst placement and fundraising levels totalled US\$4.3 billion and distributions of US\$3.0 billion remained strong. Total shareholders' equity (excluding non-controlling interests) for FY21 was US\$1,270 million, a 46% increase compared to US\$867 million as of June 30, 2020. Total assets at the end of FY21 were US\$2.4 billion, compared with US\$2.1 billion last year, representing a 13% increase. The FY21 recommendation for distribution of preferred and ordinary dividends is US\$44 million, with the proposed ordinary dividend being US\$0.30 per share versus US\$0.10 per share for FY20.

The buoyancy of our business lines has resulted in a net profit attributable to equity holders of the parent of US\$124 million for FY21 compared to a net loss of US\$165 million in FY20, owing to the challenging environment and associated effects from the early stages of COVID-19. Diluted earnings per share for FY21 were US\$1.34 per share compared to a loss per share of US\$2.57 in FY20.

As the market environment and outlook improved over the course of the year, so did fee income which increased by 24% in FY21 to US\$356 million. Furthermore, deal fees increased by 39% to US\$139 million driven by strong levels of transactional and fundraising activity. The continued recovery in asset values, driven by improved operating results of underlying portfolio companies as well as healthy financial markets, resulted in asset-based income of US\$107 million compared to a loss of US\$110 million in FY20.

Diversification at the heart of our growth

Despite the multi-faceted nature of the challenges that we have had to navigate throughout the past 12 months, we have nevertheless remained relentlessly committed to maintaining our diversification and growth strategies. We have continued to make significant progress on several key strategic initiatives.

Firstly, the firm's expansion into Asia continues to yield positive results; a total of 11 new private equity investments were made during the year across India, China and southeast Asia. AUM in Asia increased by 17% to US\$1.1 billion at the end of FY21, up from US\$0.9 billion in FY20. Additionally, we opened an office in Beijing during the year, whilst also launching our first China healthcare investment platform. The pipeline of opportunities emanating from the Asia region remains strong and we stand well positioned to bolster our AUM in the region over the coming years.

Broader operational highlights include the first closing of the North American Private Equity Fund and Technology Fund V, as well as continued fundraising for the Investcorp Strategic Capital Partners Fund and the Asia Food Growth Fund. We also secured our first anchor investor in the Aberdeen Standard Investcorp Infrastructure Partners' (ASIP) new regional GCC and MENA infrastructure fund from the Public Investment Fund, the sovereign wealth fund of Saudi Arabia.

During the year we announced our intention to delist from the Bahrain Bourse which was completed in July 2021, marking a significant step in our evolution, allowing us to make greater strides as a truly global alternative asset manager towards realising our ambition of reaching US\$50 billion in AUM.

Our performance in the private equity space remains robust. Our ability to support established businesses that benefit from long-term growth trends and to apply disciplined, active management to these portfolio companies is as strong and essential as ever. Private equity and strategic capital AUM increased to US\$7.0 billion, with investment activity for private equity and strategic capital hitting US\$1.2 billion for FY21. This included five new investments in the US and Europe, as well as two add-on acquisitions in addition to the 11 investments in businesses across Asia. Exit activities included the realization of six private equity investments, including the successful sale of Avira to NortonLifeLock, the first exit from the Investcorp Technology Partners Fund IV.

Investcorp Credit Management (ICM) also continued its positive growth trajectory, finishing the year with US\$14.7 billion in AUM, contributing US\$60 million in fee income to the group. Operational highlights for ICM through the year to June 30, 2021 include the closing of three new CLO's totalling approximately \$1.4 billion.

Real Estate AUM rose to US\$7.5 billion as real estate markets embarked on a strong recovery, underscoring the resiliency of the asset class. A total of approximately US\$0.7 billion was deployed into new investments during the fiscal year and approximately US\$0.7 billion was returned to investors in distributions of ongoing property income and sales proceeds. Sales activity during the year included the first exit from the European real estate portfolio, marking a new stage in its maturity. The European real estate business was launched in FY17 and currently has AUM of approximately US\$1.1 billion.

The Investcorp-Tages joint venture, which is the home of our global absolute return investments platform, had a very successful first full financial year of operations. The total income included in Investcorp's net profit attributable to the equity holders of the parent was US\$28 million. During the year AUM for the business also increased by 25% to US\$7.6 billion, up from US\$6.1 billion last year.

At the foundations of our culture are our people

Beyond our economic growth, we are delighted with the significant strides we have made from a cultural perspective. Since our inception almost 40 years ago, we have been rooted in a diverse culture that continues to flourish

to this day. Our world class talent now numbers around 430 employees, representing 45 different nationalities. We wholeheartedly believe that Diversity, Equity and Inclusion (DEI) is a key part of our uniquely global culture and we understand the critical importance of different perspectives as a driver of thoughtful decision-making and investment success.

