



SHUAA

**Earnings Presentation
Q3 2024**

14 November 2024

Executive Summary

Financial Measures

- The Group reported a **net loss of AED 22 million and AED 138 million** attributable to the owners of the parent for Q3 2024 and YTD 2024, highlighting a gradual slowdown in impairments of legacy investments with each quarter.
- Adjusted operating income for **September YTD 2024 was a loss of AED 8 million** primarily due to a temporary reduction in revenues as the company undertakes a major business transformation to optimize its capital structure.
- September YTD 2024 revenues were **AED 19 million lower than the previous year** after adjusting for non-recurring revenues from the prior year.

Key Metrics

- Operating margins for the business was (11%) September YTD 2024, mainly due to a temporary reduction in revenues as the company undergoes its capital optimization strategy which was partly offset by cost reductions as a result of cost optimization measures.
- The cost-income ratio of 111% September YTD 2024 is deviating from management's medium-term target of 65%. Further efforts in cost optimization and revenue enhancing initiatives are planned in the near term once the capital optimization plan is enacted.

SHUAA Bonds/ Capital Optimization Process

Update on Capital Optimization Process

- The Board has approved the two issuances of Mandatory Convertible Bonds (MCBs) – 1) to offer existing noteholders redemption of a portion of their notes at an 80% discount and convert the remaining notes to an MCB 2) raise new equity to fund the partial redemption of the existing notes at 20% of their original value. This is subject to obtaining the required regulatory approvals.
- Company expects to conclude the MCB issuance process by the first quarter of 2025 or earlier.

Financial Summary

Sept YTD 2024 Financial Performance

| Income Statement (AED Mn) | YTD-24 | YTD-23 | Y/Y Change | Q3-24 | Q2-24 | Q/Q Change |
|--|----------------|----------------|---------------|---------------|---------------|--------------|
| Management and Performance Fees | 62.6 | 71.1 | (8.5) | 18.4 | 19.0 | (0.6) |
| Other Revenue | 6.7 | 17.3 | (10.5) | 0.8 | 1.0 | (0.1) |
| Adjusted Revenues¹ | 69.3 | 88.4 | (19.1) | 19.2 | 19.9 | (0.7) |
| Operating Expenses (excl. one-off items) | (77.2) | (92.3) | 15.1 | (24.0) | (24.8) | 0.8 |
| Adjusted Net Operating Income¹ | (7.9) | (4.0) | (4.0) | (4.8) | (4.9) | 0.1 |
| One-off items | (9.9) | 42.9 | (52.8) | (7.7) | (3.1) | (4.6) |
| Net Operating Income/(Loss) | (17.8) | 38.9 | (56.7) | (12.5) | (8.0) | (4.5) |
| Finance Cost | (56.3) | (53.0) | (3.3) | (20.5) | (22.7) | 2.3 |
| Other Income/(Expenses) | (75.1) | (782.8) | 707.7 | 10.6 | (0.1) | 10.7 |
| Non-Controlling Interests | 9.8 | 227.0 | (217.2) | 0.8 | 1.4 | (0.6) |
| Income Tax Credit/(Expense) | 1.2 | - | 1.2 | - | - | - |
| Net Profit/(Loss) to Owners of the Parent² | (138.2) | (569.9) | 431.7 | (21.5) | (29.5) | 7.9 |
| Key Metrics - Income Statement | | | | | | |
| Operating Margin (%) excl. one-off items | (11%) | (4%) | (7%) | (25%) | (25%) | (0%) |
| CIR (%) excl. one-off items | 111% | 104% | (7%) | 125% | 125% | (0%) |
| Balance Sheet (AED Mn) | | | | | | |
| Assets | 1,375 | 2,232 | (38%) | 1,375 | 1,375 | (0%) |
| Liabilities | 1,196 | 1,527 | (22%) | 1,196 | 1,172 | (2%) |
| Equity | 179 | 705 | (75%) | 179 | 203 | (12%) |
| Balance Sheet (AED Mn) | | | | | | |
| Debt to Equity | 5.60x | 1.58x | (402%) | 5.60x | 4.88x | (72%) |
| Return on Equity - Parent | NMF | NMF | - | NMF | NMF | - |

Comments

Adjusted net operating income is AED 4 million unfavourable compared to the previous year, after normalizing AED 40 million of one-off revenues from prior year mainly stemming from legacy real estate investments.

- Revenues were AED 19 million lower after normalizing for one-off revenues from prior year, primarily due to a decrease in management fees from private market funds as well as lower trading and advisory income.
- The decline in revenue was offset by AED 15 million of reduction in expenses resulting from cost optimization measures implemented in 2023 and sustained through 2024.

Adjusted net operating income favourable on a quarter-over-quarter basis, primarily driven by lower expenses.

