

Azimut Holding: 1H 2022 results

1H 2022 Net Profit: € 202 million

Targets¹ of at least € 400m Net Profit and of € 6-8bn Net Inflows reconfirmed

Approved a share buyback tranche for up to € 75 million

- **Total Assets as of 30 June 2022: € 81.2 billion (+7% vs. 1H21)**
- **Average Total Assets²: € 82.6 billion (+19% vs. 1H21)**
- **Private markets assets reach € 6.0 billion as of July 2022 (10x vs. the beginning of 2020), also thanks to the latest acquisition of a 20% stake in RoundShield Partners**
- **Recurring fees: € 552 million (+21% vs. 1H21), equal to 83% of total revenues**

Milan, 28 July 2022

Azimut Holding's (AZM.IM) Board of Directors approved today the 1H 2022 results, highlighting the following:

- **Consolidated Total Revenues** in 1H22 equal to € 666.2 million (vs. € 566.4 million in 1H21)
- **Consolidated Operating Profit** in 1H22 equal to € 276.0 million (vs. € 232.8 million in 1H21)
- **Consolidated Net Profit³** in 1H22 equal to € 201.7 million (vs. € 194.1 million in 1H21)

Total Assets under Management stood at € 52.1 billion and including assets under administration reached **€ 81.2 billion** at the end of June 2022 (**+7% vs. 1H21**), with the International Business accounting for 44%. 1H22 **average Total Assets grew by 19%** year-on-year and amounted to € 82.6 billion. In the **Private Markets** segment, Azimut continued its strong growth trajectory with **AuM exceeding € 6.0 billion** as of July 2022, also thanks to the latest acquisition of a minority stake in RoundShield Partners ("RoundShield").

Today, Azimut has in fact announced the acquisition, through its US subsidiary Azimut Alternative Capital Partners, of a **ca. 20% stake in RoundShield Partners, a leading European private markets firm**. Founded in 2013 and with approximately **€2.9 billion in AUM⁴** as of July 2022, RoundShield invests in asset-backed special opportunities mostly in the **real estate and infrastructure** segments. **As of July 2022, the Firm has exited 128 assets and fully realized sixteen debt facilities with a weighted average gross IRR of 23% and a multiple of invested capital of 1.6x.**

The strong increase in **total revenues of Azimut Holding, up 18% vs. 1H21**, is driven by solid underlying growth of AuM and Total Assets and is mainly attributable to +21% higher **recurring management fees**, which amounted to € 552.3 million (vs. € 455.9 million in 1H21) and **equaled 83% of total revenues**. This was partially offset by a lower contribution from performance fees from mutual funds and insurance products, which combined amounted to € 41.2 million during the period (vs. € 50.2 million in 1H21).

Total operating costs grew slightly less than revenues (+17% versus 1H21) and amounted to € 390.3 million (vs. € 333.6 million in 1H21). As a result, **operating profit grew by 19% to € 276.0 million** (vs. € 232.8 million in 1H21) and the **Operating Profit Margin remained stable at 41%** in the first half of the year (vs. 41% in 1H21).

Net Profit amounted to € 201.7 million (vs. € 194 million in 1H21⁵) despite lower performance fee contribution year-on-year and higher tax rate in 1H22.

¹ Under the assumption of normal market conditions.

² Calculated on a monthly basis.

³ Net Income in 1H21 does not include the positive effect (€ 32 million) of the tax goodwill realignment on the Italian parent company in accordance with Budget Law 2021 Art. 1 Paragraph 83, given the parent company has exercised its withdrawal right as per decree law of 2022.

⁴ Assets Under Management calculated as NAV plus unfunded capital commitments.

⁵ Net Income in 1H21 does not include the positive effect (€ 32 million) of the tax goodwill realignment on the Italian parent company in accordance with Budget Law 2021 Art. 1 Paragraph 83, given the parent company has exercised its withdrawal right as per decree law of 2022.

As of 30 June 2022, Sanctuary Wealth has secured a **convertible note of \$ 175m** by funds managed by Kennedy Lewis (“KL”). The proceeds will support **future growth and investments in M&A, technology & talent**. As of 30 June 2022, **Azimut no longer has the majority of voting rights over Sanctuary**; however, it **retains 53.37% of the economic rights** until conversion by KL, which could take place over the next 3 years. **As of 1 July 2022, only 53.37% of Sanctuary’s net inflows and its net profit/loss will be consolidated.**

The **Net Financial Position**⁶ as of 30 June 2022 was positive for **€ 285.6 million** compared to € 408.5 million at the end of December 2021, taking into account the € 1.30 cash dividend per share and the dividend related to participating financial instrument in the first half of 2022 for a total amount of € 261 million.

