

## **Fiscal Year 2022 – Message to shareholders**

The Board of Directors of Investcorp is pleased to submit the consolidated audited financial statements for Investcorp's fiscal year ended June 30, 2022.

**Dear Shareholders,**

This year marks Investcorp's 40<sup>th</sup> anniversary or, in other words, four decades of enriching the lives of future generations and fostering close client and investor relationships. In the past twelve months, more than ever, the challenges we faced as a firm and as an industry have required relentless adaptation and resilience. We have continued to make significant progress on a range of strategic initiatives to realize our medium- and longer-term objectives of reaching US\$50 billion and US\$100 billion in AUM, respectively.

We would like to thank you all for your ongoing support, partnership, and trust in Investcorp as we continue to navigate complex times. This past year has seen immense difficulties for people across the globe as geopolitical developments jeopardised food and energy security for millions, if not billions, of people. These developments, in addition to the continuing global impact of the COVID-19 pandemic have resulted in market disruptions, as well as extremely difficult operating conditions for business owners and investors.

We are incredibly proud of our steadfast resilience in difficult circumstances. During our 40-year history, we have experienced and succeeded through many crises by staying resilient, prudently managing risks, and capturing opportunities. Naturally, this experience and pride is rooted in our people and our business partners who have made this all possible.

### **1. Financial performance**

We are pleased to report yet another strong year of growth for Investcorp. Our sights are firmly set on the continued pursuit of long-term growth, as we respond to the evolving needs of our expanding and diversifying client base.

Over the last year, we have continued to carefully diversify the business to offer a greater range of options for our clients than ever before – across both our suite of products and our global geographies. Despite rising inflation and ongoing economic headwinds, during the past year the business delivered 14% growth in AUM and reached a record high of US\$42.7 billion.

The results were driven by robust levels of activity across our core businesses of private equity, real estate, credit management and absolute return investments. This resulted in delivering a net profit attributable to the equity holders of Investcorp's parent company of US\$135 million compared to US\$124 million in FY21 and diluted earnings per share of US\$1.31 compared to US\$1.34 per share in FY21.

This growth reflects the increasing demand for our products across our business lines and the trust that our clients and business partners place in us. We continue to carefully identify robust business models in the businesses that we invest in, which when coupled with their strong leadership and management teams enable us to be confident supporting them through times of growth or diversification. To maintain our forward-looking approach, we have continued to introduce innovations such as our blockchain fund. We also continued to further develop our ESG policies and commitments and look to drive value for the communities in which we invest, our employees, as well as for our shareholders.

Total shareholders' equity (excluding non-controlling interests) increased 3% to US\$1,314 million, compared to the past financial year's US\$1,270 million and total assets were US\$2,295 million – a decrease from US\$2,391 million. The FY22 recommendation for distribution of preferred and ordinary

dividends is US\$ 57 million in aggregate with the proposed ordinary dividend being US\$ 0.30 per share. In terms of fundraising, we have reached a record high of US\$7.4 billion raised across private and institutional clients for new deal-by-deal offerings, fund products and also by the SPAC company IPOs that we sponsored, as well as the pricing/issuance and resets of several CLOs.

While market challenges undoubtedly remain, with the ebbs and flows of the market creating volatility for investors and businesses alike, we are making strong progress against our Long-Term Range Plan goal of US\$100 billion in AUM and continue to drive forward with a continuing focus on delivering sustainable growth across the business.

## **2. Strategic expansion continued amidst challenging market conditions**

We have continued to expand our geographical footprint across the globe. Successes in the United States includes the opening of our Los Angeles office and the launch of a private infrastructure investment business. Investcorp has also delivered growth in the Asian markets, with our first India domestic fundraising, NDR Warehousing Private Limited. Additionally, in the Middle East, we launched the Investcorp Saudi Pre-IPO Growth Fund.

We have also diversified our offering to better navigate an unstable market. In the last twelve months, we successfully sponsored two NASDAQ listed IPOs. Both SPAC IPOs were oversubscribed and generated gross proceeds of over US\$600 million in aggregate. We have been monitoring the environment to create new products in line with market trends. We have launched the first dedicated institutional blockchain and Shariah-compliant fund based in the GCC – to maximize our reach and ensure that we are providing tailored products to match our investors' needs. Furthermore, we held the final close of the Investcorp Strategic Capital Partners Fund with capital commitments of US\$620 million.

Moreover, we have pursued several initiatives across business sectors, including the 'Investcorp Insurance Solutions' platform, our newly formed business line that will focus on providing investment management services to meet the unique investment needs of insurers. Another example of diversification efforts includes our recent joint venture with United Talent Agency which is focused on making growth investments at the intersection of Web 3.0 and the "creator economy".