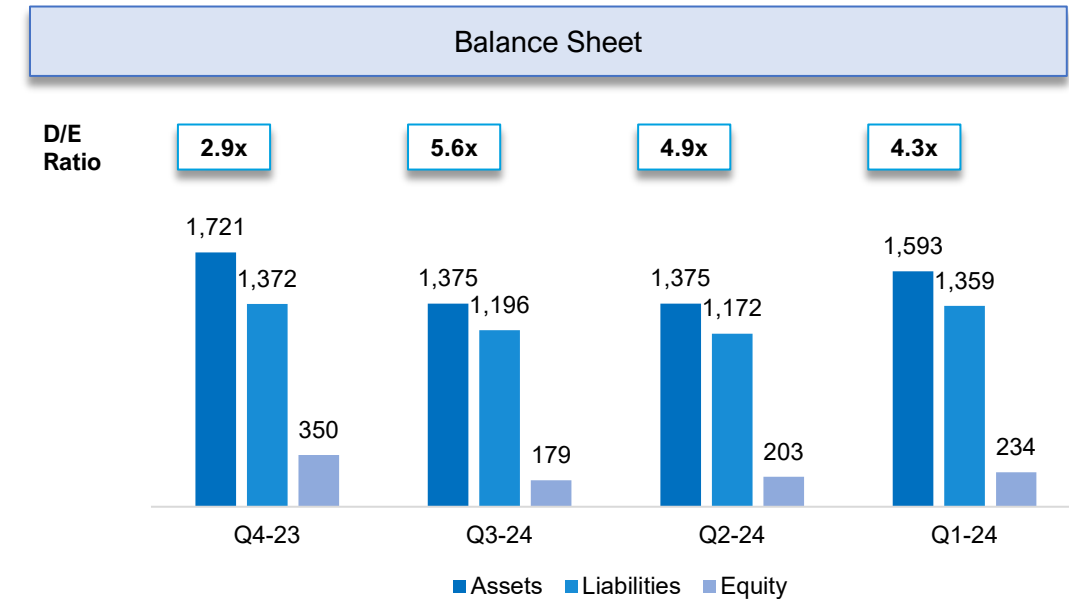
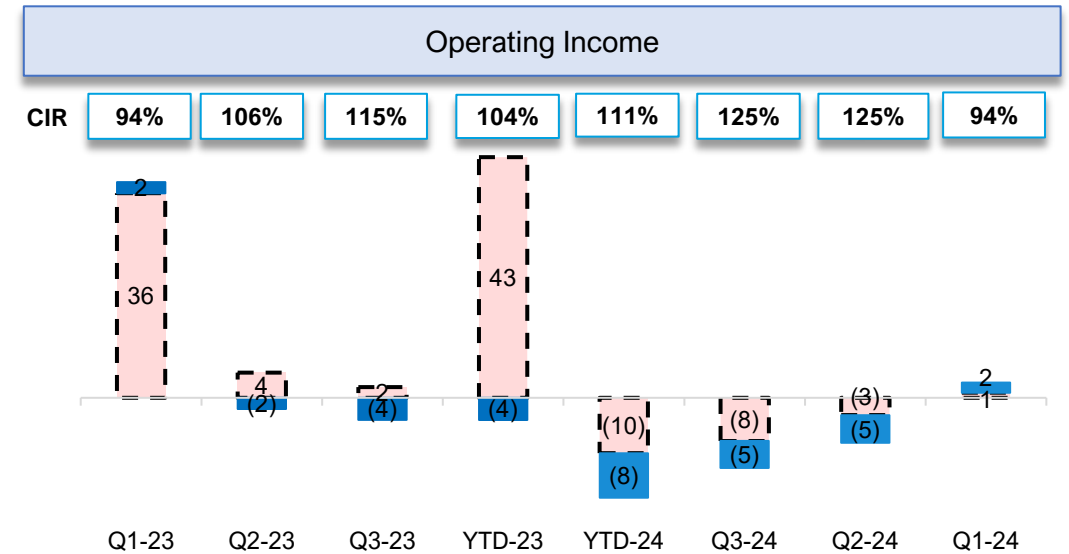
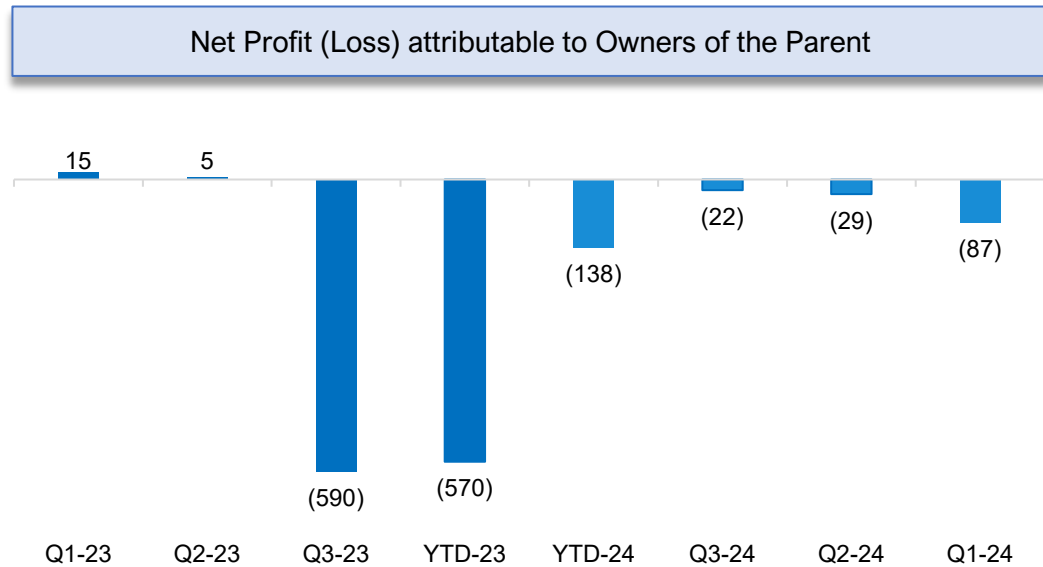
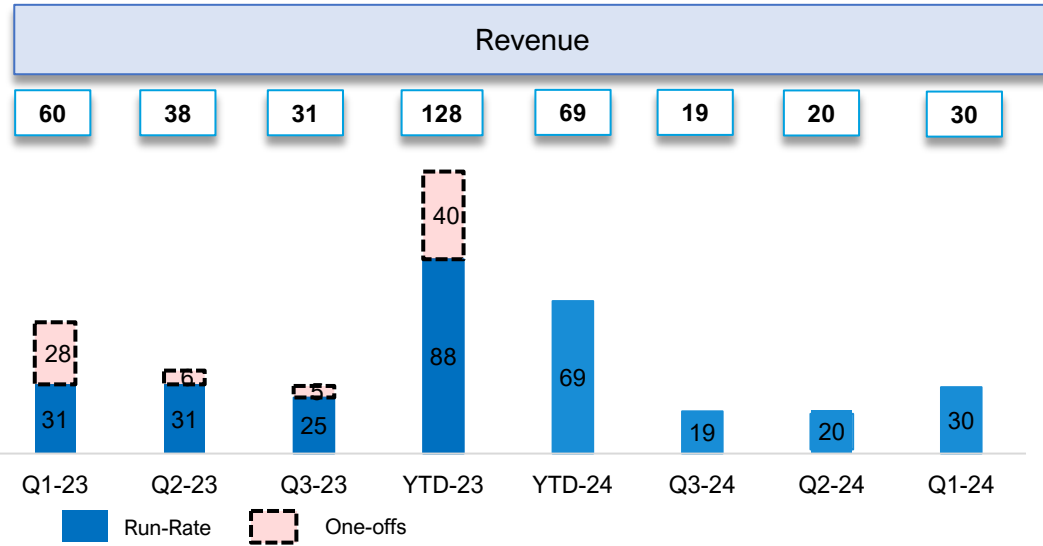
- Revenues were slightly lower compared to the previous quarter, primarily due to reduced performance fees partly offset by higher real estate fees linked to the increase in fund size of the Palm Project.

