SHUAA

Press Release

SHUAA Capital announces financial results for the first half of 2024 and the progress towards finalizing its capital optimization plans

United Arab Emirates, 14 August 2024: SHUAA Capital psc (DFM: SHUAA) the leading asset management and investment banking platform in the region, has released its financial results for the first half of 2024.

SHUAA Capital reported an adjusted net operating loss of AED 2 million in the first half of 2024, a favourable improvement of AED 5 million compared to the previous year. On a quarter-over-quarter basis, the Group has continued to reduce losses, reporting a net loss attributable to shareholders of the company of AED 29.5 million in the second quarter of 2024, compared to AED 87.2 million in the first quarter of 2024. Additionally, the company's operating margin increased notably by 8% compared to the prior year due to cost efficiencies beginning to permeate through the bottom line.

During the first half 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.

As previously announced, SHUAA Capital reached an agreement with bondholders in April 2024 to amend and extend the agreement till 31 March 2025 aimed to reduce the company's leverage by over AED 500 million. To facilitate this, SHUAA Capital has engaged advisors to satisfy the regulatory requirements associated with the issuance of mandatory convertible bonds (MCBs). The company intends to complete this process before the end of 2024, subject to the required regulatory and shareholder approvals.

The company is now better positioned for business growth by increasing its asset under management, securing new mandates and deepening engagement with both existing and new clients. It also continues to attract new talents across all business verticals, while strengthening relationships with creditors and key stakeholders. SHUAA Capital will also benefit from its increased ownership in Eshraq, now exceeding 25% both directly and indirectly, as a result of the capital reduction through the cancellation of treasury shares.

Wafik Ben Mansour, Group CEO of SHUAA Capital, said: “I am pleased with what we have accomplished in the first half of this year, thanks to the dedication of our board of directors and management team.

SHUAA’s robust platform and solid operating performance have been overshadowed by the accumulation of underperforming principal investments in recent years. Looking ahead, we will refocus on our core financial services business, delivering exceptional service and innovative products to our valued clients and the community, as we have done for the past 45 years.

I am fully committed to successfully completing our capital optimization plan and laying a new foundation for sustained growth and value creation.”

First half financial highlights

Key Metrics	H1 2024	H1 2023	YoY
Revenues*	**AED 50m**	**AED 63m**	**AED 13m ▼**
Adjusted Net Operating Income*	**(AED 2m)**	**(AED 7m)**	**AED 5m ▲**
Cost-Income Ratio	**103%**	**111%**	**8% ▲**
One-off non-cash charges	**(AED 71m)**	**-**	**AED 71m ▲**
Net Profit (Loss)**	**(AED 117m)**	**AED 20m**	**AED 137m ▼**

*Excluding one-off items
** Attributable to shareholders of the company

Key financial review

- **Total operating revenues** reached AED 50 million for H1 2024, mainly driven by recurring fees from the Asset Management segment.
- **Adjusted Net Operating income** of AED 2 million loss for H1 2024, driven by cost-saving measures implemented during 2023 and H1 2024.
- **A net loss attributable to shareholders** of AED 117 million for H1 2024, primarily due to non-cash impairments related to company's associate and investment in legacy assets.
- **Cost to income ratio** improved to 103% H1 2024, reflecting an improvement from the 111% on an adjusted basis in H1 2023.

Segmental review

- **Asset Management**, reported H1 2024 revenues of AED 44 million, reflecting recurring fund management fees and real estate advisory fees via the company's flagship Ocean House project.
- **Investment Banking** reported H1 2024 revenues of AED 5 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

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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.

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