Recruitment of financial advisors and private bankers in Italy remained positive: during the **first half of 2022** Azimut and its networks recorded **64 new hires**, bringing the total number of FAs to 1,863.

Lastly, the Board of Directors of Azimut Holding approved the **commencement of a share buyback tranche**⁷, **for a total value of up to € 75 million**. As a reminder, the Company currently has 3,644,897 own shares, equivalent to ca. 2.5% of share capital, and does not hold any treasury shares through controlled companies.

Gabriele Blei, CEO of the Group, comments: *“The diversification of our business model, the innovative approach towards products and services as well as the quality and dedication of our people have continued to deliver solid results even amid a more complex environment. Consistent with our ambitious goal to grow across global Private Markets, we are excited to have just announced our investment in RoundShield, the fifth acquisition in this space in the past two years. **Our private markets AuM have grown tenfold** compared to the beginning of 2020 and now **exceed the € 6 billion threshold, accounting for more than 10% of AuM, and providing access to over 30 thousand of our clients in Italy** to innovative private markets products and best-in-class partners. We continue steadily also with our global expansion strategy, with the **International Business making up 44% of Total Assets** and contributing strongly to net inflows since the beginning of the year.”*

Pietro Giuliani, Chairman of the Group, adds: *“Azimut closes the first six months of 2022, marked by increased volatility and uncertainty, **with a weighted average net performance to clients of over +2%**⁸ compared to the competition (Fideuram index of Italian mutual funds, which stands at -9.1% since the beginning of the year) and net inflows of € 3.5 billion. The net income achieved during this period, which is in line with the € 400 million target for the full year, rewards our shareholders as well as our colleagues both in Italy and abroad, who contributed greatly to this result and continue to hold about 22% of Azimut's total capital.”*

The Officer in charge of the preparation of Azimut Holding SpA accounting documents, Alessandro Zambotti (CFO), declares according to art.154bis co.2 D.lgs. 58/98, that the financial information herein included, corresponds to the records in the company's books.

⁶ Not including the impact of IFRS 16 as detailed in the table below.

⁷ The commencement of this plan follows the authorization obtained by the Ordinary Shareholders’ Meeting held on the 28 April 2022 for a maximum amount of 14,000,000 shares, equivalent to 9.77% of share capital, taking into account own shares already at hand. The current authorization, pursuant to article 2357 of the Italian Civil Code, is valid until October 2023. The buyback of treasury shares will be carried out in line with previous procedures already announced in earlier plans. It should be noted that neither the authority granted by the Shareholders’ Meeting, nor the commencement of this new tranche, should be construed as putting the Company under any obligation to buy back its shares and that the buyback may, therefore, only be executed in part. Similarly, the execution may be interrupted or revoked at any time and promptly announced to the market. In respect of the execution of the buyback of shares, the Company will provide the public, Consob and Borsa Italiana with all the necessary information, in accordance with the procedures and terms established by the statutory and regulatory requirements from time to time in force.

⁸ As of 21 July 2022.

Azimut is one of Europe's leading independent groups active (since 1989) in the asset management sector. The parent company Azimut Holding was listed on the Italian stock exchange on 7 July 2004 (AZM.MI) and is a member, among others, of the main Italian index FTSE MIB. The shareholder structure includes over 1,900 managers, employees and financial advisors bound by a shareholders' agreement that controls ca. 22% of the company. The remaining is free float. The Group comprises various companies active in the sale, management and distribution of financial and insurance products, with registered offices mainly in Italy, Australia, Brazil, Chile, China (Hong Kong and Shanghai), Egypt, Ireland, Luxembourg, Mexico, Monaco, Portugal, Singapore, Switzerland, Taiwan, Turkey, UAE and USA. In Italy, Azimut Capital Management SGR sells and manages Italian mutual funds, Italian alternative investment funds, as well as being active in the discretionary management of individual investment portfolios. Furthermore, Azimut Capital Management SGR distributes Group and third-party products in Italy via a network of financial advisors while Azimut Libera Impresa focuses on the alternatives business. The main foreign companies are Azimut Investments SA (founded in Luxembourg in 1999), which manages the multi strategy funds AZ Fund 1 and AZ Multi Asset, and the Irish Azimut Life DAC, which offers life insurance products.