Balance sheet optimization continued during 2024, with impairments recognized to write-off legacy investments.

- Steps were taken to right-size the balance sheet, including the write-off of legacy real estate investments and the subsequent write-back of legacy liabilities, in order to achieve a more efficient capital structure.

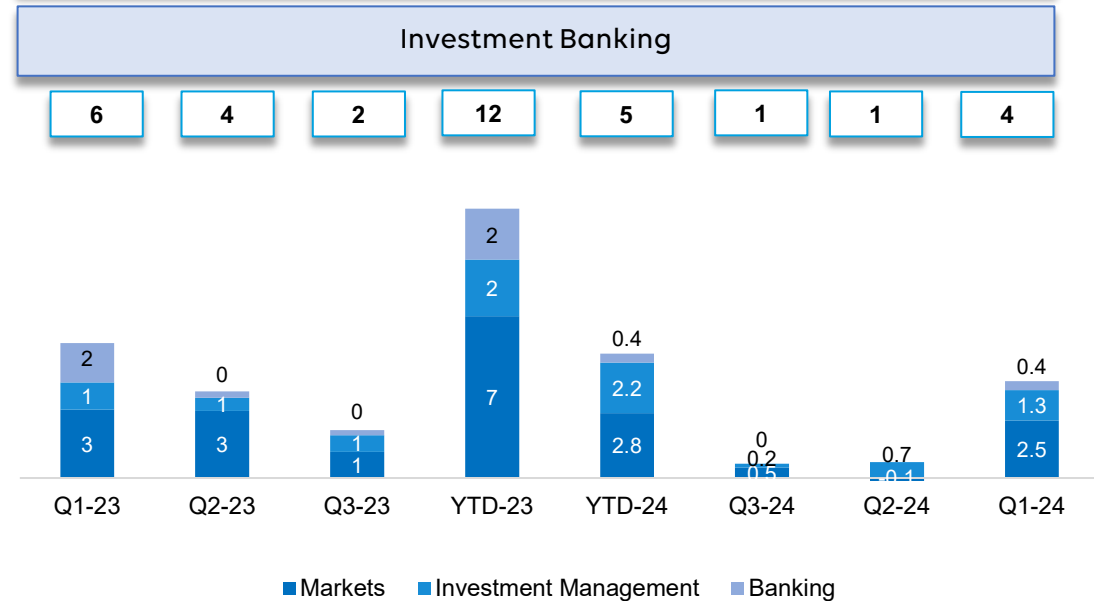
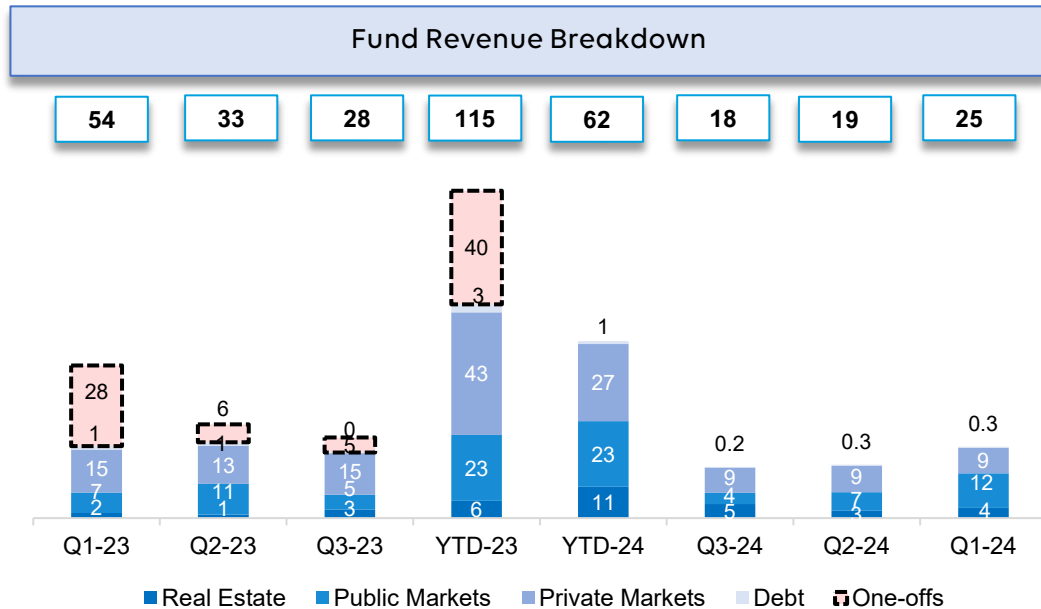
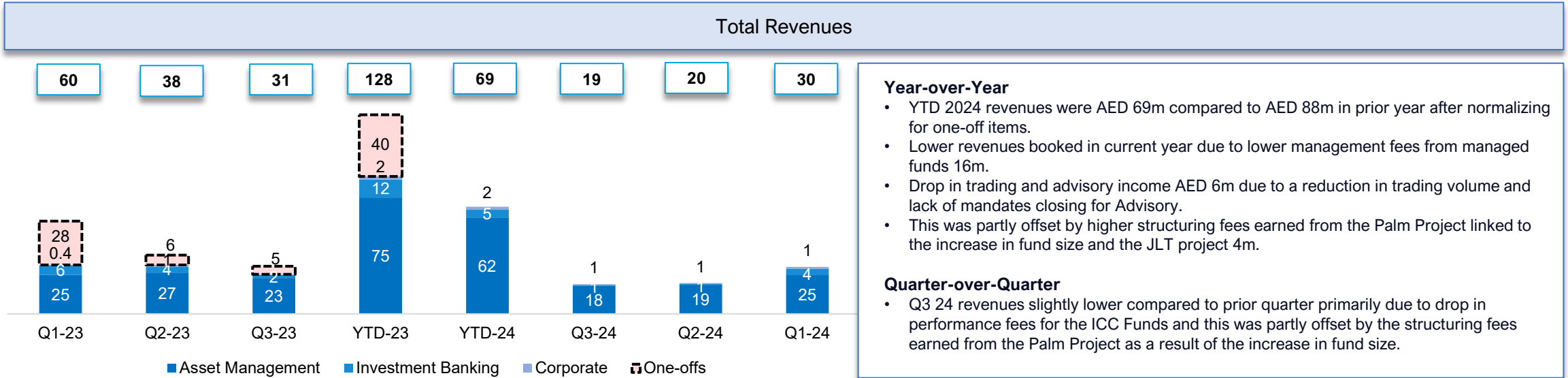
Key Financial Highlights