Accordingly, we are thrilled with the progress we have made over the past 12 months. In July 2020, we appointed Jordana Seman as our DEI champion, a role specifically designed to improve our global coordination efforts of firm-wide DEI initiatives. Further to this, in April 2021, we announced that our Strategic Capital business had entered into a strategic partnership with Xpanceo to collaborate on General Partnership staking and seeding interests in diverse and woman-owned alternative asset managers.

As an organization, we are focused on being accountable to our goals and we aim to build an environment which is committed to, and lives and breathes our DEI values.

Our history of delivering sustainable performance and value creation is something we are immensely proud of, and our commitment to understanding and acting on the long-term sustainability implications of our investment portfolio has never been stronger. With this in mind, we appointed Habib Abdul-Rahman in October 2020 to lead our efforts to enhance ESG alignment across our global investing platforms and also became a signatory of the UN Principles for Responsible Investment. Responsible investing has been in our DNA from the beginning, with a particular long-standing focus on exclusion policies. That said, ESG is about more than exclusionary screening, it is about responsibility - responsibility towards all our stakeholders including investors, shareholders, employees and, as global citizens, the communities in which we operate.

Through our activities as a capital provider, we see ourselves as responsible for supporting and building sustainable businesses that fulfil our overarching purpose to enrich the lives of future generations. We are continually working to better understand and prioritise our sustainability efforts, and through this process we have formulated a framework structured around three pillars of 'responsibility'. These are: being a responsible operator, being a responsible employer, and being a responsible citizen, and for each of these pillars we hold ourselves accountable to KPIs with a detailed roadmap for full adoption over the next two-three years. As we look forward, we have full confidence in our ability to continue to evolve and better ourselves as responsible investors.

Looking ahead

Whilst the short-term macro-economic picture remains relatively uncertain, we have an unwavering commitment to our long-term growth strategy. Our objective of reaching US\$50 billion in AUM remains unchanged and is increasingly within our grasp. Looking forward, we will continue to navigate the challenges and opportunities ahead with the same vigour that we have displayed throughout the past 12 months.

As we move further into the second half of calendar 2021 and towards our Ruby Anniversary, we will continue to leverage our world class talent, resilient balance sheet and truly diversified platform to meet our clients' needs with an increasingly robust range of investment solutions. It is our mission to foster dynamism and innovative thinking across the firm and together, with your support, we remain well-positioned to build upon our momentum and effectively tackle the many opportunities that lie ahead.

Signed on behalf of the Board of Directors



Dr. Yousef Hamad Al-Ebraheem
Chairman

Mohammed Bin Mahfoodh
Bin Saad Alardhi
Executive Chairman

August 4th, 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021		
<i>\$millions</i>	2021	2020
SEE INCOME		
AUM fees	217	188
Deal fees	139	100
Fee income (a)	356	288
Asset based income (loss) (b)	107	(110)
Gross operating income (a) + (b)	463	178
Provisions for impairment	(4)	(26)
Interest expense	(31)	(40)
Operating expenses	(290)	(275)
PROFIT (LOSS) BEFORE TAX	138	(163)
Income tax expense	(13)	(2)
PROFIT (LOSS) FOR THE YEAR	125	(165)
Profit (loss) for the year attributable to:		
Equity holders of the parent	124	(165)
Non-controlling interest	1	0
	125	(165)
EARNINGS PER SHARE		
Basic earnings per ordinary share (\$)	1.42	(2.57)
Fully diluted earnings per ordinary share (\$)	1.34	(2.57)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021		
<i>\$millions</i>	2021	2020
PROFIT (LOSS) FOR THE YEAR	125	(165)
Other comprehensive income (loss) that will be recycled to statement of profit or loss		
Fair value movements - cash flow hedges	2	(2)
Movements - Fair value through other comprehensive income investments	17	(14)
Other comprehensive loss that will not be recycled to statement of profit or loss	(11)	(29)
Movements - Fair value through other comprehensive income investments		
Other comprehensive income (loss)	8	(45)
TOTAL COMPREHENSIVE INCOME (LOSS)	133	(210)
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	132	(210)
Non-controlling interest	1	0
	133	(210)

CONTACT DETAILS

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INVESTCORP

FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021		
<i>\$millions</i>	June 30, 2021	June 30, 2020
ASSETS		
Cash, placements and other liquid assets	289	309
Positive fair value of derivatives	46	45
Receivables and prepayments	399	285
Advances	304	158
Underwritten and warehoused investments	445	192
Co-investments	705	884
Investments in joint ventures, associates and intangible assets	76	115
Premises, equipment and other assets	127	135
TOTAL ASSETS	2,391	2,123
LIABILITIES AND EQUITY		
LIABILITIES		
Payables and accrued expenses	305	186
Negative fair value of derivatives	30	26
Financing	732	981
Deferred fees	52	62
TOTAL LIABILITIES	1,119	1,255
EQUITY		
Preference share capital	375	123
Ordinary shares at par value	200	200
Reserves	296	296
Treasury shares	(32)	(104)
Retained earnings	390	335
Ordinary shareholders' equity excluding proposed appropriations and other reserves	854	727
Proposed appropriations	44	22
Other reserves	(3)	(5)
Non-controlling interests	2	1
TOTAL EQUITY	1,272	868
TOTAL LIABILITIES AND EQUITY	2,391	2,123