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CONSOLIDATED RECLASSIFIED INCOME STATEMENT

€/000	1H 2022	1H 2021	2021
Entry commission income	6,279	7,529	16,190
Recurring fees	552,268	455,933	965,653
Variable fees	39,972	27,380	321,815
Other income	22,026	11,756	29,137
Insurance revenues	45,663	63,844	116,654
Total Revenues	666,209	566,442	1,449,449
Distribution costs	-237,199	-200,273	-437,137
Personnel and SG&A	-135,555	-117,307	-260,712
Depreciation, amortization & provisions	-17,497	-16,037	-44,841
<i>Operating costs</i>	<i>-390,250</i>	<i>-333,617</i>	<i>-742,690</i>
Operating Profit	275,958	232,826	706,760
Finance income	2,684	7,674	43,213
Net non-operating costs	1,772	-2,182	-5,293
Finance expense	-6,036	-8,388	-16,833
Profit Before Tax	274,378	229,929	727,847
Income tax	-76,720	-39,702	-112,566
Deferred tax	6,313	38,493	-3,201
Net Profit	203,971	228,720	612,080
Minorities	2,253	2,663	6,623
Consolidated Net Profit	201,718	226,057	605,457

CONSOLIDATED NET FINANCIAL POSITION

€/000	Jun-22	Mar-22	Dec-21
Bank loan	-322	-339	-350
Azimut 17-22 senior bond 2.0%	0	0	-355,261
Azimut 19-24 senior bond 1.625%	-501,726	-499,571	-497,417
Total debt	-502,048	-499,910	-853,028
Cash	254,297	262,534	180,044
Cash equivalents	153,615	149,119	406,773
UCI units & government securities	379,747	596,646	674,695
Cash & cash equivalents	787,659	1,008,299	1,261,512
Net financial position	285,611	508,389	408,484
Lease Liabilities (IFRS 16)	-39,125	-46,678	-44,981
<i>Net financial position incl. IFRS 16</i>	<i>246,486</i>	<i>461,711</i>	<i>363,503</i>

CONSOLIDATED INCOME STATEMENT

<i>(Dati in migliaia di euro)</i>	30.06.2022	30.06.2021	31.12.2021
Fee and commission income	603,758	488,527	1,302,273
Fee and commission expense	-219,799	-184,651	-403,509
Net fee and commission income	383,959	303,876	898,764
Dividends and similar income	2,963	1,156	1,816
Interest income and similar income	1,944	1,582	3,516
Interest expense and similar charges	-8,487	-9,556	-19,697
Profits (losses) on disposal or repurchase of:	126	-270	119
b) financial assets at fair value through other comprehensive income	126	-270	119
Net gains (losses) on financial assets and financial liabilities at FVTPL	-6,059	6,359	35,484
a) assets and liabilities designated at fair value	288	1,435	6,773
b) other financial assets compulsorily measured at fair value	-6,347	4,924	28,711
Net premiums	3,396	4,930	8,780
Net profits (losses) on financial instruments at fair value through profit or loss	163,911	188,919	363,113
Net profits (losses) on financial instruments at fair value through profit or loss	20,637	-6,799	-2,963
Redemptions and claims	-121,400	-102,564	-209,935
Net Margin	440,990	387,633	1,078,997
Administrative expenses	-166,104	-139,428	-303,627
a) personnel expenses	-79,668	-66,726	-152,331
b) other expenses	-86,436	-72,702	-151,296
Net accruals to the provisions for risks and charges	559	-8,396	-25,918
Net impairment losses/reversal of impairment losses on property and equipment	-6,914	-5,835	-12,767
Net impairment losses/reversal of impairment losses on intangible assets	-11,525	-9,965	-22,196
Other administrative income and expenses	6,686	5,097	7,025
Operating Costs	-177,298	-158,527	-357,483
Profit (loss) on equity investments	10,686	823	6,333
Pre-tax profit (loss) from continuing operations	274,378	229,929	727,847
Income tax	-70,407	-1,209	-115,767
Net profit (loss) after tax from continuing operations	203,971	228,720	612,080
Net profit (loss) from continuing operations	203,971	228,720	612,080
Profit (loss) for the period/year attributable to minority interest	2,253	2,663	6,623
Net profit (loss) for the period/year	201,718	226,057	605,457