AED M

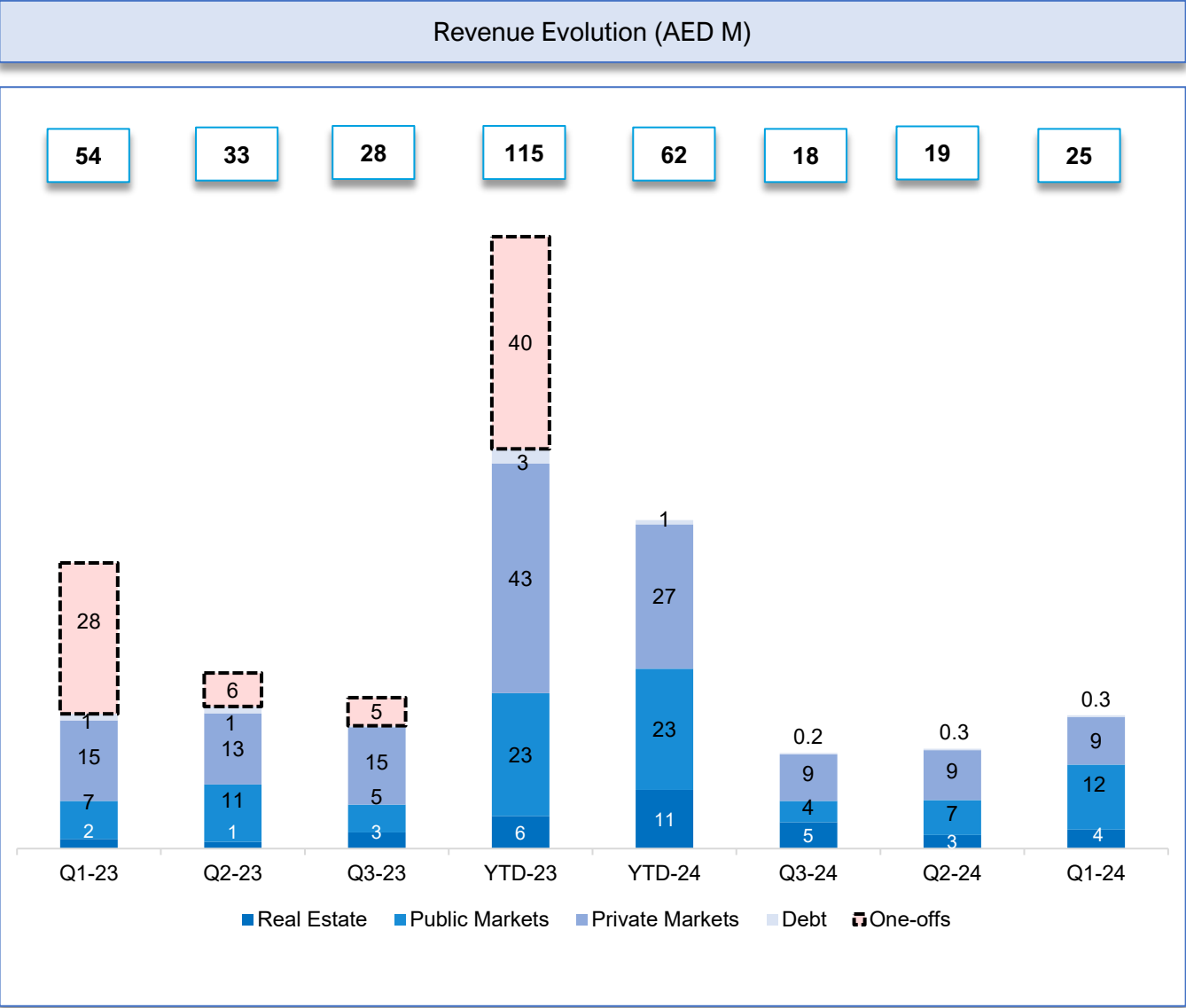


Revenue Snapshot

AED M



Asset Management Segment Performance



Comments

Asset Management for YTD 2024 was AED 62m compared to AED 75m YTD 2023 when normalized by excluding one-off revenues earned in prior year. Reduction of AED 13m was mainly associated with the lower management fees earned via the private market managed funds.

Real Estate

- Revenues came in higher by AED 5m compared to prior year on the back of a new project win in the 2nd half of prior year.