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021			
<i>\$millions</i>	2021	2020	
OPERATING ACTIVITIES			
Profit (loss) before tax	138	(163)	
Adjustments for non-cash items in profit before tax:			
Depreciation and amortization	21	24	
Provisions for impairment	4	26	
Employee deferred awards	26	33	
Operating profit (loss) adjusted for non-cash items	189	(80)	
CHANGES IN:			
Operating capital			
Placements (non-cash equivalent)	(12)	(44)	
Receivables, prepayments and advances	(231)	(24)	
Underwritten and warehoused investments	(253)	142	
Payables and accrued expenses	103	(56)	
Deferred fees	(1)	(1)	
Co-investments	185	90	
Investments in joint ventures and associates	(6)	-	
Fair value of derivatives	(14)	5	
Income taxes paid	(9)	(12)	
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(57)	20	
FINANCING ACTIVITIES			
Financing - net of transaction costs and new issuances	(234)	(25)	
Preference shares issued - net of expenses	249	-	
Shares purchased - net of sales	38	(45)	
Dividends paid	(22)	(39)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES	31	(108)	
INVESTING ACTIVITIES			
Acquisition of subsidiaries	-	(21)	
Investment in associates and joint ventures	-	(6)	
Investment in premises and equipment	(6)	(10)	
NET CASH USED IN INVESTING ACTIVITIES	(6)	(37)	
Net decrease in cash and cash equivalents	(32)	(125)	
Cash and cash equivalents at beginning of the year	265	390	
Cash and cash equivalents at end of the year	233	265	
Cash and cash equivalents comprise of:			
Cash and short-term funds	161	130	
Placements with financial institutions and other liquid assets	72	135	
	233	265	
ADDITIONAL CASH FLOW INFORMATION			
<i>\$millions</i>	2021	2020	
Interest paid	(31)	(39)	
Interest received	57	40	
Additional liquidity information			
<i>\$millions</i>	2021	2020	
Cash and cash equivalents at end of the year	233	265	
Placements (non-cash equivalent)	56	44	
Total cash, placements and other liquid assets	289	309	
Available / undrawn balances	1,251	917	
Total available liquidity at end of the year	1,540	1,226	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021													
<i>\$millions</i>	Preference share capital	Ordinary shareholders' equity excluding proposed appropriations and other reserves							Proposed appropriations	Other reserves	Non-controlling interests	Total equity	
		Ordinary share capital	Share premium	Treasury shares	Retained earnings	Statutory reserve	Fair value reserve	Total					
Balance at July 1, 2019	123	200	237	(74)	540	100	(16)	987	38	(3)	-	1,145	
Restatement arising from adoption of IFRS 16	-	-	-	-	(2)	-	-	(2)	-	-	-	(2)	
Balance at July 1, 2020	123	200	237	(74)	538	100	(16)	985	38	(3)	-	1,143	
Total comprehensive loss	-	-	-	-	(165)	-	(43)	(208)	-	(2)	-	(210)	
Transferred to retained earnings upon derecognition	-	-	-	-	(16)	-	16	-	-	-	-	-	
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	0	-	-	0	-	(0)	-	-	
Treasury shares purchased during the year - net of sales and vesting	-	-	-	(28)	-	-	-	(28)	-	-	-	(28)	
Gain on vesting of treasury shares	-	-	2	(2)	-	-	-	-	-	-	-	-	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1	1	
Approved appropriations for fiscal 2019 paid	-	-	-	-	-	-	-	-	(38)	-	-	(38)	
Proposed appropriations for fiscal 2020	-	-	-	-	(22)	-	-	(22)	22	-	-	-	
Balance at June 30, 2020	123	200	239	(104)	335	100	(43)	727	22	(5)	1	868	
Balance at July 1, 2020	123	200	239	(104)	335	100	(43)	727	22	(5)	1	868	
Total comprehensive income	-	-	-	-	124	-	6	130	-	2	1	133	
Transferred to retained earnings upon derecognition	-	-	-	-	(25)	-	25	-	-	-	-	-	
Depreciation on revaluation reserve transferred to retained earnings	-	-	-	-	0	-	-	0	-	(0)	-	-	
Treasury shares sold and vested during the year - net of purchases	-	-	-	60	-	-	-	60	-	-	-	60	
Loss on vesting and purchase of shares	-	-	(28)	12	-	-	-	(16)	-	-	-	(16)	
Preference shares issued during the year	252	-	(3)	-	-	-	-	(3)	-	-	-	249	
Approved appropriations for fiscal 2020 paid	-	-	-	-	-	-	-	-	(22)	-	-	(22)	
Proposed appropriations for fiscal 2021	-	-	-	-	(44)	-	-	(44)	44	-	-	-	
Balance at June 30, 2021	375	200	208	(32)	390	100	(12)	854	44</				