CONSOLIDATED BALANCE SHEET

<i>ASSETS</i> (Data in €/000)	30.06.2022	31.12.2021	30.06.2021
Cash and cash equivalents	254,297	180,044	192,238
Financial assets at fair value through profit or loss	7,036,468	7,738,699	7,460,806
c) other financial assets at fair value	7,036,468	7,738,699	7,460,806
Financial assets at fair value through other comprehensive income	22,152	12,412	12,264
Financial assets at amortised cost	216,024	477,696	194,304
Equity investments	275,215	217,487	98,294
Tangible Assets	45,867	52,035	53,678
Intangible Assets	773,985	767,034	713,514
of which:			
-Goodwill	659,778	648,241	601,699
Tax assets	24,016	24,036	21,719
a) current	3,092	3,730	7,108
b) prepaid	20,924	20,306	14,610
Other assets	398,434	453,056	384,645
Total Assets	9,046,458	9,922,499	9,131,462
<i>LIABILITIES</i> (Data in €/000)			
Financial Liabilities at amortised cost	570,013	932,683	962,908
a) Payables	68,286	80,006	110,153
b) Outstanding securities	501,727	852,677	852,755
Technical reserves where the investment risk is borne by policyholders	165,204	185,892	189,706
Financial liabilities designated at fair value	6,507,925	6,961,981	6,698,323
Tax liabilities	132,458	141,721	44,261
a) current	68,610	71,830	19,474
b) deferred	63,848	69,891	24,787
Other Liabilities	360,703	388,788	286,678
Employees' severance	3,333	3,149	2,945
Provisions for risks and charges	68,007	72,703	58,664
b) other	68,007	72,703	58,664
Capital	32,324	32,324	32,324
Treasury shares (-)	-40,834	-40,834	-40,834
Capital instruments	36,000	36,000	36,000
Share premium reserve	173,987	173,987	173,987
Reserves	742,435	366,520	428,672
Valuation provisions	52,090	9,191	-3,514
Profit (Loss) for the period	201,718	605,457	226,057
Equity attributable to minority interests	41,095	52,937	35,285
Total liabilities and shareholders equity	9,046,458	9,922,499	9,131,462

CONSOLIDATED CASH FLOW STATEMENT SHEET

<i>Data in €/000</i>	H1 2022	H1 2021	2021
A. OPERATING ACTIVITIES			
1. Operating activities	260,077	250,947	766,230
- net income for the period (+/-)	201,718	226,057	605,457
- gains/losses on financial assets held for trading and on financial assets/liabilities valued at fair value (-/+)	0	0	0
- gains/losses on hedging activities (-/+)	0	0	0
- value net adjustments for deterioration (+/-)	0	0	0
- value net adjustments on tangible and intangible assets (+/-)	18,439	15,800	34,963
- value net adjustments on provisions for risks and charges and other income/expenses (+/-)	-559	8,396	25,918
- taxes (+)	39,190	1,209	99,893
- value net adjustments on disposing entities net of fiscal effect (+/-)	0	0	0
- other adjustments (+/-)	1,289	-515	-1
2. Cash flow from financial assets	459,845	-506,194	-812,505
- financial assets at fair value	406,938	-498,206	-699,830
- financial assets mandatorily measured at fair value	-89	-58,078	-82,644
- financial assets at FVTOCI	-9,306	66,053	66,049
- financial assets at amortised cost	8,514	-16,926	-26,688
- other assets	53,788	963	-69,392
3. Cash flow from financial liabilities	-918,340	646,124	972,461
- financial liabilities at amortised cost	-363,959	7,734	-23,005
- financial liabilities at fair value	-454,056	653,696	917,354
- technical reserves	-20,688	6,636	2,822
- other liabilities	-79,637	-21,942	75,290
Total net operating cash flow generated/absorbed	-198,418	390,877	926,186
B. INVESTMENT ACTIVITIES			
1. Cash flow generated by	2,963	1,156	1,816
- sale of equity investments	0	0	0
- dividends received from subsidiaries	2,963	1,156	1,816
- sale of financial assets held to maturity	0	0	0
- sale of tangible assets	0	0	0
- sale of intangible assets	0	0	0
2. Cash flow absorbed by	-79,913	-146,779	-337,672
- acquisition of equity investments	-60,691	-68,909	-188,762
- acquisition of tangible assets	-746	-11,087	-16,376
- acquisition of intangible assets	-6,939	-15,198	-34,408
- purchase of subsidiaries and business units	-11,537	-51,585	-98,126
Total net cash flow generated/absorbed from investment activities	-76,950	-145,623	-335,856
C. FINANCING ACTIVITIES			
- issue/sale of treasury shares	0	27,456	27,456
- issue/sale of capital instruments	0	0	0
- dividends paid and others	-272,901	-193,993	-193,993
- other reserves	86,258	-72,717	-122,164
- sale/acquisitions of non-controlling interests	-11,842	15,112	32,764
Total net cash flow generated/absorbed from financing activities	-198,485	-224,142	-255,937
TOTAL NET CASH FLOW GENERATED/ABSORBED IN THE PERIOD	-473,853	21,112	334,393
Reconciliation			
	H1 2022	H1 2021	2021
Opening cash and cash equivalents	1,261,512	927,119	927,119
Cash flow generated/absorbed during the period	-473,853	21,112	334,393
Closing cash and cash equivalents	787,659	948,231	1,261,512