Private Markets

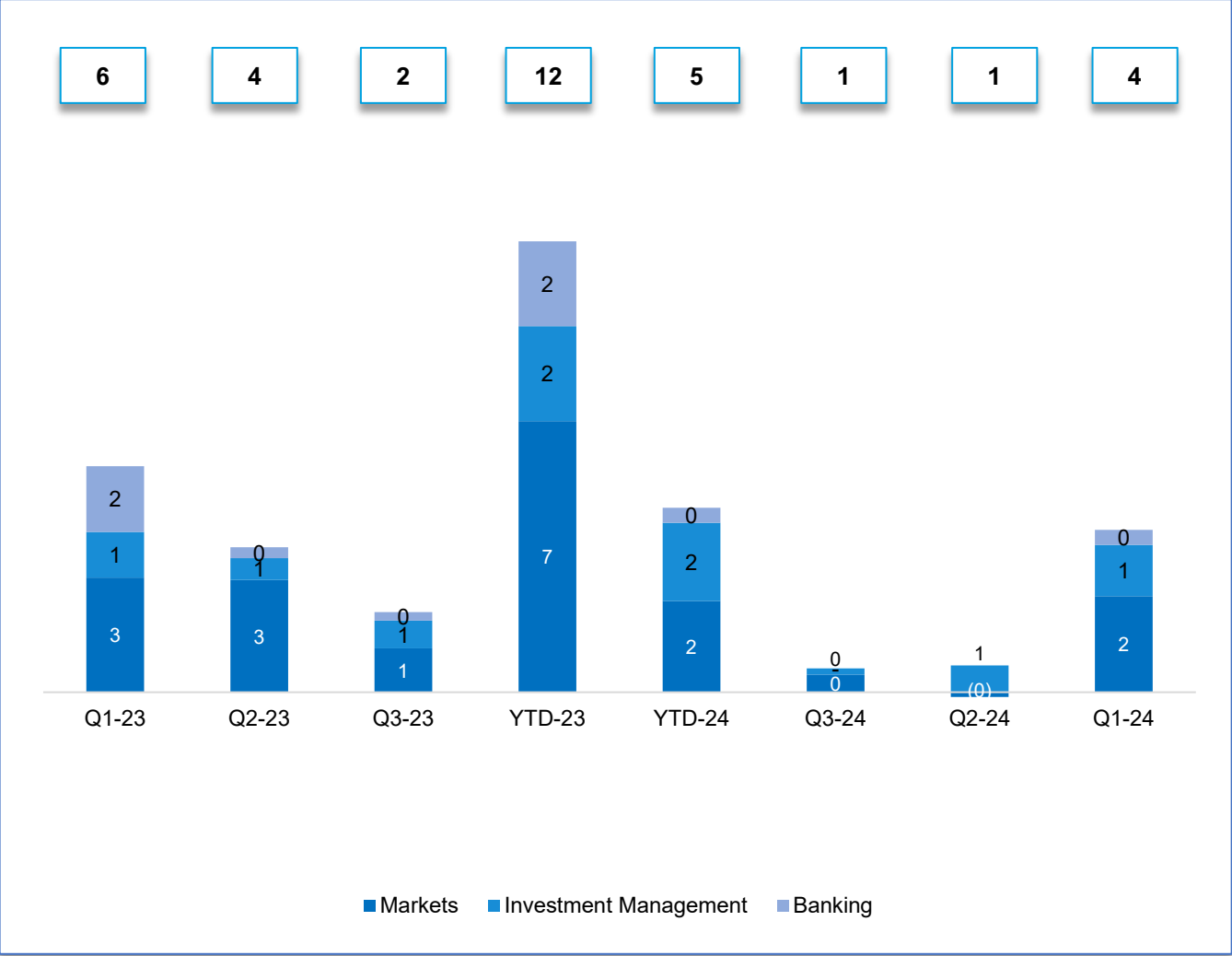
- Revenues reported in YTD 2024 were lower compared to prior year mainly due to the revaluation of underlying assets of the private market fund reducing AuM and thus resulting in lower management fees in the current year.

One-offs

- One-off revenues from prior year are mostly reflective of legacy real estate investments.

Investment Banking Segment Performance

