

SHUAA Capital announces first quarter financial results for 2024 and progresses towards finalizing capital optimization plans

United Arab Emirates, 16 July 2024: SHUAA Capital psc (DFM: SHUAA) the leading asset management and investment banking platform in the region, has released its first quarter financial results for 2024 and has facilitated the resumption of trading in the company's shares.

SHUAA Capital reported adjusted net operating income of AED 5 million, a significant improvement compared to the AED 14 million loss reported in prior quarter. The operating margin for the quarter was 16%, a stark improvement compared to the negative 29% reported in the prior quarter, highlighting the growing operational strength of the business as cost efficiencies begin to permeate through the bottom line.

During the first quarter of the year, SHUAA continued its balance sheet optimization efforts, including valuation adjustments related to underlying assets of an associate and impairments of legacy investments in the UK. Management views these impairments as a necessary step in the company's capital optimization journey, facilitating a right-sized balance sheet and establishing a lean and efficient capital structure.

SHUAA also reached an agreement with bondholders in April 2024, aiming to reduce debt by over AED 500 million, thereby strengthening the company's equity base. The company is now focused on completing the necessary regulatory steps to issue Mandatory Convertible Bonds (MCBs) and expects to finalize the capital optimization plans by the end of 2024.

SHUAA has embarked on transforming its business model. The Company's new integrated model will focus on Asset Management and Investment Banking, bolstered by a robust Sales and Distribution platform. These actions are anticipated to lead to a more sustainable profit profile and enhance shareholder value. The Company has also announced changes in key senior roles, including the permanent appointment of Wafik Ben Mansour as Chief Executive Officer (CEO), and the hiring of Roberta Calarese as Chief Legal Officer (CLO), in addition to other senior appointments. The Board also nominated Ahmed Alahmadi to act as Managing Director (MD) of SHUAA for a period of one year.

Wafik Ben Mansour, Group CEO of SHUAA Capital, said: "The company is starting to turn a corner by taking a proactive stance towards its legacy investments, bolstering its capital base and laying the foundation for a new business model focused on growth and shareholder value. I continue to remain optimistic about the company's strong fundamentals and future direction, along with the dedicated support of the newly appointed Board Members under the leadership of our Chairman. We will continue to provide regular progress updates on our capital optimization journey, while we focus on transforming our business model and implementing our new strategy. We also anticipate releasing our reviewed financials for the second quarter of 2024 within the set regulatory deadline."

First Quarter financial highlights

Key Metrics	Q1 2024	Q4 2023	QoQ
Revenues	AED 30m	AED 33m	AED 3m ▼
Adjusted Net Operating Income*	AED 5m	(AED 10m)	AED 14m ▲
Cost-Income Ratio	84%	129%	45% ▲
One-off non-cash charges	(AED 82m)	(AED 286m)	AED 204m ▲
Net Profit (Loss)**	(AED 87m)	(AED 337m)	AED 250m ▲

* Excluding one-off items

** Attributable to shareholders of the company

Key financial review

- **Total operating revenues** reached AED 30 million for Q1 2024, driven by recurring fees from the Asset Management segment, which continues to grow its fee-earning AuM.
- **Net Operating income** of AED 5 million for Q1 2024, driven by cost-saving measures implemented by the management team.
- **A net loss** of AED 82 million for Q1 2024, primarily due to non-cash impairments related to company's associate and investment in legacy assets.
- **Cost to income ratio** improved to 84% Q1 2024, reflecting a significant improvement from the 129% in the prior quarter.

Segmental review

- **Asset Management**, reported first quarter revenues of AED 25 million, reflecting recurring fund management fees and real estate advisory fees via the company's flagship Ocean House project.
- **Investment Banking** reported first quarter revenues of AED 4 million, mainly driven by the capital markets business. The advisory business continues to remain active in the region, with focus primarily on expanding deal pipeline and execution capabilities
- **Corporate segment** streamlined its operations, with first quarter revenues forming a smaller part of the overall revenue mix. This shift is largely due to the company's intentional move to wind down its non-core assets, a decision that aligns with SHUAA's long-term strategy to solidify its financial standing.

Ends

Press Contacts

SHUAA Capital psc
Mohamed Mahfouz
Government and Shareholder Relations Manager
Tel: +971 4 3199 692
Email: mmahfouz@shuaa.com
www.shuaa.com

About SHUAA Capital psc

SHUAA Capital psc (DFM: SHUAA), established in 1979, is a leading asset management and investment banking platform. SHUAA Capital psc is recognized for its strong track record and pioneering approach to investing through a differentiated, innovative, and global product offering focused on public and private markets, debt, and real estate.

The asset management segment, one of the region's largest, manages real estate funds and projects, investment portfolios and funds in the regional equities, fixed income, and credit markets; it also provides investment solutions to clients, with a focus on alternative investment strategies. The investment banking segment offers corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities, while also creating market liquidity on OTC fixed-income products. The firm is regulated as a financial investment company by the Securities and Commodities Authority.

To learn more about SHUAA Capital, please visit:

- Website: www.shuaa.com
- Twitter: https://twitter.com/SHUAA_Capital
- LinkedIn: <https://www.linkedin.com/company/shuaa-capital>

Cautionary Statement Regarding Forward-Looking Information:

This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend," "plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.

Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital.*
- *Ability to identify and merge with a target and access to capital markets.*
- *Current or future volatility in the capital and credit markets and future market conditions.*

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

Any forward-looking statement made by us in this document and presentation is based only on information currently available to us and speaks only as of the date on which it is made. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. We undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise. Please remember that past performance may not be indicative of future results.