## **3. Responsible Business**

Over the last financial year, Investcorp has made significant progress in our Environmental, Social and Governance (ESG) and Diversity, Equity and Inclusion (DE&I) efforts, where we have sought to build a firmwide program that, at its heart, seeks to deliver better results for all our stakeholders.

Our resolute commitment to environmental and social responsibility forms a core component of our strategy, values and culture. This is in part reflected by the significant additional time and resources that we have devoted to these efforts, adding two full time employees into the ESG team, reporting into the firm's Head of ESG, to enhance our global ESG capabilities and ultimately nurture behaviors that facilitate responsible investment decisions, sustainable business operations, and better employment practices.

As an investment manager, we believe that our greatest lever to create impact is through the investments we make. Our revised Responsible Investment policy, which was launched in 2021 as part of an overarching ESG policy framework, guides our entire investment process from deal screening through portfolio stewardship and exit. Core to our approach is ongoing engagement with the management teams of our underlying portfolio companies, to firstly help them gain a good understanding of the material ESG risks and opportunities that are relevant to them, and to subsequently work with them to

monitor and improve performance on the most material issues – we believe that this approach will sustainably unlock additional value over the course of our investment.

We are also looking inward at our own business and are actively taking steps to improve the ESG performance of Investcorp as a company. For instance, this past year we conducted the firm's first ever carbon footprint assessment to measure, monitor and mitigate our environmental impact, and will drive further improvements over the coming year.

Equally important is responsible employment practices, which is another core business imperative for Investcorp. We have long believed that a diverse workforce is an essential ingredient to delivering strong performance and positive economic development. Through our DE&I initiatives, we have continued to promote a more inclusive recruitment process and work environment, and we're particularly proud of our 2021 Recruitment Policy, for instance, where we have pledged that 50% of our shortlisted candidates must come from diverse backgrounds.

We are encouraged by the steps we have taken in the past year – building on the initiatives outlined in our inaugural **2021 Responsible Business** report – to create sustainable economic value for our investors and other stakeholders. As we go into the new fiscal year, we will look to scale projects that are already under way and launch new value enhancing initiatives.

Investcorp is an institution built to last, operated by a diverse and multiskilled talent pool. We are confident in our ability to remain diligent in our approach towards responsible investing and to further challenge ourselves to continually improve. Naturally, this will always be a work in progress as a rigorous approach requires constant evaluation and measurement, in pursuit of our corporate purpose to sustainably enrich the lives of future generations.

#### 4. Outlook

The past few years have been tumultuous. We have seen volatility across economies, geopolitics, public health and societies across the world. It is undeniable that in these fluid conditions it is imperative for us to remain nimble and adaptive to overcome adversity. We recognise the ongoing challenges such as rising inflation, supply chain disruptions and the energy and commodity crises that are impacting countries around the world. We see some businesses and societies struggling – but we also see significant resilience and strength.

Whilst the short-term macro-economic and geopolitical outlook remains uncertain, we are confident that our exceptional people and resilient business model will enable us to navigate challenges efficiently to reach our US\$50 billion in AUM medium-term objective and our US\$100 billion in AUM longer-term objective. As a business, we have weathered difficult market conditions in the past and we remain focused and ambitious in our growth strategy. As a responsible investment manager, we will continue to seek opportunities to drive yield and returns for our investors. As an investor and strategic partner, we will continue to advise and support our portfolio companies.

As we enter the next financial year, we will continue to rely on our expertise and learnings, and carefully monitor the environment to identify challenges and opportunities - as well as continuously adapt our approach to business while staying true to our values. We have embedded dynamism and entrepreneurial thinking across the firm and together, with your support, we are confident in our ability to navigate the challenges to come and continue to thrive in the long-term.

\*The following page is password protected. Shareholders are invited to access this disclosure by emailing the Corporate Governance Officer,  
Puralyn Fiel on [lfiel@investcorp.com](mailto:lfiel@investcorp.com) \*

**Investcorp Holdings B.S.C.(c)**

**Commercial Companies Law: Article No. 188 Disclosure**

Fiscal Year Ended June 30, 2022 ("FY2022")

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Fiscal Year Ended June 30, 2022 ("FY2022")

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Signed on behalf of the Board of Directors

A handwritten signature in blue ink, featuring a stylized 'Y' and 'H' followed by Arabic script.

Dr. Yousef Hamad Al-Ebraheem  
Chairman

A handwritten signature in blue ink, featuring a stylized 'M' and 'S' followed by Arabic script.

Mohammed Mahfoodh Saad Alardhi  
Executive Chairman