Revenue Evolution (AED M)



Comments

Investment banking revenues came in AED 7m lower compared to prior year on the back of lower trading income and advisory fees.

Markets

- Trading income came in lower in current year due to a reduction in trading volume.

Banking

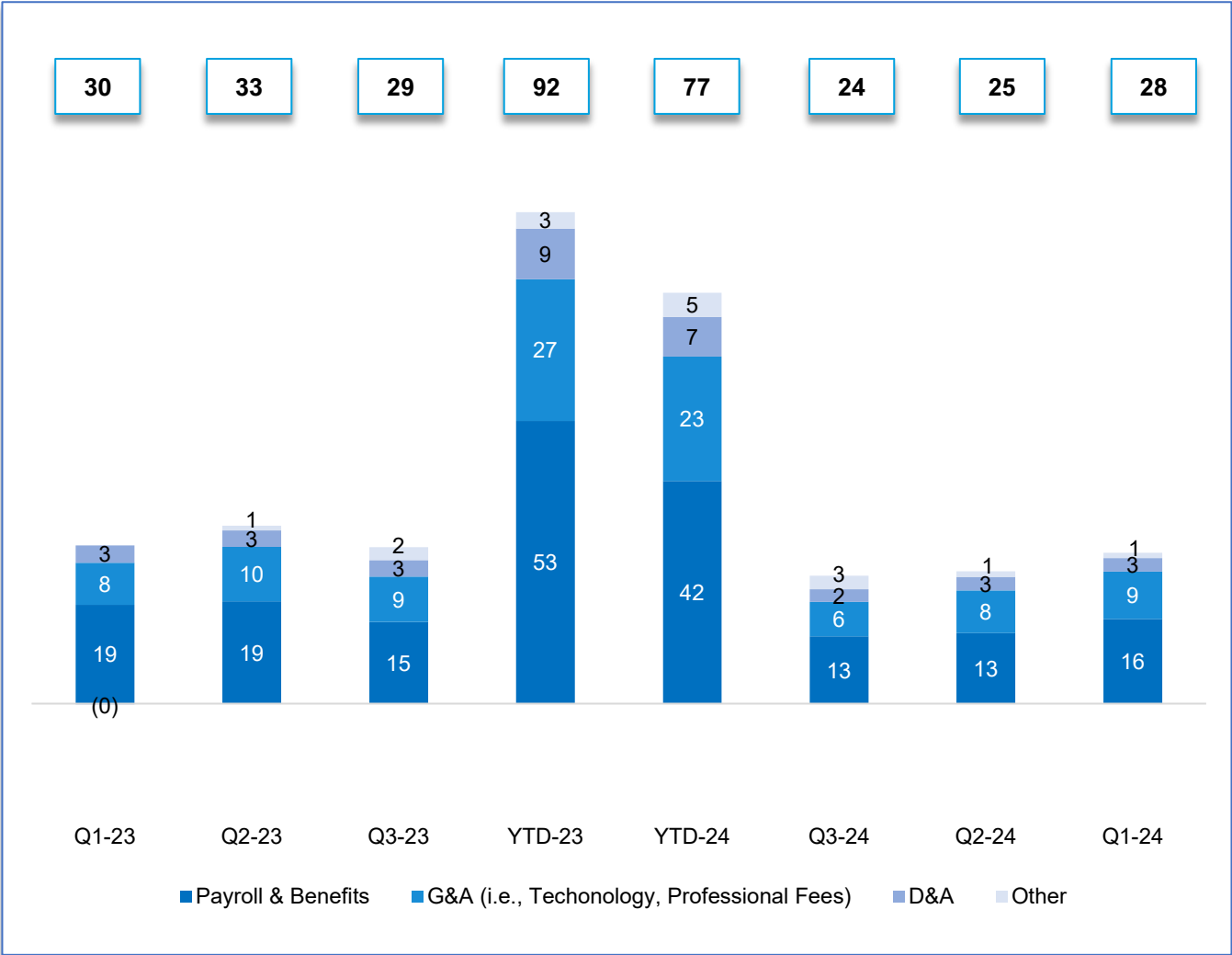
- Advisory fees came in lower due to lack of mandates closing in the year.

Investment Management

- Revenues reported in YTD 2024 were consistent with prior year.

Operating Expense Breakdown

OPEX Evolution (AED M) ¹



Comments

Firm cost discipline maintained across the Group in 2024 with continued decline in operating expenses due to cost optimization initiatives undertaken in 2023 and 2024.

- Staff costs in YTD 2024 reduced significantly compared to prior year on the back of cost optimization measures first introduced in 2023 and continued in 2024.
- D&A continued to decline in YTD 2024 compared to prior year on the back of amortization of intangible assets.
- Other expenses favourable compared to prior year due to reversal of board fees from prior year.



Appendix

Quarterly P&L

| AED '000 | YTD 2024 | Q3 2024 | Q2 2024 | Q1 2024 | YTD 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|--|------------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|
| Revenue | 69,312 | 19,200 | 19,927 | 30,185 | 128,148 | 30,692 | 37,737 | 59,719 |
| Total revenues | 69,312 | 19,200 | 19,927 | 30,185 | 128,148 | 30,692 | 37,737 | 59,719 |
| General and administrative expenses | (75,090) | (26,777) | (24,380) | (23,932) | (77,795) | (28,448) | (32,465) | (16,881) |
| Depreciation and amortisation | (7,455) | (2,411) | (2,529) | (2,515) | (9,480) | (3,106) | (3,102) | (3,272) |
| Fee and commission expense | (4,574) | (2,514) | (1,036) | (1,024) | (1,965) | (1,152) | 337 | (1,150) |
| Total expenses | (87,120) | (31,703) | (27,945) | (27,471) | (89,239) | (32,705) | (35,230) | (21,304) |
| Operating income/(loss) | (17,808) | (12,503) | (8,019) | 2,714 | 38,908 | (2,014) | 2,506 | 38,415 |
| Finance cost | (56,295) | (20,470) | (22,745) | (13,080) | (52,955) | (19,291) | (19,909) | (13,755) |
| Net foreign exchange gain/(loss) | 719 | (819) | (818) | 2,356 | (359) | 7,303 | (4,556) | (3,107) |
| Provision for impairment losses on financial assets | 1,317 | 4,806 | (1,732) | (1,757) | (124,011) | (123,940) | 72 | (144) |
| Interest income | 464 | (17) | 241 | 241 | 0 | 0 | 0 | 0 |
| Other income/(expense) | 20,776 | 11,175 | 2,237 | 7,364 | (379,332) | (424,743) | 52,103 | (6,692) |
| Change in fair value gains/(losses) from financial assets at FVTPL | (38,844) | (6,230) | (1,039) | (31,575) | (257,836) | (220,553) | (50,502) | 13,218 |
| Share of net profit /(loss) of investments in associates | (59,519) | 1,694 | 992 | (62,204) | (21,164) | (22,653) | 9,689 | (8,201) |
| Gain/(loss) on derivative financial liability | 0 | 0 | 0 | 0 | (207) | (84) | (52) | (71) |
| Finance credit relating to unit holders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax income | (149,189) | (22,364) | (30,883) | (95,943) | (796,956) | (805,974) | (10,648) | 19,665 |
| Income tax credit | 1,213 | 0 | 0 | 1,213 | 0 | 0 | 0 | 0 |
| Net income/(loss) | (147,976) | (22,364) | (30,883) | (94,730) | (796,956) | (805,974) | (10,648) | 19,665 |
| Non-controlling interests | 9,760 | 825 | 1,402 | 7,533 | 226,996 | 215,979 | 15,969 | (4,952) |
| Net income/(loss) attributable to shareholders | (138,216) | (21,539) | (29,481) | (87,196) | (569,960) | (589,995) | 5,321 | 14,713 |

Balance Sheet Summary

| AED '000 | 30-Sep 2024 | 30-Jun 2024 | 31-Mar 2024 | 31-Dec 2023 | 30-Sep 2023 | 30-Jun 2023 | 31-Mar 2023 | 31-Dec 2022 | 30-Sep 2022 | 30-Jun 2022 | 31-Mar 2022 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | | | | | | |
| Cash and deposits with banks | 30,922 | 22,891 | 32,994 | 33,178 | 107,545 | 103,120 | 98,275 | 64,151 | 107,907 | 252,983 | 348,586 |
| Receivables and other debit balances | 166,852 | 167,152 | 175,646 | 151,408 | 239,808 | 309,732 | 437,398 | 407,061 | 397,757 | 201,808 | 234,801 |
| Loans, advances and finance leases | 98,034 | 101,934 | 106,743 | 108,110 | 230,464 | 340,372 | 388,118 | 274,503 | 470,329 | 373,053 | 383,531 |
| Financial assets at fair value | 72,671 | 72,946 | 259,914 | 337,813 | 419,389 | 643,336 | 687,624 | 668,602 | 674,474 | 724,940 | 764,559 |
| Investments in associates | 453,608 | 455,062 | 458,591 | 529,038 | 659,998 | 743,708 | 871,623 | 947,599 | 952,165 | 26,087 | 142,739 |
| Investment Property | - | - | - | - | - | - | - | - | 236,660 | 236,660 | - |
| Property and equipment | 14,474 | 16,425 | 20,084 | 20,515 | 21,299 | 20,297 | 21,168 | 25,693 | 5,660 | 20,604 | 35,624 |
| Goodwill and other intangible assets | 538,203 | 538,632 | 539,060 | 541,438 | 540,062 | 923,426 | 910,728 | 902,234 | 870,356 | 1,022,124 | 1,095,589 |
| Assets of disposal groups classified as held for sale | - | - | - | - | 13,127 | 50,488 | 50,488 | 186,130 | 50,488 | 2,098,555 | 2,234,137 |
| Total Assets | 1,374,764 | 1,375,042 | 1,593,032 | 1,721,500 | 2,231,693 | 3,134,479 | 3,465,422 | 3,475,973 | 3,765,796 | 4,956,814 | 5,239,566 |
| Liabilities | | | | | | | | | | | |
| Payables and other credit balances | 192,964 | 180,216 | 357,744 | 371,661 | 385,254 | 451,799 | 469,014 | 488,469 | 505,744 | 555,894 | 658,105 |
| Other financial liabilities | 143,835 | 141,963 | 139,682 | 137,156 | 142,600 | 156,925 | 162,437 | 163,808 | 167,528 | 141,809 | 130,077 |
| Borrowings | 858,795 | 849,619 | 861,606 | 862,972 | 969,774 | 963,652 | 1,259,870 | 1,206,206 | 1,497,008 | 1,490,763 | 1,474,920 |
| Payables to unit holders | - | - | - | - | 29,290 | 29,290 | 29,290 | 29,290 | 29,290 | 28,430 | 27,308 |
| Liabilities of disposal groups classified as held for sale | - | - | - | - | - | - | - | 68,019 | - | 1,178,190 | 1,242,589 |
| Total Liabilities | 1,195,594 | 1,171,798 | 1,359,032 | 1,371,789 | 1,526,918 | 1,601,666 | 1,920,611 | 1,955,792 | 2,199,570 | 3,395,087 | 3,532,999 |
| Equity | | | | | | | | | | | |
| Share capital | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 | 2,535,720 |
| Share premium | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 | 52,579 |
| Statutory reserve | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 | 49,631 |
| Other reserves | (1,486,407) | (1,482,938) | (1,483,013) | (1,465,136) | (1,466,199) | (1,455,744) | (1,464,024) | (1,467,476) | (1,486,227) | (1,451,223) | (1,430,841) |
| Retained earnings | (966,806) | (945,267) | (915,787) | (828,590) | (491,942) | 88,986 | 87,804 | 76,579 | 67,416 | 60,899 | 235,521 |
| Equity attributable to Owners | 184,717 | 209,725 | 239,130 | 344,204 | 679,787 | 1,271,172 | 1,261,710 | 1,247,033 | 1,219,119 | 1,247,605 | 1,442,610 |
| Non controlling interest | (5,547) | (6,481) | (5,130) | 5,507 | 24,988 | 261,641 | 283,101 | 273,148 | 347,107 | 314,122 | 263,957 |
| Total equity | 179,170 | 203,244 | 234,000 | 349,711 | 704,775 | 1,532,813 | 1,544,811 | 1,520,181 | 1,566,226 | 1,561,727 | 1,706,567 |
| Total Equity and Liabilities | 1,374,764 | 1,375,042 | 1,593,032 | 1,721,500 | 2,231,693 | 3,134,479 | 3,465,422 | 3,475,973 | 3,765,796 | 4,956,814 | 5,239,566 |
| Debt to Equity | 560% | 512% | 531% | 352% | 189% | 88% | 107% | 105% | 124% | 123% | 112% |
| Liabilities to Equity | 667% | 577% | 581% | 392% | 217% | 104% | 124% | 129% | 140% | 217% | 207% |